

REGISTRATION NO. 333-

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-3
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

PARKER DRILLING COMPANY
(Exact name of Registrant as specified in its charter)

<TABLE>

<C>	<C>	
DELAWARE	73-0618660	
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)	

JAMES J. DAVIS	
SENIOR VICE PRESIDENT - FINANCE AND	
8 EAST THIRD STREET	CHIEF FINANCIAL OFFICER
TULSA, OKLAHOMA 74103	8 EAST THIRD STREET
(918) 585-8221	TULSA, OKLAHOMA 74013
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)	(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

T. MARK KELLY	CURTIS W. HUFF
C. MICHAEL HARRINGTON	FULBRIGHT & JAWORSKI L.L.P.
VINSON & ELKINS L.L.P.	1301 MCKINNEY, SUITE 5100
2300 FIRST CITY TOWER	HOUSTON, TEXAS 77010-3095
1001 FANNIN STREET	(713) 651-5151
HOUSTON, TEXAS 77002-6760	
(713) 758-2222	
(713) 758-2346 (FAX)	

</TABLE>

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after this Registration Statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. []

If any of the securities being registered on this Form are being offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, please check the following box. []

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. []

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. []

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. []

CALCULATION OF REGISTRATION FEE

<TABLE>

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TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	PROPOSED AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER UNIT	MAXIMUM AGGREGATE OFFERING PRICE(1)	AMOUNT OF REGISTRATION FEE(2)
<S>	<C>	<C>	<C>	<C>
Convertible Subordinated Notes(3)...	(4)	(4)	\$143,750,000	\$43,561

</TABLE>

(1) Estimated solely for the purpose of calculating the registration fee.

(2) Pursuant to Rule 457(i) and (o) of the Rules and Regulations of the Securities and Exchange Commission under the Securities Act of 1933, as amended, the registration fee has been calculated solely on the basis of the proposed maximum aggregate offering price of the Convertible Subordinated Notes being registered hereby. No consideration is to be received upon

exercise of such Convertible Subordinated Notes.

(3) There is also registered hereunder such indeterminate number of shares of Common Stock, \$0.16 2/3 par value, of Parker Drilling Company as may be issuable upon conversion of the Convertible Subordinated Notes being registered hereby.

(4) Omitted pursuant to Rule 457(o).

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

PROSPECTUS SUBJECT TO COMPLETION, DATED JULY 3, 1997, 1997

[PARKER DRILLING LOGO] \$125,000,000
PARKER DRILLING COMPANY
% CONVERTIBLE SUBORDINATED NOTES DUE 2004

The % Convertible Subordinated Notes due 2004 (the "Notes") will be convertible at the option of the holder into shares of common stock, par value \$.16 2/3 per share (the "Common Stock"), of Parker Drilling Company (the "Company" or "Parker"), at any time at or prior to maturity, unless previously redeemed or repurchased, at a conversion price (the "Conversion Price") of \$ per share (equivalent to a conversion rate of shares per \$1,000 principal amount of Notes), subject to adjustment in certain events. Interest on the Notes is payable semi-annually on and of each year, commencing on , 1998. On July , 1997, the closing sale price of the Common Stock of the Company as reported on the New York Stock Exchange Composite Tape (where it is traded under the symbol "PKD") was \$ per share.

The Notes will be redeemable, in whole or in part, at the option of the Company, at any time on or after , 2000, at the redemption prices set forth herein, plus accrued and unpaid interest to the date of redemption. The Company will be required to offer to purchase the Notes upon a Change of Control (as defined), at 100% of the principal amount thereof, plus accrued and unpaid interest to the date of purchase.

The Notes will be unsecured general obligations of the Company, subordinated in right of payment to all existing and future Senior Indebtedness (as defined) of the Company, and are structurally subordinated to all liabilities (including trade payables) of the Company's subsidiaries. The Indenture with respect to the Notes will not restrict the incurrence of Senior Indebtedness or other indebtedness by the Company or its subsidiaries. At May 31, 1997, the Company would have had approximately \$397.6 million of Senior Indebtedness, and the Company's subsidiaries would have had approximately \$49.3 million of indebtedness, trade payables and other accrued liabilities (excluding guarantees of Senior Indebtedness). See "Description of the Notes."

Application will be made to list the Notes on the New York Stock Exchange upon official notice of issuance.

SEE "RISK FACTORS" BEGINNING ON PAGE 11 FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

<TABLE>
<CAPTION>

	PRICE TO THE PUBLIC(1)	UNDERWRITING DISCOUNTS AND COMMISSIONS(2)	PROCEEDS TO THE COMPANY(3)
<S>	<C>	<C>	<C>

Per Note.....	%	%	%
Total(4).....	\$	\$	\$

</TABLE>

- (1) Plus accrued interest, if any, from the date of issuance.
- (2) The Company has agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended. See "Underwriting."
- (3) Before deducting expenses payable by the Company estimated at \$.
- (4) The Company has granted to the Underwriters an option exercisable within 30 days after the date of this Prospectus to purchase up to an additional \$18,750,000 aggregate principal amount of the Notes on the same terms as set forth above, at the Price to the Public, less the Underwriting Discounts and Commissions, solely for the purpose of covering over-allotments, if any. If such option were exercised in full, the total Price to the Public, total Underwriting Discounts and Commissions and total Proceeds to the Company would be \$, \$ and \$, respectively. See "Underwriting."

The Notes are offered by the several Underwriters when, as and if delivered to and accepted by them, subject to certain conditions, including their rights to withdraw, cancel or reject orders in whole or in part. It is expected that delivery of the Notes will be made in New York, New York on or about , 1997, in book-entry form through the facilities of The Depository Trust Company, against payment therefor in immediately available funds.

JOINT LEAD MANAGERS

DONALDSON, LUFKIN & JENRETTE
SECURITIES CORPORATION

JEFFERIES & COMPANY, INC.

BEAR, STEARNS & CO. INC.

PRUDENTIAL SECURITIES INCORPORATED

[INSERT PHOTO HERE]

LEFT:
ONE OF THE RIGS TO BE ACQUIRED IN
THE HERCULES ACQUISITION, AN
INDEPENDENT LEG CANTELEVER
JACKUP, OPERATING IN THE GULF OF
MEXICO.

[INSERT PHOTO HERE]

LEFT:
THE COMPANY'S RENTAL TOOL
OPERATIONS SUPPLY DRILL PIPE,
DRILL COLLARS AND OTHER
SPECIALIZED EQUIPMENT UTILIZED IN
DRILLING AND PRODUCTION
APPLICATIONS, PRIMARILY IN THE
GULF OF MEXICO.

[INSERT PHOTO HERE]

RIGHT:
ONE OF THE COMPANY'S DEEP
DRILLING BARGE RIGS OPERATING IN
SOUTHERN LOUISIANA.

[INSERT PHOTO HERE]

RIGHT:
THE COMPANY OPERATES 22
HELICOPTER-TRANSPORTABLE LAND
RIGS IN REMOTE REGIONS AROUND THE
WORLD.

CERTAIN PERSONS PARTICIPATING IN THE OFFERING MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE MARKET PRICE OF THE NOTES, INCLUDING OVER-ALLOTMENT, STABILIZING AND SHORT-COVERING TRANSACTIONS IN SUCH NOTES, THE COMMON STOCK, OR BOTH, AND THE IMPOSITION OF A PENALTY BID, DURING AND AFTER THE OFFERING. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "UNDERWRITING."

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents, filed with the Securities and Exchange Commission (the "Commission") by the Company pursuant to the Exchange Act, are incorporated herein by reference and made a part of this Prospectus:

- (i) the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 1996;

(ii) the Company's Quarterly Report on Form 10-Q and Form 10-Q/A for the quarter ended November 30, 1996, its Quarterly Report on Form 10-Q for the quarter ended February 28, 1997 and its Quarterly Report on Form 10-Q for the quarter ended May 31, 1997;

(iii) the Company's Current Reports on Form 8-K filed September 19, October 17 and November 25, 1996;

(iv) the Company's Current Reports on Form 8-K/A filed October 24, 1996 and January 6, 1997; and

(v) the Company's Current Report on Form 8-K filed July 3, 1997.

Each document filed by the Company pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act subsequent to the date of this Prospectus and prior to the termination of this offering (the "Offering") shall be deemed to be incorporated by reference in this Prospectus and to be a part hereof from the date of filing of such document. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained in this Prospectus or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or suspended, to constitute a part of this Prospectus.

THE COMPANY WILL PROVIDE WITHOUT CHARGE TO EACH PERSON TO WHOM A COPY OF THIS PROSPECTUS IS DELIVERED, ON THE ORAL OR WRITTEN REQUEST OF ANY SUCH PERSON, A COPY OF ANY OR ALL OF THE FOREGOING DOCUMENTS INCORPORATED HEREIN BY REFERENCE, OTHER THAN EXHIBITS TO SUCH DOCUMENTS (UNLESS SUCH EXHIBITS ARE SPECIFICALLY INCORPORATED BY REFERENCE IN SUCH DOCUMENTS). WRITTEN OR TELEPHONE REQUESTS FOR SUCH COPIES SHOULD BE DIRECTED TO PUBLIC RELATIONS DEPARTMENT, PARKER DRILLING COMPANY, 8 EAST THIRD STREET, TULSA, OKLAHOMA 74103, TELEPHONE (918) 585-8221.

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the more detailed information and consolidated financial statements (including the notes thereto) included elsewhere in this Prospectus or incorporated by reference herein. Unless otherwise indicated, the pro forma information presented herein gives effect to (i) the acquisition of Mallard Bay Drilling, Inc. ("Mallard") in November 1996, (ii) the acquisition of Quail Tools, Inc. ("Quail") in November 1996, (iii) the November 1996 financings related to the Mallard and Quail acquisitions, (iv) the pending acquisition of Hercules Offshore Corporation and Hercules Rig Corp. (collectively, "Hercules"), and (v) the sale of the Notes offered hereby (the "Offering") and the application of the estimated net proceeds therefrom. Unless otherwise indicated, the information in this Prospectus assumes the Underwriters' over-allotment option with respect to the sale of the Notes will not be exercised. References to "Parker" or the "Company" in this Prospectus include Parker Drilling Company and, unless the context otherwise requires, its subsidiaries.

THE COMPANY

Parker is a leading worldwide provider of contract drilling and drilling related services, operating in the shallow coastal waters or "transition zones" of the Gulf of Mexico and Nigeria and in international and additional domestic land oil and gas producing regions. The Company's growth strategy is focused on higher margin and transition zone drilling and workover markets. Consistent with this strategy, in November 1996, the Company acquired (i) Mallard, the second-largest barge drilling and workover company in the transition zones of the Gulf of Mexico (the "Mallard Acquisition"), and (ii) Quail, a leading provider of specialized rental equipment for drilling and workover operations, primarily in the Gulf of Mexico (the "Quail Acquisition"). In addition, the Company has recently entered into agreements to acquire (i) the capital stock of Hercules, a leading provider of contract drilling and workover services in the shallow waters of the Gulf of Mexico (the "Hercules Acquisition"), and (ii) the assets of Bolifor, S.A. ("Bolifor"), a leading provider of land contract drilling services in Bolivia (the "Bolifor Acquisition").

With the closing of the pending acquisitions of Hercules and Bolifor, Parker's rig fleet will consist of 34 barge drilling and workover rigs, eight shallow water jackup rigs, seven offshore platform rigs and 75 land rigs. The Company's barge and jackup rig fleet is dedicated to transition zone waters, which are generally defined as extending from the coast to depths of up to 200 feet and include marshes and inland waterways. Parker's land rig fleet generally consists of premium and specialized deep drilling rigs, with 62 of its 75 land rigs capable of drilling to depths of 15,000 feet or greater. In addition, 22 of the Company's land rigs are helicopter-transportable, thus establishing Parker as the dominant operator in the heli-rig market. The diversity of the Company's

rig fleet, both in terms of geographic location and asset class, enables the Company to provide a broad range of services and to take advantage of market upturns, while reducing its exposure to downturns in any particular sector or region.

The oilfield services industry has experienced a significant increase in activity in the last two years as oil and gas companies have increased their exploration and production budgets in response to increasing demand for oil and gas, stronger oil and gas prices and reduced drilling costs due in large part to improved technology. In the offshore drilling market, including transition zones, rig dayrates and utilization levels are at a 15-year high with many markets at or approaching full utilization. The land drilling industry, both in the United States and internationally, has also shown a marked improvement in dayrates and utilization driven by several factors, including stronger commodity prices, rig attrition and consolidation of drilling contractors, especially in the domestic market. Through its recent and pending acquisitions, the Company is capitalizing on these improving conditions.

BUSINESS STRATEGY

The Company's objective is to continue to expand its position as a worldwide provider of contract drilling and drilling related services in order to achieve revenue and earnings growth. To accomplish this objective, the Company's business strategy is to (i) expand and diversify the Company's market position in transition zones worldwide; (ii) capitalize on the increased demand for contract drilling services in the Company's core land

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drilling markets by upgrading its existing rigs with newer technology equipment and by pursuing the purchase of additional rigs in international markets; and (iii) expand and diversify its operations by pursuing additional acquisitions of complementary assets and businesses.

RECENT AND PENDING TRANSACTIONS

The Company has entered into four significant transactions since November 1996 that have increased its size, diversified its operations, and established a significant presence in certain high margin niche markets.

- Mallard Acquisition. In November 1996, the Company entered the barge drilling and workover markets in the transition zones of the U.S. and Nigeria through the acquisition of Mallard for approximately \$337 million. The acquisition positioned the Company as the second-largest drilling contractor and the largest workover contractor in the Gulf of Mexico barge rig market. In addition, the acquisition provided the Company with four international deep drilling barges located in the transition zone of Nigeria, where it is the leading barge drilling contractor.

- Quail Acquisition. In November 1996, the Company acquired Quail for approximately \$67 million. Quail is a leading provider of specialized rental tools used in difficult drilling applications and in production and workover operations in the Gulf of Mexico and the Gulf Coast region. The Company's rental tools include a full line of drill pipe, drill collars, tubing, blowout preventers, choke manifolds, casing scrapers, and cement and junk mills. Management believes that its international drilling operations will enable the Company to expand the rental tool business internationally, as well as incorporate rental tool services as part of integrated drilling or project management contracts.

- Hercules Acquisition. In May 1997, the Company entered into an agreement to acquire Hercules, which owns a fleet of seven jackup rigs and four self-erecting platform rigs, for \$195 million. Hercules is the second-largest jackup drilling and workover company in the transition zones of the Gulf of Mexico. The Hercules Acquisition will further expand and complement the Company's presence in the Gulf of Mexico shallow water market and will provide opportunities to operate jackup rigs internationally. Additionally, the Hercules fleet of four platform rigs will augment the Company's existing platform rig business. Management expects the Hercules Acquisition to close in the fourth quarter of calendar 1997. The Hercules Acquisition will be partially funded from the proceeds of the Offering. See "Hercules Acquisition," "Use of Proceeds" and "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources."

- Bolifor Acquisition. In June 1997, the Company entered into an agreement to acquire substantially all of the assets of Bolifor for \$25 million. The assets of Bolifor primarily consist of 11 land rigs located in Bolivia, Paraguay and Argentina. The Bolifor Acquisition positions the Company to capitalize on the increased drilling activity expected to occur as a result of the completion of the Sao Paolo gas pipeline. Management expects the Bolifor Acquisition to close in July 1997 and be funded with existing cash. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital

RECENT OPERATING INFORMATION

The pro forma combined financial information presented in this Prospectus is based on historical revenues and operating data of the Company, Mallard, Quail and Hercules. The Company believes that such historical data is not indicative of the operating performance expected to be achieved by the Company in fiscal 1998 and future years, as such information does not reflect current dayrates and utilization levels which are, in general, substantially above historical levels. The following supplemental pro forma information with respect to the operations of Mallard and Hercules, is based on current operating data, and should be read in conjunction with the pro forma financial information provided elsewhere herein. Further, the ability of the Company to maintain the assumed utilization rates and dayrates is dependent upon future market conditions and is subject to the risk factors described under "Risk Factors." The Company believes that, based on

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information available to it, absent a material decline in the demand and prices for oil and natural gas, the current market conditions should continue into fiscal 1998.

Mallard. Within the Company's transition zone operations in both the Gulf of Mexico and Nigeria, dayrates and utilization levels have increased significantly in calendar 1997 relative to their average levels during calendar 1996. As a result of increasing demand for drilling services, the Company has been able to introduce additional barge rigs into service in its transition zone markets and additional platform rigs in the Gulf of Mexico. On an annualized pro forma basis, assuming the Company's rigs available for service as of June 25, 1997 operated at the average utilization levels experienced in calendar 1996 at average dayrates in effect as of June 25, 1997, the Mallard rigs would have generated an incremental \$50.1 million of revenue relative to the comparable pro forma period in fiscal 1996.

Hercules. As a result of increasing demand for offshore drilling services and tightening supply of jackup and platform rigs equipped to drill in such waters, especially in the Gulf of Mexico, dayrates and utilization levels have increased significantly in calendar 1997 relative to their average levels during calendar 1996. On an annualized pro forma basis, assuming the Hercules rigs available for service as of June 25, 1997 operated at the average utilization levels experienced in calendar 1996 at average dayrates in effect as of June 25, 1997, the Hercules rigs would have generated an incremental \$17.7 million of revenue relative to the comparable pro forma period in fiscal 1996.

THE OFFERING

Securities Offered..... \$125,000,000 aggregate principal amount of %
Convertible Subordinated Notes due 2004 (not
including \$18,750,000 additional aggregate
principal amount of Notes subject to the
Underwriters' over-allotment option).

Maturity..... , 2004.

Interest Payment Dates..... and , commencing ,
1998.

Conversion Rights..... The Notes will be convertible into shares of Common
Stock at any time prior to the close of business on
the second business day prior to maturity, unless
previously redeemed or repurchased, at the
conversion price of \$ per share, subject
to adjustment under certain circumstances as
described herein. Accordingly, each \$1,000
principal amount of Notes will be convertible into
shares of Common Stock, subject to
adjustment.

Optional Redemption..... The Notes will be redeemable at the option of the
Company, in whole or in part, at any time on or
after , 2000, at the redemption prices set
forth herein, plus accrued and unpaid interest to
the redemption date.

Change of Control..... Upon a Change of Control, the Company will be
required to offer to purchase the Notes at 100% of
the principal amount thereof, plus accrued and
unpaid interest on the date of purchase.

Subordination..... The Notes will be unsecured general obligations of
the Company, subordinated in right of payment to
all existing and future Senior Indebtedness of the
Company and will be structurally subordinated to

all liabilities (including trade payables) of the Company's subsidiaries. At May 31, 1997, the Company would have had aggregate Senior Indebtedness of approximately \$397.6 million and the Company's subsidiaries would have had approximately \$49.3 million of indebtedness, trade payables and other accrued liabilities (excluding guarantees of Senior Indebtedness). See "Capitalization." The Indenture will not restrict the

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incurrence of Senior Indebtedness or other indebtedness by the Company or any of its subsidiaries.

Use of Proceeds..... To finance a portion of the consideration payable in the Hercules Acquisition. In the event that the Hercules Acquisition does not close, the proceeds will be used for general corporate purposes, including refurbishment or acquisition of additional rigs. See "Use of Proceeds."

Listing..... Application will be made to list the Notes on the New York Stock Exchange (the "NYSE") upon official notice of issuance.

Common Stock Listing..... The Common Stock is listed on the NYSE under the symbol "PKD."

Risk Factors..... An investment in the Notes involves certain risks that a potential investor should carefully evaluate prior to making an investment in the Notes. See "Risk Factors."

For a description of the terms of the Notes, see "Description of the Notes." For a description of the Common Stock, see "Description of Capital Stock."

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SUMMARY HISTORICAL AND PRO FORMA FINANCIAL DATA

The following table presents for the periods indicated certain historical and pro forma financial data for the Company. The following information should be read together with Management's Discussion and Analysis of Financial Condition and Results of Operations, the historical financial statements of Parker, Mallard, Quail and Hercules, including the notes thereto, and the Unaudited Pro Forma Combined Financial Statements, including the notes thereto, included elsewhere or incorporated by reference in this Prospectus.

<TABLE>
<CAPTION>

	YEAR ENDED AUGUST 31,				NINE MONTHS ENDED MAY 31,			
	1994	1995	PRO FORMA 1996	PRO FORMA 1996(1)	1996	PRO FORMA 1997	PRO FORMA 1997(1)	
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)								
<S> <C> <C> <C> <C> <C> <C> <C>								
STATEMENT OF OPERATIONS DATA:								
Total revenues.....	\$152,424	\$157,371	\$156,652	\$320,822	\$115,637	\$216,193	\$289,593	
Operating expenses:								
Drilling, rental and other.....	121,295	118,060	112,766	223,231	81,023	138,096	186,079	
Depreciation, depletion and amortization.....	23,246	23,745	23,061	57,142	17,339	32,874	46,002	
General and administrative.....	17,018	17,063	19,428	19,428	15,194	14,055	14,055	
Provision for reduction in carrying value of certain assets.....	19,718	--	--	--	--	--	--	
Total operating expenses.....	181,277	158,868	155,255	299,801	113,556	185,025	246,136	
Operating income (loss).....	(28,853)	(1,497)	1,397	21,021	2,081	31,168	43,457	
Interest income (expense), net.....	1,150	1,184	1,507	(45,375)	924	(18,919)	(32,458)	
Other income (expense).....	784	7,413	5,663	6,554	3,108	1,753	1,680	
Income (loss) before income taxes...	(26,919)	7,100	8,567	(17,800)	6,113	14,002	12,679	
Income tax expense.....	1,887	3,184	4,514	6,877	3,565	5,290	5,420	
Net income (loss).....	\$(28,806)	\$ 3,916	\$ 4,053	\$(24,677)	\$ 2,548	\$ 8,712	\$ 7,259	
Earnings (loss) per share (fully diluted).....	\$ (.53)	\$.07	\$.07	\$(.41)	\$.05	\$.12	\$.10	

Weighted average shares outstanding
(fully diluted)..... 54,247,664 55,332,541 57,466,183 60,522,783 56,219,680 69,779,690 70,597,023

OTHER FINANCIAL DATA:

EBITDA(2).....	\$ 14,111	\$ 22,248	\$ 24,458	\$ 78,163	\$ 19,420	\$ 64,042	\$ 89,459
Ratio of earnings to fixed charges(3).....	--	81.7x	64.5x	--	71.3x	1.6x	1.4x
Capital expenditures:							
Maintenance.....	5,444	5,133	6,646	15,584	4,110	7,770	10,929
Other.....	29,320	16,407	24,190	67,129	22,249	52,429	78,227

</TABLE>

<TABLE>

<CAPTION>

MAY 31, 1997

AS
ACTUAL ADJUSTED(4)

(DOLLARS IN THOUSANDS)

<S>

BALANCE SHEET DATA:

Cash, cash equivalents and other short-term investments...	\$ 91,675	\$ 16,672
Property, plant and equipment, net.....	405,407	560,407
Total assets.....	795,601	931,456
Total long-term debt, including current portion.....	397,649	522,649
Total stockholders' equity.....	340,967	340,967

</TABLE>

(1) Pro forma information gives effect to the Offering and the use of net proceeds therefrom and the acquisitions of Mallard, Quail and Hercules as if these transactions had occurred on the first day of the period presented. See "Unaudited Pro Forma Combined Financial Statements."

(2) EBITDA represents operating income (loss) before depreciation, depletion and amortization and provision for reduction in carrying value of certain assets. EBITDA is frequently used by securities analysts and is presented hereby to provide additional information about the Company's operations. EBITDA is not a measurement presented in accordance with generally accepted accounting principles. EBITDA should not be considered in isolation or as a substitute for net income, cash flow provided by operating activities or other income or cash flow data prepared in accordance with generally accepted accounting principles or as a measure of a company's profitability or liquidity.

(3) For purposes of these calculations, earnings consist of income (loss) before income taxes plus interest expense and fixed charges consist of interest expense. Earnings were not sufficient during 1994 and 1996 pro forma to cover fixed charges. The deficiencies were \$26.9 million and \$17.8 million, respectively.

(4) Gives effect to the sale of the Notes and the use of the estimated net proceeds therefrom and the consummation of the Hercules Acquisition as if these transactions had occurred on May 31, 1997. See "Use of Proceeds."

RIG ACTIVITY DATA

The following table presents for the periods indicated certain rig activity data for the Company, including Mallard, which was acquired on November 12, 1996, and for the rigs to be acquired in the Hercules Acquisition:

<TABLE>

<CAPTION>

YEAR ENDED DECEMBER 31,

1992 1993 1994 1995 1996 CURRENT(1)

(AVERAGE FOR PERIOD)

<S>

<C> <C> <C> <C> <C> <C>

TRANSITION ZONE RIG DATA

Domestic barge deep drilling:

Rigs available for service(2).....	7.0	7.0	7.0	7.0	7.0	8.0
Utilization rate of rigs available for service(3).....	71%	83%	73%	75%	86%	100%
Dayrate.....	\$ 8,713	\$ 9,606	\$ 13,537	\$ 12,880	\$ 13,793	\$ 16,107
Cold stacked rigs(2).....	1.0	1.0	1.0	2.0	3.0	3.0

Domestic barge intermediate drilling:

Rigs available for service(2).....	3.7	5.0	5.0	5.0	5.0	4.0
Utilization rate of rigs available for service(3).....	57%	77%	65%	74%	85%	100%
Dayrate.....	\$ 7,015	\$ 7,671	\$ 10,432	\$ 10,143	\$ 10,381	\$ 12,526

Cold stacked rigs(2).....	0.0	0.0	0.0	0.0	0.0	0.0
Domestic barge workover and shallow drilling:						
Rigs available for service(2).....	8.9	10.0	9.0	7.3	8.7	10.0
Utilization rate of rigs available for service(3).....	66%	66%	48%	66%	71%	80%
Dayrate.....	\$ 6,301	\$ 6,742	\$ 8,181	\$ 8,066	\$ 7,595	\$ 9,418
Cold stacked rigs(2)(4).....	8.9	12.0	13.0	12.6	6.3	5.0
International barge drilling:						
Rigs available for service(2).....	1.0	1.0	1.0	1.0	1.7	4.0
Utilization rate of rigs available for service(3).....	100%	57%	46%	89%	89%	100%
Dayrate.....	\$21,659	\$22,049	\$23,531	\$25,141	\$25,302	\$26,280
Cold stacked rigs(2).....	0.0	0.0	0.0	0.0	1.0	0.0
Jackup rigs(5):						
Rigs available for service(2).....	1.2	2.7	3.5	5.0	5.0	6.0
Utilization rate of rigs available for service(3).....	84%	97%	76%	89%	97%	100%
Dayrate.....	\$ 9,673	\$16,071	\$15,429	\$14,692	\$19,390	\$23,286
Cold stacked rigs(2).....	0.0	0.0	0.0	0.0	0.0	1.0

OTHER OFFSHORE RIG DATA

Platform rigs(6):						
Rigs available for service(2).....	5.0	5.0	4.5	4.0	3.2	3.0
Utilization rate of rigs available for service(3).....	51%	82%	68%	50%	91%	100%
Dayrate.....	\$ 5,886	\$ 8,101	\$ 9,379	\$ 9,466	\$12,226	\$15,572
Rigs under lease to another contractor(7).....	0.0	0.0	0.0	0.0	0.8	1.0

</TABLE>

<TABLE>

<CAPTION>

LAND RIG DATA

	YEAR ENDED AUGUST 31,					
	1992	1993	1994	1995	1996	CURRENT(1)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Utilization rate of international land rigs(8).....	52%	40%	56%	54%	55%	74%
Utilization rate of domestic land rigs(8)(9).....	40%	41%	45%	46%	56%	100%

</TABLE>

(1) As of June 25, 1997.

(2) The number of rigs is determined by calculating the number of days each rig was in the fleet, e.g., a rig under contract or available for contract for an entire year is 1.0 "rigs available for service" and a rig cold stacked for one quarter is 0.25 "cold stacked rigs." "Rigs available for service" includes rigs currently under contract or available for contract. "Cold stacked rigs" includes all rigs that are stacked and would require significant refurbishment before being placed into service. Rig No. 52, which recently suffered a blowout, is also included as a cold stacked rig under current information for domestic barge deep drilling.

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

(4) Mallard removed a total of six stacked barge workover rigs from its fleet since the beginning of 1995 and refurbished and activated two such rigs during this period.

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(5) Reflects information on the seven jackup rigs to be acquired by the Company in the Hercules Acquisition, one of which is currently undergoing refurbishment and is expected to be placed into service in September 1997, but does not include one cold stacked jackup rig owned by the Company.

(6) Reflects the four platform rigs to be acquired by the Company in the Hercules Acquisition. Does not include three of the Company's previously cold stacked platform rigs, two of which have been refurbished and put in service in January and April 1997 and are currently operating at dayrates of \$19,800 and \$17,750, respectively, and one additional cold stacked platform rig. Also does not include two platform rigs located offshore Peru that will

be sold under an agreement effective May 1997.

- (7) One platform rig is under a two-year lease expiring in November 1998. The lease has a two-year renewal option.
- (8) Parker calculates its land rig utilization rates on a weighted average basis assuming 365 days availability for all of its rigs. Rigs retired, disposed of or reclassified as assets held for sale have been treated as removed from the rig fleet as of the last day of each fiscal period, except as described in footnote (9) below. Rigs that are in operation or fully or partially staffed and on a revenue-producing standby status are considered to be utilized. Rigs under contract that generate revenues during moves between locations or during mobilization/demobilization are also considered to be utilized.
- (9) Domestic utilization for the fiscal years ended August 31, 1992, 1993, 1994 and 1995 has been adjusted to reflect the removal of 16 domestic mechanical rigs in August 1994 and the sale of an additional 22 such rigs in August 1996. Including these 38 domestic rigs during such periods, historical domestic utilization was as follows: 1992 -- 13%, 1993 -- 14%, 1994 -- 15%, and 1995 -- 21%.

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DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus includes certain statements that may be deemed to be "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements, other than statements of historical facts, included in this Prospectus that address activities, events or developments that the Company expects, projects, believes or anticipates will or may occur in the future, including such matters as future operating results of the Company's and Hercules' rigs, future capital expenditures and investments in the acquisition and refurbishment of rigs (including the amount and nature thereof), repayment of debt, expansion and growth of operations and other such matters, are forward-looking statements. These statements are based on certain assumptions and analyses made by management of the Company in light of its experience and its perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate in the circumstances. Such statements are subject to a number of assumptions, risks and uncertainties, including the risk factors discussed herein, general economic and business conditions, prices of oil and gas, foreign exchange and currency fluctuations, the business opportunities (or lack thereof) that may be presented to and pursued by the Company, changes in laws or regulations and other factors, many of which are beyond the control of the Company. Prospective investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

RISK FACTORS

Each investor should carefully examine this entire Prospectus and should give particular attention to the risk factors set forth below.

INCREASED LEVERAGE

As of May 31, 1997, as adjusted for the sale of the Notes, the Company's total long-term debt and stockholders' equity would have been \$522.6 million and \$341.0 million, respectively. See "Capitalization." The Company's level of indebtedness will have several important effects on its future operations, including: (i) a substantial portion of the Company's cash flow from operations must be dedicated to the payment of interest on its indebtedness and will not be available for other purposes; and (ii) the Company's ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, general corporate purposes or other purposes may be impaired. The Company's ability to meet its debt service obligations and to reduce its total indebtedness will be dependent upon the Company's future performance, which will be subject to general economic conditions and to financial, business and other factors affecting the operations of the Company, many of which are beyond its control. There can be no assurance that the Company's business will continue to generate cash flow at or above current levels. If the Company is unable to generate sufficient cash flow from operations in the future to service its debt, it may be required to refinance all or a portion of its existing debt, including the Notes, or to obtain additional financing. There can be no assurance that any such refinancing would be possible or that any additional financing could be obtained. The Indenture will not restrict the incurrence of indebtedness by the Company or its subsidiaries.

SUBORDINATION

The payment of principal of, and premium, if any, and interest on, the Notes will be subordinated in right of payment to the prior payment in full of all Senior Indebtedness when due, whether outstanding at the date of the

Indenture or later incurred. By reason of such subordination, in the event of the dissolution, insolvency or bankruptcy of the Company, holders of the Notes may recover less, ratably, than holders of Senior Indebtedness and other general creditors of the Company or may recover nothing. The terms and conditions of the subordination provisions pertinent to the Notes are described in more detail in "Description of the Notes -- Subordination."

The Notes also will be structurally subordinated to claims of creditors (other than the Company) of the Company's subsidiaries, including trade creditors, secured creditors, taxing authorities, creditors holding

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guarantees and tort claimants and claims of holders of any preferred stock of such subsidiaries. In the event of a liquidation, reorganization or similar proceeding relating to a subsidiary, these persons generally will have priority as to the assets of such subsidiary over the claims and equity interest of the Company and, thereby indirectly, holders of the indebtedness of the Company, including the Notes.

LIMITATIONS ON REPURCHASE UPON A CHANGE OF CONTROL

In the event of a Change of Control (as defined herein), each holder of Notes will have the right, at the holder's option, to require the Company to repurchase all or a portion of such holder's Notes at a purchase price equal to 100% of the principal amount thereof plus accrued and unpaid interest to the repurchase date. The Company's ability to repurchase the Notes upon a Change of Control may be limited by the terms of the Company's Senior Indebtedness and the subordination provisions of the Indenture. Under the covenants of the Company's 9 3/4% Senior Notes due 2006 (the "9 3/4% Senior Notes"), the Company currently would be precluded from repurchasing the Notes upon a Change of Control. Further, the ability of the Company to repurchase the Notes upon a Change of Control will be dependent on the availability of sufficient funds and compliance with applicable securities laws. Accordingly, there can be no assurance that the Company will be able to repurchase the Notes upon a Change of Control. The term "Change of Control" is limited to certain specified transactions and may not include other events that might adversely affect the financial condition of the Company or result in a downgrade of the credit rating of the Notes, nor would the requirement that the Company offer to repurchase the Notes upon a Change of Control necessarily afford holders of the Notes protection in the event of a highly leveraged transaction, reorganization, merger or similar transaction involving the Company. See "Description of the Notes -- Repurchase of Notes at the Option of the Holder Upon a Change of Control."

FAILURE TO CLOSE THE HERCULES ACQUISITION

The closing of the Hercules Acquisition is subject to certain conditions, including satisfaction of requirements under the Hart-Scott-Rodino Anti-Trust Improvements Act of 1976 (the "HSR Act"), approval of the Malaysian Securities Commission and Kuala Lumpur Stock Exchange, requisite approval of the shareholders of Trenergy (Malaysia) BHD ("Trenergy") and receipt of necessary financing by the Company. It is anticipated that the closing of the Offering will occur prior to the satisfaction of all conditions to consummate the Hercules Acquisition. No assurance can be given that the Hercules Acquisition will be completed. If the closing of the Hercules Acquisition does not occur, the Company intends to use the net proceeds of the Offering for general corporate purposes, including the refurbishment or acquisition of additional rigs. In addition, the Company, under certain circumstances, may be required to pay to Trenergy a fee of \$5 million if the closing does not occur due to the fault or inability of the Company to perform its obligations. See "Hercules Acquisition" and "Use of Proceeds."

INDUSTRY CONDITIONS

The Company's revenues and earnings are affected directly by the worldwide level of oil and gas exploration and development activity. The level of such activity is affected by many factors over which the Company has no control, including, among others, the market prices of oil and gas, the volatility of such prices, the levels of production by, and other activities of, the Organization of Petroleum Exporting Countries and other oil and gas producers, governmental regulation and trade restrictions, the level of worldwide economic activity, political stability in major oil producing areas, the development of alternate energy sources and the long-term effect of worldwide energy conservation measures. There can be no assurance that current levels of exploration and development activities of oil and gas companies will be maintained or that demand for the Company's services will reflect the level of such activities.

RISKS OF INTERNATIONAL OPERATIONS

A significant portion of Parker's operations is conducted in international markets, including South America, the Asia Pacific region and West Africa. International activities accounted for approximately 49% and 45% of the Company's operating revenues on a pro forma basis for the year ended August 31,

the nine months ended May 31, 1997, respectively, exclusive of the Bolifor Acquisition. In addition to the risks inherent in the drilling business, the Company's international operations are subject to certain political, economic and other uncertainties, including, among others, risks of war and civil disturbances, expropriation, nationalization, termination of existing contracts, taxation policies, foreign exchange restrictions and fluctuations and other risks arising out of foreign governmental sovereignty over certain areas in which the Company conducts operations. Although the Company seeks to protect against some of these risks through insurance, insurance is not available for all types of risks or for all areas in which the Company operates. To the extent insurance is available for a particular risk, there can be no assurance that such insurance will be sufficient to cover all losses that could be incurred with respect to a particular covered risk. Losses from these factors could be material in those countries where the Company has a significant concentration of assets.

The Company's Nigerian operations are subject to certain risks relating to political instability in Nigeria and the possibility of the promulgation of legislation or regulations by the United States that, if adopted, could restrict the ability of the Company and some of its customers to engage in trade with and invest in Nigeria. Since beginning operations in 1991, Mallard has not been materially affected by political instability in Nigeria, but other rig contractors have in recent years experienced work stoppages and delays relating to civil unrest in Nigeria. If the United States were to adopt such legislation or regulations or if such civil unrest were to reoccur, the Company could lose an important source of income and could be required to redeploy its rigs out of Nigeria. The costs of such redeployment might not be reimbursable, and such costs, together with the lost revenues resulting from a termination of its Nigerian operations, could have a material adverse effect on the Company. Revenues and operating income attributable to the Company's Nigerian operations on a pro forma basis for the year ended August 31, 1996 were \$30.7 million and \$9.8 million, respectively, and for the nine months ended May 31, 1997 were \$22.8 million and \$6.4 million, respectively.

OPERATING HAZARDS AND UNINSURED RISKS

The Company's drilling operations are subject to various hazards inherent in the drilling of oil and gas wells, including blowouts, reservoir damage, loss of well control, cratering, and oil and gas well fires. Such events can result in personal injury or death, severe damage to or destruction of equipment and facilities, suspension of operations, and substantial damage to surrounding areas and the property of others. The Company's offshore operations also are subject to hazards inherent in marine operations, such as capsizings, groundings, collisions, damage from weather, sea damage or unsound location. Generally, the Company obtains indemnification from its customers by contract for certain of these risks. To the extent not transferred to customers by contract, the Company seeks protection against such risks through insurance. However, potential liabilities associated with oilfield casualties or losses could arise in risk categories where no insurance has been purchased, where claims exceed the applicable insurance coverage, or where indemnification is not available or satisfied. The occurrence of events that are not fully insured or the failure of a customer to meet its indemnification obligations could have a material adverse effect on the Company. In addition, there can be no assurance that insurance will be available or, even if available, that insurance premiums or other costs will not rise sharply in the future.

INTEGRATION OF ACQUISITIONS

The Mallard Acquisition and the Quail Acquisition have required the Company to integrate and manage businesses that are related to, but substantially different from, Parker's historical land drilling business. In addition, the Hercules Acquisition and the Bolifor Acquisition will require assimilation of operations into the Company's existing businesses. No assurance can be given that the Company will be successful in managing and incorporating the acquired businesses into its existing operations or that such activities will not require a disproportionate amount of management's attention. The Company's failure to successfully incorporate the acquired businesses into its existing operations, or the occurrence of unexpected costs or liabilities in the acquired businesses, could have a material adverse effect on the Company.

RISKS OF ACQUISITION STRATEGY

The Company's growth strategy includes the acquisition of other oilfield services businesses. There can be no assurance, however, that the Company will be able to continue to identify attractive acquisition opportunities, obtain financing for acquisitions on satisfactory terms or successfully acquire identified targets. Future acquisitions may require the Company to incur additional indebtedness or issue capital stock to finance such acquisitions.

Depending on the Company's operating performance, the provisions of the Company's bank credit facility or the terms of the 9 3/4% Senior Notes may limit the ability of the Company to incur additional indebtedness, thereby restricting funds available to finance future acquisitions. In addition, competition for acquisition opportunities in the industry has escalated due to market conditions. There can be no assurance that such competition for acquisitions will not continue to increase, thereby increasing the cost to the Company of making further acquisitions or causing such acquisitions to be prohibitively expensive for the Company.

COMPETITION

The drilling market is competitive. Drilling contracts are generally awarded on a competitive bid basis and, while an operator may consider factors such as quality of service and type and location of equipment as well as the ability to provide ancillary services, price and availability are significant factors in determining which contractor is awarded a job. The Company believes that the market for drilling contracts will continue to be competitive for the foreseeable future. Certain of the Company's competitors have greater financial resources than the Company, which may enable them to better withstand industry downturns, to compete more effectively on the basis of price, to acquire existing rigs or to build new rigs. There can be no assurance that the Company will be able to compete successfully against its competitors in the future or that such competition will not have a material adverse effect on the Company's business, financial condition and results of operations.

CONCENTRATION OF CUSTOMER BASE

The Company's customer base is concentrated, with its two largest customers accounting for approximately 19% and 18% of total revenues for fiscal year 1996 and 12% and 10% of total revenues for the nine months ended May 31, 1997. In addition, the two largest customers of Quail accounted for approximately 31% and 23% of its total revenues for the year ended December 31, 1996, the three largest customers of Mallard accounted for approximately 13%, 12% and 11% of its total revenues, respectively, for the year ended December 31, 1996, and the two largest customers of Hercules Offshore Corporation accounted for approximately 27% and 11% of total revenues for the year ended December 31, 1996. There can be no assurance that these customers will continue to request the Company's services or that the loss of such customers would not have a material adverse effect on the Company's business, financial condition and results of operations.

RISK OF UPGRADE AND REFURBISHMENT PROJECTS

The Company's business strategy contemplates significant expenditures to upgrade and refurbish certain of its rigs. These projects are subject to the risks of delay or cost overruns inherent in large refurbishment projects, including shortages of materials or skilled labor, unforeseen engineering problems, work stoppages, weather interference, unanticipated cost increases, nonavailability of necessary equipment and inability to obtain any of the requisite permits or approvals. Any substantial delay in placing such rigs in service could have an adverse effect on the operations of the Company.

GOVERNMENTAL REGULATION AND ENVIRONMENTAL MATTERS

Many aspects of the Company's operations are affected by domestic and foreign political developments and are subject to numerous domestic and foreign governmental regulations that may relate directly or indirectly to the contract drilling industry, including environmental and safety matters. Some of the Company's activities take place in or near ecologically sensitive areas, such as wetlands, beaches and inland

waterways. Numerous federal and state environmental laws regulate drilling activities and impose liability for causing pollution in inland, coastal and offshore waters. In addition, the regulations applicable to the Company's operations include certain regulations that control the discharge of materials into the environment or require remediation of contamination under certain circumstances. For example, the Company may be liable for damages and costs incurred in connection with oil spills for which it is legally responsible. Certain environmental laws and regulations impose "strict liability," rendering a person liable without regard to negligence or fault on the part of such person. Such environmental laws and regulations may expose the Company to liability for the conduct of, or conditions caused by, others, or for acts of the Company that were in compliance with all applicable laws at the time such acts were performed.

The Company has made and will continue to make expenditures to comply with environmental and safety requirements. Because the requirements imposed by such laws and regulations are subject to change, the Company is unable to predict the ultimate cost of compliance with such requirements. The modification of existing foreign or domestic laws or regulations or the adoption of new laws or regulations curtailing exploratory or development drilling for oil and gas for economic, political, environmental or other reasons could have a material

adverse effect on the Company by limiting drilling opportunities.

ABSENCE OF EXISTING MARKET FOR NOTES

The Notes will constitute a new issue of securities with no established trading market. Application will be made to list the Notes on the New York Stock Exchange upon official notice of issuance. The Company has been advised by the Underwriters that, following completion of the offering of the Notes, they currently intend to make a market in the Notes. However, the Underwriters are not obligated to do so and any marketmaking activities may be discontinued at any time without notice. In addition, such marketmaking activities will be subject to the limits imposed by the Exchange Act. No assurance can be given that an active trading market for the Notes will develop or, if such market develops, as to the liquidity or sustainability of such market. If a trading market does not develop or is not maintained, holders of the Notes may experience difficulty in reselling the Notes or may be unable to sell them at all. If a market for the Notes develops, any such market may be discontinued at any time. If a public trading market develops for the Notes, future trading prices of the Notes will depend on many factors, including, among other things, prevailing interest rates, the Company's results of operations and the market for similar securities. Depending on prevailing interest rates, the market for similar securities and other factors, including the financial condition of the Company, the Notes may trade at a discount from their principal amount.

HERCULES ACQUISITION

On May 9, 1997, the Company executed a definitive stock purchase agreement (the "HOC Agreement") to acquire all of the outstanding capital stock of Hercules Offshore Corporation, a Texas corporation ("HOC"), and a definitive stock purchase agreement (the "HRC Agreement") to acquire all of the outstanding capital stock of Hercules Rig Corp., a Texas corporation ("HRC") and an affiliate of HOC (HOC and HRC being collectively referred to as "Hercules"), for \$145 million and \$50 million, respectively. The purchase prices for the acquisitions are subject to adjustment for certain debt assumed by the Company, for capital expenditures incurred and for levels of working capital at closing. Currently, Hercules owns four self-erecting platform rigs and seven shallow water jackup rigs.

Under the terms of the HOC Agreement, Trenergy, the sole shareholder of HOC, and the Company have agreed to indemnify the other in certain circumstances. The closing of the HOC Agreement is subject to certain conditions, including approval of the transaction under the HSR Act and by the Malaysian Securities Commission and the Kuala Lumpur Stock Exchange, obtaining of the requisite approval of the shareholders of Trenergy and obtaining of necessary financing by the Company to complete the transaction. Under certain circumstances, if Parker fails to consummate the transaction, including the failure of the Company to obtain the requisite financing (unless the failure is due to a major financial market collapse which significantly impairs the Company's ability to raise financing prior to closing due to reasons other than the Company's own financial standing), the Company will be obligated to pay Trenergy \$5 million. Trenergy also is obligated to

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pay the Company \$5 million if it fails to close the transaction under certain circumstances. The HOC Agreement is also terminable by either party if the transaction fails to close by December 31, 1997.

The closings of the HOC Agreement and the HRC Agreement are further conditioned on the closing of the other. The closing of the transaction is expected to occur in the fourth quarter of calendar 1997. The Hercules Acquisition will be partially funded from the net proceeds of the Offering. See "Use of Proceeds" and "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources."

USE OF PROCEEDS

The net proceeds to the Company from the sale of the Notes are estimated to be \$ million after deducting the estimated fees and expenses of the Offering (and assuming no exercise of the Underwriters' over-allotment option). The Company intends to use the estimated net proceeds from the sale of the Notes to pay a portion of the purchase price and expenses related to the Hercules Acquisition. In the event that the Hercules Acquisition is not consummated, the Company intends to use the estimated net proceeds for general corporate purposes, including refurbishment and/or acquisition of additional rigs. Pending application of the net proceeds as described above, the Company intends to invest the net proceeds of the Offering in short-term interest-bearing securities as permitted under the terms of the indenture for the 9 3/4% Senior Notes.

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CAPITALIZATION

The following table sets forth as of May 31, 1997 the capitalization of the Company on an actual basis and as adjusted to reflect (i) the issuance of the Notes and (ii) the consummation of the Hercules Acquisition. This information should be read in conjunction with, and is qualified by reference to, the Consolidated Financial Statements of the Company and Hercules, including the notes thereto, the Unaudited Pro Forma Combined Financial Statements and related notes thereto, and "Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company" included elsewhere or incorporated by reference in this Prospectus.

<TABLE>
<CAPTION>

		AT MAY 31, 1997	
		AS	
		ACTUAL	ADJUSTED
		(DOLLARS IN THOUSANDS)	
<S>		<C>	<C>
Long-term debt:			
Senior Credit Facility, including current portion of			
long-term debt(1).....	\$ 95,000	\$ 95,000	
9 3/4% Senior Notes due 2006, less unamortized discount of			
\$2,225.....	297,775	297,775	
% Convertible Subordinated Notes due 2004.....	--	125,000	
Other long-term debt.....	4,874	4,874	
Total long-term debt.....	397,649	522,649	
Stockholders' equity:			
Preferred Stock, \$1.00 par value, 1,942,000 shares			
authorized, no shares outstanding.....	--	--	
Common Stock, \$.16 2/3 par value, 120,000,000 shares			
authorized, 76,668,155 shares outstanding(2).....	12,778	12,778	
Capital in excess of par value.....	340,284	340,284	
Retained earnings (accumulated deficit).....	(11,626)	(11,626)	
Other.....	(469)	(469)	
Total stockholders' equity.....	340,967	340,967	
Total capitalization.....	\$738,616	\$863,616	

</TABLE>

(1) The Company has maximum availability of \$45 million under the revolving credit portion of the Company's Senior Credit Facility, subject to borrowing base limitations. A portion of the Senior Credit Facility is being used to support letters of credit, approximately \$12 million of which are currently outstanding. In addition, a portion of the Senior Credit Facility may be used to finance a portion of the Hercules Acquisition.

(2) Does not include 4,068,000 shares of Common Stock issuable upon exercise of outstanding stock options under the Company's stock option plans, of which options exercisable for 1,000,000 shares have been issued subject to stockholder approval at the Company's December 1997 Annual Meeting.

PRICE RANGE OF COMMON STOCK AND DIVIDENDS

The Common Stock trades on the NYSE under the symbol "PKD". The following table sets forth the high and low sales prices per share of the Common Stock as reported on the NYSE Composite Tape for the fiscal periods indicated.

<TABLE>
<CAPTION>

		HIGH	LOW
		---	---
<S>		<C>	<C>
Fiscal year ended August 31, 1995:			
First Quarter.....	\$ 6 1/4	\$5	
Second Quarter.....	5 1/8	4 3/8	
Third Quarter.....	5 5/8	4 3/8	
Fourth Quarter.....	5 5/8	4 5/8	
Fiscal year ended August 31, 1996:			
First Quarter.....	6 3/8	4 7/8	
Second Quarter.....	6 1/2	5	
Third Quarter.....	8 1/8	5 1/2	
Fourth Quarter.....	7 3/8	5 1/4	
Fiscal year ending August 31, 1997:			
First Quarter.....	10 1/4	6 1/8	
Second Quarter.....	11	7 7/8	

Third Quarter.....	10	7 1/2	
Fourth Quarter (through July 1, 1997).....	11 5/16	9 3/8	

On July 1, 1997, the closing sale price of the Common Stock as reported on the NYSE Composite Tape was \$11 1/4 per share.

No dividends have been paid on Common Stock since February 1987. Restrictions contained in the Senior Credit Facility prohibit the payment of cash dividends, and the indenture for the Company's 9 3/4% Senior Notes restricts the payment of such dividends. The Company has no present intention to pay dividends on its Common Stock in the foreseeable future.

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UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma combined financial information is derived from the historical financial statements of Parker, Mallard, Quail and Hercules, incorporated by reference herein, and certain assumptions deemed appropriate by the Company. The Unaudited Pro Forma Combined Statements of Operations for the nine months ended May 31, 1997 and for the year ended August 31, 1996 reflect: (i) the Mallard Acquisition, (ii) the Quail Acquisition, (iii) the Hercules Acquisition, (iv) the acquisition by Mallard of two drilling barges from Noble Drilling Corporation ("Noble") in August 1996, (v) the issuance of \$300 million of 9 3/4% Senior Notes and borrowings of \$100 million under a term loan pursuant to the Senior Credit Facility in November 1996, (vi) the issuance of \$25 million of convertible preferred stock in November 1996 and the subsequent conversion of such stock into 3,056,600 shares of Common Stock in December 1996, and (vii) the issuance of the Notes, in each case as if such transactions had occurred on September 1, 1995. Such twelve months unaudited pro forma combined information combines: (i) the audited operating results for Parker for the twelve months ended August 31, 1996, (ii) the unaudited operating results of Mallard for the twelve months ended September 30, 1996, (iii) the unaudited operating results of Quail for the twelve months ended August 31, 1996, and (iv) the combined operating results of Hercules for the twelve months ended September 30, 1996. Such nine months unaudited pro forma combined information combines: (i) the unaudited operating results for the Company for the nine months ended May 31, 1997, (ii) the unaudited operating results for Mallard and Quail for the period from September 1, 1996 to November 12, 1996 (the date of acquisition by Parker), and (iii) the combined unaudited operating results of Hercules for the nine months ended April 30, 1997 which includes revenues and net income of approximately \$9.4 million and \$685,000, respectively, for the two month period ended September 30, 1996 which are also included in the unaudited pro forma combined statement of operations for the year ended August 31, 1996. The Hercules financial statements have been derived from the separate financial statements of HOC and HRC incorporated herein by reference and are presented on a combined basis with intercompany transactions between the entities eliminated. The unaudited pro forma combined financial information should be read in conjunction with the notes thereto and the historical financial statements of Parker, Mallard, Quail and Hercules, including the notes thereto, incorporated by reference herein. The unaudited pro forma combined financial statements exclude any pro forma effect for the Bolifor Acquisition.

The pro forma adjustments giving effect to the various events described above are based upon currently available information and upon certain assumptions that management believes are reasonable. The historical operating results of Mallard included in the Unaudited Pro Forma Combined Financial Statements do not reflect any allocation of general corporate, accounting, tax, legal and other administrative costs incurred by its former parent corporation. The Company has not incurred any significant amount of additional general and administrative expense in connection with the incorporation of Mallard's and Quail's operations, and does not expect to incur any significant amount of such expenses in connection with the incorporation of Hercules' operations. The Mallard Acquisition and the Quail Acquisition have been, and the Hercules Acquisition will be, accounted for by the Company under the purchase method of accounting and the assets and liabilities of Mallard and Quail were, and the assets and liabilities of Hercules will be, recorded at their estimated fair market values at the date of acquisition.

The unaudited pro forma combined financial information does not purport to be indicative of the results of operations that would actually have occurred if the transactions described had occurred as presented in such statements or that may be obtained in the future. In addition, future results may vary significantly from the results reflected in such statements due to general economic conditions, oil and gas commodity prices, the demand and prices for contract drilling services and rental tools, increases in the number of rigs available for service, the Company's ability to successfully integrate the operations of Mallard, Quail and Hercules with its current business and several other factors, many of which are beyond the Company's control. See "Risk Factors -- Integration of Acquisitions."

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PARKER DRILLING COMPANY AND SUBSIDIARIES

UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS

YEAR ENDED AUGUST 31, 1996

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

<TABLE>
<CAPTION>

	HISTORICAL				PRO		FORMA
	PARKER	MALLARD	QUAIL	HERCULES(1)	ADJUSTMENTS		
<S>	<C>	<C>	<C>	<C>	<C>	<C>	
Revenues:							
Drilling.....	\$145,160	\$87,293	\$ --	\$43,800	\$ 15,648 (e)	\$291,901	
Rental.....	--	--	17,429	--	--	17,429	
Other.....	11,492	--	--	--	--	11,492	
Total revenues.....	156,652	87,293	17,429	43,800	15,648	320,822	
Operating expense:							
Drilling.....	100,942	51,392	--	29,018	8,414 (e)	205,802	
				(153)(f)			
				16,189 (h)			
Rental.....	--	--	1,767	--	3,838 (h)	5,605	
Other.....	11,824	--	--	--	--	11,824	
Depreciation, depletion and amortization.....	23,061	11,833	2,789	3,799	10,196 (d)	57,142	
				5,464 (g)			
General and administrative.....		19,428	11,694	3,838	4,495	(20,027)(h)	19,428
Total operating expenses...	155,255	74,919	8,394	37,312	23,921	299,801	
Operating income.....	1,397	12,374	9,035	6,488	(8,273)	21,021	
Other income (expense):							
Interest expense.....	(135)	(483)	--	(1,555)	(44,378)(i)	(47,017)	
				(2,021)(l)			
				1,555 (j)			
Interest income.....	1,642	--	165	--	(165)(k)	1,642	
Other.....	5,663	312	999	--	(420)(k)	6,554	
Total other income (expense).....	7,170	(171)	1,164	(1,555)	(45,429)	(38,821)	
Income (loss) before income taxes....		8,567	12,203	10,199	4,933	(53,702)	(17,800)
Income tax expense (benefit).....		4,514	4,899	--	2,098	(5,416)(m)	6,877
				782 (e)			
Net income (loss).....	\$ 4,053	\$ 7,304	\$10,199	\$ 2,835	\$(49,068)	\$(24,677)	
Earnings per share, primary and fully diluted.....	\$.07				\$ (0.41)		
Weighted average shares outstanding (fully diluted).....	57,466,183				60,522,783		
Other data:							
EBITDA(2).....	\$ 24,458				\$ 78,163		
Ratio of earnings to fixed charges(3).....	64.5x				--(n)		

</TABLE>

(1) Amounts represent the combined results of HOC and HRC for the twelve months ended September 30, 1996. See Note (o) for summary capsular combining statement of operations of HOC and HRC for the twelve months ended September 30, 1996.

(2) EBITDA represents operating income (loss) before depreciation, depletion and amortization and provision for reduction in carrying value of certain assets. EBITDA is frequently used by securities analysts and is presented hereby to provide additional information about the Company's operations. EBITDA is not a measurement presented in accordance with generally accepted accounting principles. EBITDA should not be considered in isolation or as a substitute for net income, cash flow provided by operating activities or other income or cash flow data prepared in accordance with generally accepted accounting principles or as a measure of a company's profitability or liquidity.

(3) For purposes of these calculations, earnings consist of income (loss) before income taxes plus interest expense and fixed charges consist of interest

expense. Earnings were not sufficient to cover fixed charges for 1996 pro forma by \$17.8 million.

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PARKER DRILLING COMPANY AND SUBSIDIARIES

UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS
NINE MONTHS ENDED MAY 31, 1997
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

<TABLE>
<CAPTION>

	HISTORICAL					
	SEPT. 1-NOV. 12, 1996					
	AS REPORTED			PRO		
	PARKER(1)	MALLARD	QUAIL	HERCULES(2)	ADJUSTMENTS	FORMA
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues:						
Drilling.....	\$ 196,472	\$23,678	\$ --	\$44,335	\$ --	\$ 264,485
Rental.....	17,916	--	5,387	--	--	23,303
Other.....	1,805	--	--	--	--	1,805
Total revenues.....	216,193	23,678	5,387	44,335	--	289,593
Operating expense:						
Drilling.....	129,317	14,382		26,674	5,749 (h)	176,122
Rental.....	4,982	--	439	--	739 (h)	6,160
Other.....	3,797	--	--	--		3,797
Depreciation, depletion and amortization.....	32,874	2,695	505	4,901	4,179 (d)	46,002
General and administrative.....	14,055	1,933		848 (g)	739	3,816 (6,488)(h)
Total operating expenses.....	185,025	19,010	1,683	35,391	5,027	246,136
Operating income.....	31,168	4,668	3,704	8,944	(5,027)	43,457
Other income (expense):						
Interest expense.....	(22,037)	(102)	--	(1,991)	(12,728)(i)	(35,589)
Interest income.....	3,118	--	962	--	(722)(l)	3,131
Other.....	1,753	(78)	5	--	1,991 (j)	1,680
Total other income (expense)....	(17,166)	(180)	967	(1,991)	(12,408)	(30,778)
Income before income taxes.....	14,002	4,488	4,671	6,953	(17,435)	12,679
Income tax expense (benefit).....	5,290	403	--	3,134	(3,407)(m)	5,420
Net income.....	\$ 8,712	\$ 4,085	\$4,671	\$ 3,819	\$(14,028)	\$ 7,259
Earnings per share, primary and fully diluted.....	\$ 0.12			\$ 0.10		
Weighted average shares outstanding (fully diluted).....	69,779,690			70,597,023		
Other data:						
EBITDA(3).....	\$ 64,042			\$ 89,459		
Ratio of earnings to fixed charges(4).....	1.6x			1.4x(n)		

</TABLE>

(1) Includes the operations of Mallard and Quail from November 13, 1996 through May 31, 1997.

(2) Reflects combined results of operations of HOC and HRC for the nine months ended April 30, 1997 which includes combined revenues and net income of HOC and HRC of approximately \$9.4 million and \$685,000 respectively for the two-month period ended September 30, 1996 which amounts are also included in the unaudited pro forma combined statements of operations for the twelve months ended September 30, 1996. See Note (o) for the summary capsular combining statement of operations of HOC and HRC for the nine months ended April 30, 1997.

(3) EBITDA represents operating income (loss) before depreciation, depletion and amortization and provision for reduction in carrying value of certain

assets. EBITDA is frequently used by securities analysts and is presented hereby to provide additional information about the Company's operations. EBITDA is not a measurement presented in accordance with generally accepted accounting principles. EBITDA should not be considered in isolation or as a substitute for net income, cash flow provided by operating activities or other income or cash flow data prepared in accordance with generally accepted accounting principles or as a measure of a company's profitability or liquidity.

(4) For purposes of these calculations, earnings consist of income (loss) before income taxes plus interest expense and fixed charges consist of interest expense.

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PARKER DRILLING COMPANY AND SUBSIDIARIES

UNAUDITED PRO FORMA COMBINED BALANCE SHEET
(DOLLARS IN THOUSANDS)

ASSETS

<TABLE>
<CAPTION>

	HISTORICAL		PRO ADJUSTMENTS	FORMA
	PARKER AS OF MAY 31, 1997	HERCULES(1) AS OF APRIL 30, 1997		
<S>	<C>	<C>	<C>	<C>
Current assets:				
Cash and cash equivalents.....	\$ 88,798	\$ 1,227	\$ 120,700 (a)	\$ 16,672
		(195,500)(b)		
		1,447 (b)		
Other short-term investments.....	2,877		2,877	
Accounts and notes receivable.....	81,005	11,679		92,684
Rig materials and supplies.....	16,050		16,050	
Other current assets.....	14,161	978	(476)(b)	14,663
Total current assets.....	202,891	13,884	(73,829)	142,946
Property, plant and equipment:				
Drilling equipment.....	678,200	90,989	57,628(b,d)	826,817
Rental equipment.....	24,446		24,446	
Buildings, land and improvements.....	18,809			18,809
Other.....	22,084	203	22,287	
Construction in progress.....	34,398	6,180		40,578
	777,937	97,372	57,628	932,937
Less accumulated depreciation, depletion and amortization.....	372,530	6,087	(6,087)(d)	372,530
Net property, plant and equipment.....	405,407	91,285	63,715	560,407
Goodwill, net of accumulated amortization.....	143,454	16,817	18,750 (b)	179,021
Other noncurrent assets.....	43,849	933	4,300 (a)	49,082
Total assets.....	\$795,601	\$122,919	\$ 12,936	\$931,456

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:				
Current portion of long-term debt.....	\$ 18,084	\$ 4,707	\$ (4,707)(b)	\$ 18,084
Accounts payable.....	25,827	7,389		33,216
Accrued liabilities.....	15,428	3,466		18,894
Accrued income taxes.....	5,850			5,850
Total current liabilities.....	65,189	15,562	(4,707)	76,044
Long-term debt.....	379,565	33,606	125,000(a)	504,565
		(33,606)(b)		
Deferred income taxes.....		8,310	(8,310)(b)	
Other long-term liabilities.....	9,880			9,880
Preferred stock.....	4,000		(4,000)(b)	
Stockholders' equity:				
Common stock.....	12,778	18,035	(18,035)(b)	12,778
Capital in excess of par value.....	340,284	39,598	(39,598)(b)	340,284
Retained earnings (accumulated).....	(11,626)	3,808	(3,808)(b)	(11,626)
Other.....	(469)		(469)	

Total stockholders' equity.....	340,967	61,441	(61,441)	340,967

Total liabilities and stockholders' equity.....	\$795,601	\$122,919	\$ 12,936	\$931,456
=====				

</TABLE>

(1) Represents the combined balances of HOC and HRC as of April 30, 1997. See note (c) for summary capsular combining balance sheet of HOC and HRC as of April 30, 1997.

PARKER DRILLING COMPANY AND SUBSIDIARIES

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

(a) To record the issuance of \$125 million of the Notes, net of debt issuance costs of \$4.3 million.

(b) To reflect the Hercules Acquisition. The purchase price was allocated as follows:

<TABLE>

<CAPTION>

	PURCHASE PRICE	HERCULES
	-----	-----
Cash.....	\$195,000	
Fees and expenses.....		500
	-----	-----
Total.....	\$195,500	
=====		

Purchase Price Allocation:

Increase in property and equipment.....	63,715
Working capital adjustment per purchase agreement.....	1,447
Eliminate stockholders' equity.....	61,441
Reverse assets/liabilities which are not a part of acquisition:	
Debt and capital lease obligations.....	38,313
Redeemable preferred stock.....	4,000
Intangible assets.....	(16,817)
Deferred income taxes.....	7,834
Cost in excess of net assets acquired.....	35,567

	\$195,500
=====	

</TABLE>

(c) Following is the summary capsular combining balance sheets of HOC and HRC as of April 30, 1997.

<TABLE>

<CAPTION>

	HOC	HRC	ELIMINATIONS	COMBINED
	-----	-----	-----	-----
(DOLLARS IN THOUSANDS)				
<S>	<C>	<C>	<C>	<C>
Current assets.....	\$13,535	\$ 349	\$ --	\$ 13,884
Noncurrent assets.....	85,822	25,181	(1,968)	109,035
	-----	-----	-----	-----
Total assets.....	\$99,357	\$25,530	\$(1,968)	\$122,919
=====				
Current liabilities.....	\$13,663	\$ 1,899	\$ --	\$ 15,562
Noncurrent liabilities.....	29,215	14,669	(1,968)	41,916
Preferred stock.....	4,000	--	--	4,000
Stockholders equity.....	52,479	8,962	--	61,441
	-----	-----	-----	-----
Total liabilities and stockholders' equity.....	\$99,357	\$25,530	\$(1,968)	\$122,919
=====				

</TABLE>

The eliminations represent approximately \$1,968,000 of HRC's note payable to HOC as of April 30, 1997.

(d) To adjust depreciation expense on assets acquired using allocated purchase price and to eliminate accumulated depreciation on Hercules assets. Depreciation was calculated over 17 1/2 years for barge drilling rigs, 15 years on jackup rigs and seven years for tool rental equipment, using 5% salvage on all equipment.

(e) To record the estimated results of operations for two barge rigs acquired by Mallard from Noble on August 21, 1996. The two rigs are working under a long-term contract in Nigeria at dayrates of \$26,215 and \$22,000, respectively. Estimated historical results of operations were derived from the contractual dayrates on the two rigs, estimated operating costs based on a similar Mallard barge rig operating in Nigeria and the related Nigerian taxes.

(f) Eliminate expenses associated with operations of Mallard not purchased.

(g) Amortization of excess cost over fair value of net assets acquired over 30 years.

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(h) Reclassify the general and administrative expenses of Mallard and Hercules to drilling expense and of Quail to rental expense.

(i) To record interest expenses related to the \$100 million term loan under the Senior Credit Facility, assuming a rate of 7.94%, \$300 million of principal amount of 9 3/4% Senior Notes and \$125 million of Notes at 5.75%.

(j) Eliminate interest expense on Hercules debt not assumed.

(k) Eliminate interest and investment income on Quail cash and investments not acquired.

(l) Amortization of original issue discount and debt issuance costs over the ten-year term of the 9 3/4% Senior Notes, the six-year term of the term loan portion of the Senior Credit Facility and the seven-year term of the Notes.

(m) Eliminate U.S. federal income taxes allocated to Mallard by its former parent and eliminate U.S. federal income taxes recorded by Hercules due to the existence of the Company's net operating loss tax carryforwards.

(n) For the purposes of these calculations, earnings consist of income (loss) before income taxes plus interest expense, and fixed charges consist of interest expense. For the historical 12 months ended August 31, 1996, the Company's pro forma earnings were inadequate to cover fixed charges by \$17.8 million.

(o) Following is the summary capsular combining statements of operations of HOC and HRC for the periods indicated:

<TABLE>
<CAPTION>

TWELVE MONTHS ENDED SEPTEMBER 30, 1996				
	HOC	HRC	ELIMINATIONS	COMBINED
(DOLLARS IN THOUSANDS)				
<S>	<C>	<C>	<C>	<C>
Revenues.....	\$43,800	\$1,385	\$(1,385)	\$43,800
Total operating expenses.....	37,684	1,013	(1,385)	37,312
Other (income) expense.....	1,316	239	--	1,555
Income before income taxes.....	4,800	133	--	4,933
Income tax expense.....	2,098	--	--	2,098
Net income.....	\$ 2,702	\$ 133	\$ --	\$ 2,835

</TABLE>

<TABLE>
<CAPTION>

NINE MONTHS ENDED APRIL 30, 1997				
	HOC	HRC	ELIMINATIONS	COMBINED
(DOLLARS IN THOUSANDS)				
<S>	<C>	<C>	<C>	<C>
Revenues.....	\$44,335	\$1,314	\$(1,314)	\$44,335
Total operating expenses.....	35,845	860	(1,314)	35,391
Other (income) expense.....	1,438	553	--	1,991
Income before income taxes.....	7,052	(99)	--	6,953
Income tax expenses.....	3,134	--	--	3,134
Net income (loss).....	\$ 3,918	\$ (99)	\$ --	\$ 3,819

</TABLE>

Elimination entries represent the elimination of approximately \$1,385,000 and \$1,314,000 of HRC's billings to HOC for the twelve months ended September 30, 1996 and for the nine months ended April 30, 1997, respectively, for HOC's bareboat charter of HRC's drilling and workover

SELECTED CONSOLIDATED FINANCIAL DATA

The historical financial data presented in the table below as of and for each of the years in the five-year period ended August 31, 1996 are derived from the Consolidated Financial Statements of the Company audited by Coopers & Lybrand L.L.P., independent accountants. The historical financial data presented in the table below as of and for each of the nine-month periods ended May 31, 1996 and 1997 are derived from the Unaudited Consolidated Financial Statements of the Company. In the opinion of management of the Company, such Unaudited Consolidated Financial Statements include all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the financial data for such periods. The results for the nine months ended May 31, 1997 are not necessarily indicative of the results to be achieved for the full year.

Except for the nine months ended May 31, 1997, the data presented below do not reflect the effect of the acquisitions of Mallard and Quail (which were completed November 12, 1996) and should be read in conjunction with the Company's Consolidated Financial Statements, including the notes thereto, and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere or incorporated by reference in this Prospectus.

<TABLE>
<CAPTION>

	NINE MONTHS ENDED						
	YEAR ENDED AUGUST 31,				MAY 31,		
	1992	1993	1994	1995	1996	1996	1997
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
STATEMENT OF OPERATIONS DATA:							
Revenues:							
Drilling.....	\$ 116,082	\$ 96,719	\$ 147,480	\$ 153,075	\$ 145,160	\$ 112,266	\$ 196,472
Rental.....	--	--	--	--	--	17,916	--
Other.....	7,250	4,082	4,944	4,296	11,492	3,371	1,805
Total revenues.....	123,332	100,801	152,424	157,371	156,652	115,637	216,193
Operating Expenses:							
Drilling.....	74,196	69,237	114,732	113,132	100,942	76,987	129,317
Rental.....	--	--	--	--	--	4,982	--
Other.....	8,007	5,951	6,563	4,928	11,824	4,036	3,797
Depreciation, depletion and amortization.....	23,182	23,376	23,246	23,745	23,061	17,339	32,874
General and administrative.....	15,753	14,617	17,018	17,063	19,428	15,194	14,055
Provision for reduction in carrying value of certain assets(1).....	19,257	--	19,718	--	--	--	--
Total operating expenses.....	140,395	113,181	181,277	158,868	155,255	113,556	185,025
Operating income (loss).....	(17,063)	(12,380)	(28,853)	(1,497)	1,397	2,081	31,168
Other income (expense):							
Interest income (expense) -- net.....	1,592	1,676	1,150	1,184	1,507	924	(18,919)
Minority interest.....	596	149	(135)	(227)	--	--	--
Other.....	6,504	(469)	919	7,640	5,663	3,108	1,753
Total other income (expense).....	8,692	1,356	1,934	8,597	7,170	4,032	(17,166)
Income (loss) before income taxes.....	(8,371)	(11,024)	(26,919)	7,100	8,567	6,113	14,002
Income tax expense (benefit).....	2,795	(337)	1,887	3,184	4,514	3,565	5,290
Net income (loss).....	\$ (11,166)	\$ (10,687)	\$ (28,806)	\$ 3,916	\$ 4,053	\$ 2,548	\$ 8,712
Earnings (loss) per share (fully diluted).....							
	\$ (.21)	\$ (.20)	\$ (.53)	\$.07	\$.07	\$.05	\$.12
Weighted average shares outstanding (fully diluted).....							
	52,115,038	53,082,078	54,247,664	55,332,541	57,466,183	56,219,680	69,779,690
OTHER FINANCIAL DATA:							
EBITDA(2).....	\$ 25,376	\$ 10,996	\$ 14,111	\$ 22,248	\$ 24,458	\$ 19,420	\$ 64,042

Ratio of earnings to fixed charges(3).....	--	--	--	81.7x	64.5x	71.3x	1.6x
Capital expenditures:							
Maintenance.....	4,036	3,552	5,444	5,133	6,646	4,110	7,770
Other.....	23,931	15,165	29,320	16,407	24,190	22,249	52,429
BALANCE SHEET DATA (END OF PERIOD):							
Cash, cash equivalents and other short-term investments.....	\$ 37,319	\$ 43,989	\$ 14,471	\$ 22,124	\$ 77,985	\$ 14,922	\$ 91,675
Property, plant and equipment, net.....	145,750	139,325	127,178	122,258	124,177	124,203	405,407
Total assets.....	245,869	236,342	209,348	216,959	275,959	221,376	795,601
Total long-term debt, including current portion...	932	--	--	2,037	3,378	1,752	397,649
Total stockholders' equity....	210,181	207,679	180,583	186,920	244,048	192,831	340,967

</TABLE>

(1) In fiscal 1992, management evaluated Parker's assets and operations with the intent of reducing future operating costs and disposing of non-performing assets. Accordingly, Parker removed 14 rigs from its domestic fleet and two rigs from its international fleet and recorded a \$19.3 million provision for reduction in carrying value of certain assets. In fiscal 1994, Parker reorganized its domestic land drilling and manufacturing operations and made the decision to dispose of certain drilling equipment inventories and other properties. Accordingly, Parker removed 16 rigs from its domestic fleet and recorded a \$19.7 million provision for reduction in carrying value of certain assets.

(2) EBITDA represents operating income (loss) before depreciation, depletion, amortization and provision for reduction in carrying value of certain assets. EBITDA is frequently used by securities analysts and is presented here to provide additional information about the Company's operations. EBITDA is not a measurement presented in accordance with generally accepted accounting principles. EBITDA should not be considered in isolation or as a substitute for net income, cash flow provided by operating activities or other income or cash flow data prepared in accordance with generally accepted accounting principles or as a measure of a company's profitability or liquidity.

(3) For purposes of these calculations, earnings consist of income (loss) before income taxes plus interest expense and fixed charges consist of interest expense. Earnings were not sufficient during 1992, 1993 and 1994 to cover fixed charges. The deficiencies were: 1992 -- \$8.4 million, 1993 -- \$11.0 million and 1994 -- \$26.9 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OUTLOOK AND OVERVIEW

The Company's operations and future results have been altered significantly by the acquisitions of Mallard and Quail in November 1996. As a result of the Mallard Acquisition, the Company has become one of the primary barge drilling contractors in the Gulf of Mexico and Nigeria, each of which were markets in which Parker previously did not operate. As a result of the Quail Acquisition, the Company expanded its operations into the rental tool market in the Gulf of Mexico and the Gulf Coast region. The pending acquisitions of Hercules and Bolifor are expected to further change the nature of the Company's operations and its future results.

In addition to increasing the size and scope of the Company's operations, the Hercules Acquisition will further increase the percentage of the Company's revenue generated domestically. Parker generated approximately 73% of its revenue from international sources in fiscal 1996 compared with 49% for the Company on a pro forma basis for the same period.

The Company is currently expanding its business in several areas. The Company has recently refurbished and upgraded two barge drilling rigs and two platform rigs for additional drilling contracts in the Gulf of Mexico, and one land rig which will be relocated from the United States to Pakistan. The Company also owns two cold stacked barge rigs and a cold stacked platform rig for operation in the Gulf of Mexico. The Company has recently received a letter of intent from one of its present customers in Nigeria for a five-year drilling contract in the transition zone of Nigeria, which will require the construction of a new drilling barge at an estimated cost of \$25 million. This contract is subject to execution of a definitive agreement and certain other conditions. No assurance can be given that the contract will be executed. Quail recently entered into a contract with a major oil company to be its preferred provider of rental tools to the onshore and offshore Texas markets. To service this market,

Quail has acquired property and inventories to commence operations at a new facility in Victoria, Texas, during the latter part of fiscal 1997.

The Mallard and Quail Acquisitions were accounted for under the purchase method of accounting. As a result, the assets and liabilities of Mallard and Quail were recorded at their estimated fair values as of the date the acquisitions were consummated. The purchase price in excess of the estimated fair value of Mallard's and Quail's assets was recorded as goodwill and will be amortized over a 30-year period. Accordingly, the Company's depreciation and amortization will increase significantly in future periods. Accounting for the Hercules Acquisition will be on a similar basis, although goodwill will not be as significant a factor.

The financings related to the Mallard and Quail Acquisitions substantially increased the Company's debt levels. At May 31, 1997, the Company had \$397.6 million in total indebtedness, compared to \$3.4 million of total indebtedness at August 31, 1996. Upon the consummation of the Hercules Acquisition, the Company anticipates total outstanding indebtedness of \$522.6 million. The substantial levels of debt will result in a higher level of interest expense and an increased percentage of the Company's cash flows being used for debt service and may limit the Company's ability to obtain additional financing for future acquisitions and capital expenditures. See " -- Liquidity and Capital Resources" and "Risk Factors -- Increased Leverage."

For the foregoing reasons, the acquisitions of Mallard, Quail and Hercules will affect the comparability of the Company's historical results of operations with results in future periods.

RESULTS OF OPERATIONS

Nine Months Ended May 31, 1997 Compared to Nine Months Ended May 31, 1996

The Company recorded net income of \$8.7 million for the nine months ended May 31, 1997, an increase of \$6.2 million from the comparable period of fiscal 1996. The Company's results of operations were favorably impacted by the acquisitions of Mallard and Quail.

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Total revenues of \$216.2 million represent a \$100.6 million increase from the same period last year. The offshore drilling and tool rental businesses accounted for \$64.3 million and \$17.9 million, respectively, of the increase in revenues. Land drilling revenues increased \$19.9 million from the same period last year, of which \$10.9 million was from United States operations and resulted from additional rig utilization and improving dayrates. The remaining increase was primarily due to \$7.1 million of revenues generated from four Argentina land rigs obtained in the Mallard Acquisition. The Company also realized increased rig utilization in the Asia Pacific region, Colombia and Peru.

The increase in revenues from the Company's domestic land drilling operations was due to a 50% increase in rig revenue days and improvements in dayrates. All 14 of the Company's domestic rigs are currently under contract. During the quarter, Rig No. 238 in Louisiana suffered extensive damage in a blowout and has been removed from the rig fleet. Management anticipates that insurance proceeds will approximate the book value of the lost equipment.

The demand for drilling services in the shallow water transition zones of the Gulf Coast and Nigeria, and the rental demand for specialized drilling equipment in the Gulf of Mexico and Gulf Coast markets, continued to strengthen in the first nine months of fiscal 1997. The revenues generated by the offshore drilling and tool rental operations generated \$8.6 million more revenues in the third quarter as compared to the second quarter of fiscal 1997.

The Company experienced approximately a 90% utilization rate on its available barge rigs during the nine months ended May 31, 1997. During the third fiscal quarter of 1997, the Company refurbished and placed into service two barge drilling rigs and one platform rig. The addition of these rigs is expected to benefit future periods. One of the Company's rigs (Rig No. 52) incurred extensive damage when a well on which it was working suffered a blowout and fire that also resulted in the loss of four lives. Management is currently determining the amount of salvageable equipment and the amount of insurance proceeds that the Company will receive. The loss of such rig will partially offset the increased revenues anticipated from the refurbished rigs.

The Company's offshore drilling and tool rental operations generated a combined \$38.3 million profit margin (revenues less direct operating expenses) during the first nine months of fiscal 1997. The third fiscal quarter profit margin of \$19.7 million, compared to the \$15.1 million profit margin for the second fiscal quarter, reflects a strengthening of the offshore drilling and tool rental markets. Increased utilization and dayrates in the land drilling business also generated an additional \$6.5 million of profit margin in the first nine months of fiscal 1997 as compared to the same period of fiscal 1996.

Increases in interest expense and depreciation, depletion and amortization

were attributable to the Mallard and Quail Acquisitions in the first quarter of fiscal 1997. Ongoing general and administrative expenses throughout fiscal 1997 have been consistent with fiscal 1996, with the \$1.1 million decrease resulting primarily from one-time expenses in fiscal 1996 associated with personnel reductions.

During the third fiscal quarter of 1997, the Company initiated plans to move Partech, its rig manufacturing and service center, from Odessa, Texas to New Iberia, Louisiana. In conjunction with the planned move, the Company evaluated and wrote down to fair market value its properties and inventories in Odessa, recording a \$1.4 million expense in other operating expenses.

Interest income increased \$2.1 million due to significantly higher cash balances, partially resulting from a common stock offering completed in early April 1997. A \$1.4 million decrease in other income (expense) net resulted from fewer gains on sale of assets. The \$1.7 million increase in income tax expense was due to higher foreign taxes resulting from improved international operations, which was partially offset by a \$1.3 million reversal in fiscal 1997 of an income tax accrual in a country where the Company terminated operations.

Year Ended August 31, 1996 Compared to Year Ended August 31, 1995

The Company recorded net income of \$4.1 million in fiscal 1996 as compared to net income of \$3.9 million in fiscal 1995. An improvement in drilling margins in fiscal 1996 was offset by reduced other income and by increased general and administrative expense due primarily to severance costs.

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Drilling revenue decreased \$7.9 million in fiscal 1996 due to the termination in late fiscal 1995 of the Company's low-margin southern Argentina operations, which had generated \$13.0 million of revenue in fiscal 1995. The Company's overall rig utilization rate increased from 52% in fiscal 1995 to 55% in fiscal 1996. Excluded from the utilization percentages for both years are 22 domestic mechanical rigs sold in the fourth quarter of fiscal 1996.

South America drilling revenue decreased from \$76.1 million in fiscal 1995 to \$58.5 million in fiscal 1996, primarily due to the loss of revenue generated in the terminated southern Argentina operations in fiscal 1995. In Colombia, three rigs were refurbished in fiscal 1996 and resumed work under new contracts. The Company had seven rigs under contract in Colombia and two rigs under contract both in northern Argentina and in Peru as of September 30, 1996.

Operations in the Asia Pacific areas generated revenue of \$47.9 million in fiscal 1996, an increase of \$2.9 million from fiscal 1995. The primary area of increased revenue was Papua New Guinea where the Company experienced a 91% rig utilization rate on its five rigs in fiscal 1996. Additionally, during the second quarter of fiscal 1996 the Company began operating one rig under a contract in Vietnam, a new market for the Company. Revenue decreased in New Zealand, the Philippines and Pakistan because five rigs completed contracts in fiscal 1996.

Revenues from operations in Africa, Russia and Kazakstan were approximately \$8.0 million in fiscal 1996 and fiscal 1995. Management believes these areas have promise for significant expansion of operations; however, much of the future expansion is contingent on the resolution of technical, logistical and political issues in the former Soviet Union.

The Company's domestic operations generated \$30.8 million of drilling revenue in fiscal 1996 as compared to \$23.7 million in fiscal 1995. The increase in revenue was attributable to the Company's Alaska Rig No. 245 operating the entire year in fiscal 1996 as compared to nine months in fiscal 1995 and a 10% increase in utilization days for the rigs in the lower 48 states. The increase in domestic drilling activity occurred primarily in the Tuscaloosa Trend in Louisiana, where the Company deployed three rigs in fiscal 1996 and is currently deploying another rig under a new contract.

During the fourth quarter of fiscal 1996, the Company sold 22 mechanical rigs from its domestic rig fleet, leaving 15 SCR electric rigs and two mechanical rigs. At the end of fiscal year 1996, the Company had 13 of its 17 domestic rigs under contract.

Although worldwide contract drilling revenue decreased \$7.9 million in fiscal 1996 as compared to fiscal 1995, the total drilling margin (drilling revenue less drilling expense) increased \$4.3 million over the same period. This increase was attributable to increased utilization of rigs in Papua New Guinea, improved contract margins in Colombia and the termination of the low-margin southern Argentina operations.

Other revenue increased \$7.2 million in fiscal 1996 due to the sale of a rig by the Company's manufacturing subsidiary, Parker Technology, Inc. ("Partech(R)"). General and administrative expense increased \$2.4 million in fiscal 1996 principally due to nonrecurring severance costs associated with a reduction in corporate personnel.

Other income (expense) decreased \$2.0 million due to the reversal in fiscal 1995 of a prior year's foreign currency accrual of \$1.5 million and reduced gains on sales of assets in fiscal 1996. The increase in income tax expense was attributable to increased international profits in fiscal 1996.

Year Ended August 31, 1995 Compared to Year Ended August 31, 1994

The fiscal 1995 net income of \$3.9 million was an improvement of \$32.7 million over the net loss of \$28.8 million recorded in fiscal 1994. Excluding a \$19.7 million provision for reduction in carrying value of certain assets from fiscal 1994's net loss, fiscal 1995's net income was an improvement of \$13.0 million over fiscal 1994. The primary reasons for the improvement in fiscal 1995 were an increase in drilling margins of \$7.2 million and an increase in other income of \$6.7 million.

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Drilling revenue increased \$5.6 million to \$153.1 million in fiscal 1995 from \$147.5 million in fiscal 1994, even though international and domestic operating days were nearly the same over each period. An increase in the utilization of larger rigs in northern Argentina and Colombia more than offset decreased utilization of smaller rigs in southern Argentina.

South America drilling revenue increased \$23.4 million in fiscal 1995 when compared with fiscal 1994. In Colombia, revenue increased \$13.9 million due primarily to revenue earned by one rig relocated from Indonesia during the year and from a full year of operations by one rig that was added to the rig fleet in fiscal 1994. In addition, several rigs which were either on a standby or stacked status in fiscal 1994 operated all of fiscal 1995. In Argentina, drilling revenue increased \$12.6 million as two additional deep rigs, one relocated from the Congo in fiscal 1994 and one relocated from Yemen in fiscal 1995, operated much of the year. Additionally, one rig added to the rig fleet in fiscal 1994 operated all of fiscal 1995 and one rig leased by the Company commenced operations in the fourth quarter of fiscal 1995. During fiscal 1995 and 1994, a number of shallow depth capacity rigs (10,000 feet or less) operated in southern Argentina, many of them operating on a meterage basis. Two of these rigs were relocated to central Argentina as the Company focused its marketing efforts on regions of the country where operations are generally conducted on a daywork basis. At fiscal year-end, the remaining rigs in southern Argentina were on a stacked status. Drilling revenue declined \$4.8 million in Ecuador where two rigs located in that country did not operate in fiscal 1995 and were retired from the rig fleet at the end of the fiscal year.

Operations in the Asia Pacific region resulted in an increase in drilling revenue of \$1.5 million in fiscal 1995. Increased utilization in New Zealand and revenue earned from a labor contract in China more than offset a decline in revenue in Papua New Guinea and Indonesia due to lower utilization in those countries.

International drilling revenue from operations in Africa, Russia and Kazakstan declined \$17.4 million in fiscal 1995. Utilization declined due to the completion of contracts in Chad, the Congo, Russia and Yemen. The rigs that operated in the Congo and Yemen in fiscal 1994 have both been redeployed to Argentina. In Kazakstan, a reduction in revenue from a labor contract in that country was partially offset by operations from one rig that has been relocated from Russia.

Domestic drilling revenue declined \$2.3 million due to fewer operating days in the Rocky Mountain states and in Alaska.

Drilling margins (drilling revenue less drilling expense) increased \$7.2 million in fiscal 1995 to \$39.9 million compared to \$32.7 million in fiscal 1994. Margins improved in the Company's South American operations, including those in the countries of Colombia and Argentina. Margins were negatively impacted in fiscal 1994 in Colombia due to increased operating expenses and costs associated with the start-up of two rigs. In fiscal 1995, these two rigs operated for the full year with improved margins when compared with the previous fiscal year. In Argentina, margins also improved as two additional deep capacity rigs began operating in the northern region of the country and two rigs operated during the year in the country's middle region. In the Company's other operating regions, both internationally and domestically, drilling margins as a percentage of drilling revenue in fiscal 1995 remained relatively consistent with fiscal 1994.

Other income (expense) increased \$6.7 million to \$8.6 million in fiscal 1995 from \$1.9 million in fiscal 1994. Gains of \$6.4 million were recognized in fiscal 1995 from the disposition of property, plant and equipment as the Company continued its efforts to sell assets that were no longer a part of its marketing strategy. In addition, the reversal of a prior year foreign currency accrual of \$1.5 million was recorded in fiscal 1995. Fiscal 1994 other income included \$2.1 million from gains associated with the disposition of property, plant and equipment, a \$1.5 million gain from the reversal of a prior year foreign payroll tax accrual and a \$2.6 million charge for the settlement of certain litigation.

The \$1.3 million increase in income tax expense was primarily attributable to the reversal in 1994 of an accrued foreign tax.

LIQUIDITY AND CAPITAL RESOURCES

Cash and short-term investments were \$91.7 million at May 31, 1997, an increase of \$13.7 million from August 31, 1996. The Company received net proceeds of \$61.5 million from a common stock offering in

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April 1997. The Company incurred capital expenditures of \$60.2 million for the nine months ended May 31, 1997.

In November 1996, the Company acquired Mallard for \$311.8 million in cash and \$25.0 million in convertible preferred stock (that converted into 3,056,600 shares of common stock in the second quarter of fiscal 1997) and Quail for \$66.9 million in cash. The Company financed the acquisitions of Mallard and Quail through the sale of \$300 million principal amount of 9 3/4% Senior Notes and a term loan of \$100 million under the Senior Credit Facility.

The 9 3/4% Senior Notes, which were sold at a \$2.4 million discount, have an interest rate of 9 3/4% and will mature in 2006. The 9 3/4% Senior Notes are guaranteed by the Company's principal subsidiaries. The \$100 million term loan was a part of a commitment from a syndicate of financial institutions to establish a Senior Credit Facility, which consists of the term loan and a \$45 million revolving credit facility. The term loan bears interest (7.94% at May 31, 1997) at the option of the Company, at prime to prime plus 0.50% or at 1.75% to 2.25% above the one-, two-, three- and six-month reserve-adjusted LIBOR rate, depending on the Company's Debt-to-Capital Ratio (as defined), and matures on November 30, 2002. Installments of principal and interest are payable quarterly in an amount that provides for the retirement of \$10 million in fiscal 1997, \$14 million in fiscal 1998, \$12 million in each of fiscal 1999 through 2002, with a final payment of \$28 million due at maturity. The term loan has no prepayment penalty, is guaranteed by the Company's principal subsidiaries and is secured by substantially all of the assets of the Company and the assets and stock of such subsidiaries.

The revolving credit facility is available for working capital requirements and general corporate purposes. Availability under the revolving credit facility is subject to certain borrowing base limitations based on 80% of eligible accounts receivable. All advances to the Company under the revolving credit facility bear interest, at the option of the Company, at prime to prime plus 0.50% or at 1.75% to 2.25% above the one-, two-, three- and six-month reserve-adjusted LIBOR rate, depending on the percentage of the credit facility utilized. The revolving credit facility is collateralized by a first lien on the Company's accounts receivable. The revolving credit facility matures on December 31, 1998. At May 31, 1997, no amounts were outstanding under the revolving credit facility.

Each of the 9 3/4% Senior Notes and the Senior Credit Facility contains customary affirmative and negative covenants, including restrictions on incurrence of debt and sales of assets. The Senior Credit Facility prohibits payment of dividends and the indenture for the 9 3/4% Senior Notes restricts the payment of dividends.

On May 9, 1997, the Company signed definitive agreements to acquire the capital stock of Hercules for \$195.0 million. Hercules owns seven jackup rigs and three self-erecting platform rigs in the Gulf of Mexico and one additional platform rig on lease to a firm in Brazil. The Hercules Acquisition is subject to various conditions, including Malaysian regulatory approval and financing by the Company. The Company anticipates the transaction will close in the fourth quarter of calendar 1997. Management anticipates funding the acquisitions through a combination of methods which may include existing cash, the net proceeds of the Offering, borrowings under the Senior Credit Facility or a possible new credit facility, and the issuance of additional equity securities if necessary or desirable.

On June 6, 1997, the Company entered into an agreement to acquire substantially all of the assets of Bolifor for \$25 million. The assets of Bolifor primarily consist of 11 land rigs located in Bolivia, Paraguay and Argentina. Management expects the Bolifor Acquisition to close in July 1997 and be funded with existing cash.

With the exception of the Hercules Acquisition, which is expected to be funded as described above, management believes that the current level of cash and short-term investments and cash generated from operations should be sufficient to finance the Company's working capital needs, scheduled debt service and expected capital expenditures during the remainder of fiscal 1997 and fiscal 1998. Should new opportunities requiring capital arise, the Company may utilize the revolving portion of the Senior Credit Facility or may consider seeking additional equity or long-term debt financing.

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RECENT ACCOUNTING STANDARDS

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, "Earnings per Share" ("SFAS No. 128"). SFAS No. 128, which is effective for periods ending after December 15, 1997, including interim periods, simplifies the standards for computing earnings per share and replaces the presentation of primary earnings per share with a presentation of basic earnings per share. Initial adoption of this standard is not expected to have a material impact on the Company's financial position or results of operations. Early adoption is not permitted.

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BUSINESS

GENERAL

Parker is a leading worldwide provider of contract drilling and drilling related services, operating in the shallow coastal waters or transition zones of the Gulf of Mexico and Nigeria and in international and additional domestic land oil and gas producing regions. The Company's growth strategy is focused on higher margin and transition zone drilling and workover markets. Consistent with this strategy, in November 1996, the Company acquired (i) Mallard, the second-largest barge drilling and workover company in the transition zones of the Gulf of Mexico, and (ii) Quail, a leading provider of specialized rental equipment for drilling and workover operations, primarily in the Gulf of Mexico. In addition, the Company has recently entered into agreements to acquire (i) the capital stock of Hercules, a leading provider of contract drilling and workover services in the shallow waters of the Gulf of Mexico, and (ii) the assets of Bolifor, a leading provider of land contract drilling services in Bolivia.

With the closing of the pending acquisitions of Hercules and Bolifor, Parker's rig fleet will consist of 34 barge drilling and workover rigs, eight shallow water jackup rigs, seven offshore platform rigs and 75 land rigs. The Company's barge and jackup rig fleet is dedicated to transition zone waters, which are generally defined as extending from the coast to depths of up to 200 feet and include marshes and inland waterways. Parker's land rig fleet generally consists of premium and specialized deep drilling rigs, with 62 of its 75 land rigs capable of drilling to depths of 15,000 feet or greater. In addition, 22 of the Company's land rigs are helicopter-transportable, thus establishing Parker as the dominant operator in the heli-rig market. The diversity of the Company's rig fleet, both in terms of geographic location and asset class, enables the Company to provide a broad range of services and to take advantage of market upturns, while reducing its exposure to downturns in any particular sector or region.

The oilfield services industry has experienced a significant increase in activity in the last two years as oil and gas companies have increased their exploration and production budgets in response to increasing demand for oil and gas, stronger oil and gas prices and reduced drilling costs due in large part to improved technology. In the offshore drilling market, including transition zones, rig dayrates and utilization levels are at a 15-year high with many markets at or approaching full utilization. The land drilling industry, both in the United States and internationally, has also shown a marked improvement in dayrates and utilization driven by several factors, including stronger commodity prices, rig attrition and consolidation of drilling contractors, especially in the domestic market. Through its recent and pending acquisitions, the Company is capitalizing on these improving conditions.

TRANSITION ZONE OPERATIONS

The Company is a leading provider of contract drilling services in the transition zones of the Gulf of Mexico and Nigeria. With the acquisition of Hercules, the Company will further increase its presence in the Gulf of Mexico transition zone market where barge and jackup rigs are the primary source of drilling and workover services. Barge rigs are mobile drilling and workover vessels that are submersible and are built to work in eight to 20 feet of water. These rigs are towed by tug boats to the drill site with the derrick laid down. The lower hull is then submerged by flooding until it rests on the sea floor. The derrick is then raised and drilling and workover operations are conducted with the barge in this position. The Hercules shallow water jackup rigs are capable of drilling in waters from eight feet up to 215 feet deep.

Domestic Barge Drilling

The Company's principal domestic market for its barge drilling rigs is the transition zones of the Gulf of Mexico, primarily in Louisiana and, to a lesser extent, Alabama and Texas, where conventional jackup rigs are unable to operate. This area historically has been the world's largest market for shallow water barge drilling. Parker is the second largest operator of barge drilling rigs in this market, with 15 drilling barges. Barge rigs are also employed inland in lakes, bays, rivers and marshes.

The barge market in the transition zones of the Gulf of Mexico has

undergone significant attrition and consolidation in recent years, with the number of drilling rigs declining from over 120 in the early 1980s to

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approximately 55 today, and the number of competitors decreasing over the same period from more than 30 to only two significant contractors. Drilling and workover activity has been increasing in the Gulf of Mexico transition zones, spurred by (i) the increased use of 3-D seismic technology that has resulted in the identification of previously undiscovered drilling prospects and (ii) the settlement of a royalty dispute between the State of Louisiana and Texaco, the region's largest leaseholder. It is estimated that Texaco holds approximately 45% of the shallow water leases in Louisiana. Pursuant to a settlement reached in March 1994, Texaco agreed to invest approximately \$150 million to drill in Louisiana over a five-year period. Higher natural gas prices have also significantly contributed to this increased drilling and workover activity. The recent increase in drilling and workover activity in the Gulf of Mexico has resulted in a significant increase in dayrates and utilization for the Company's rigs. For the year ended December 31, 1996, the Company's marketable deep drilling barge rigs averaged 86% utilization and an average dayrate of \$13,793. As of June 25, 1997, 100% of the Company's marketable deep drilling barge rigs were in operation at an average dayrate of \$16,107.

The Company believes that international markets, in which jackup rigs have historically been utilized for transition zone drilling, will utilize an increasing number of barge rigs over the next several years, primarily rigs currently or formerly employed in the Gulf of Mexico transition zone market and newly constructed rigs. Once a barge rig has been modified for international service, it may not be feasible to return to service in the Gulf of Mexico transition zone market because the modifications restrict the ability of the rig to navigate inland waterways.

The following table sets forth, as of June 25, 1997, the Company's estimate of the number of barge drilling rigs in the domestic market. The table does not include rigs that are suitable principally for workover or shallow drilling.

<TABLE>

<CAPTION>

CONTRACTOR	TOTAL	ACTIVE
-----	----	-----
<S>	<C>	<C>
Falcon Drilling Company, Inc. ("Falcon Drilling").....	39	25
Parker.....	15	12
Nabors Industries, Inc.....	1	1
	--	--
Total.....	55	38
	==	==

</TABLE>

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A schedule of the Company's deep and intermediate drilling barges located in the Gulf of Mexico, as of June 25, 1997, is set forth below:

<TABLE>

<CAPTION>

	HORSEPOWER	MAXIMUM YEAR BUILT OR LAST REFURBISHED	DRILLING DEPTH (FEET)	STATUS(1)
	<C>	<C>	<C>	<C>
Deep Drilling:				
Rig No. 50.....	2,000	1993	25,000	Active
Rig No. 51.....	2,000	1993	25,000	Active
Rig No. 52(2).....	2,000	1993	25,000	Shipyard
Rig No. 53.....	1,600	1995	20,000	Active
Rig No. 54.....	2,000	1995	30,000	Active
Rig No. 55.....	2,000	1993	30,000	Active
Rig No. 56.....	2,000	1992	30,000	Active
Rig No. 57.....	1,500	1997	20,000	Active
Rig No. 58.....	3,000	1982	30,000	Stacked
Rig No. 59.....	3,000	1972	30,000	Stacked
Rig No. 60.....	3,000	1980	30,000	Active
Intermediate Drilling:				
Rig No. 8.....	1,700	1995	15,000	Active
Rig No. 12.....	1,200	1990	14,000	Active
Rig No. 17.....	1,200	1993	13,000	Active
Rig No. 21.....	1,200	1995	14,000	Active

</TABLE>

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

contract. "Stacked" denotes that the rig is currently cold stacked and would need to be refurbished at a significant cost before being placed back into service.

(2) On June 16, 1997, Rig No. 52 suffered extensive damage when a well on which it was working suffered a blowout and fire. Management is currently determining the amount of salvageable equipment and the amount of insurance proceeds that the Company will receive. Accordingly, no determination of the extent of losses can be made at the present time.

Given the improvement in barge drilling demand and dayrates, the Company may contemplate refurbishing its cold stacked rigs.

Domestic Barge Workover and Shallow Drilling

The Company is the leading provider of domestic barge workover services in the transition zone of the Gulf of Mexico. Parker's domestic barge workover and shallow drilling business is based in the same geographical area as its barge drilling business. The same factors that have affected the structure of the barge drilling sector also have affected this sector, including considerable consolidation of competitors and reduction of available rigs since the early 1980s. The Company was recently awarded a one-year extension to June 1998 of its exclusive alliance to provide barge rig completion and workover services to Texaco in the transition zone of the Gulf of Mexico.

The following table sets forth, as of June 25, 1997, the Company's estimate of the number of barge units in the workover and shallow drilling sector:

<TABLE>
<CAPTION>

CONTRACTOR	TOTAL ACTIVE	
-----	----	----
<S>	<C>	<C>
Parker.....	15	10
Falcon Drilling.....	9	9
Other contractors.....	5	2
	--	--
Total.....	29	21
	==	==

</TABLE>

A schedule of the Company's workover rigs, as of June 25, 1997, which includes some rigs with shallow drilling capabilities, is set forth below:

<TABLE>
<CAPTION>

	HORSEPOWER	MAXIMUM		STATUS(1)
		YEAR BUILT OR LAST REFURBISHED	DRILLING DEPTH	
	-----	-----	-----	
<S>	<C>	<C>	<C>	<C>
Heavy Workover and Shallow Drilling:				
Rig No. 5.....	800	1991	--	Stacked
Rig No. 10.....	800	1978	--	Stacked
Rig No. 15.....	800	1991	--	Stacked
Rig No. 16.....	800	1994	11,500	Active
Rig No. 18.....	800	1993	11,500	Active
Rig No. 20.....	800	1995	11,500	Active
Rig No. 23.....	1,000	1993	13,000	Active
Rig No. 24.....	1,000	1992	13,000	Active
Rig No. 25.....	1,000	1993	13,000	Active
Rig No. 27.....	800	1987	--	Stacked
Rig No. 28.....	800	1987	--	Stacked
Workover and Other:				
Rig No. 6.....	700	1995	--	Active
Rig No. 7.....	700	1995	--	Active
Rig No. 9.....	650	1996	--	Active
Rig No. 26.....	650	1996	--	Active

</TABLE>

(1) "Active" denotes that the rig is currently under contract or available for contract. "Stacked" denotes that the rig is currently cold stacked and would need to be refurbished at a significant cost before being placed back into service.

International Barge Drilling

The Company has focused its international barge drilling efforts in the transition zones of West Africa, where it is the leading provider of barge

drilling services in Nigeria, with four of the nine rigs in the market. International markets are particularly attractive due to the availability of long-term contracts and the opportunity to earn dayrates higher than domestic rates. The Company believes that international markets, in which jackup rigs have historically been utilized for offshore drilling, will utilize an increasing number of barge rigs over the next several years and that these will come primarily from rigs currently or formerly employed in the Gulf of Mexico transition zones. The most promising international barge drilling markets are currently located in the transition zones of Venezuela, Indonesia, Tunisia, Mexico, the Caspian Sea and West Africa.

The Company is the largest barge rig operator in the transition zone of Nigeria. The Company has operated in Nigeria since 1991 and currently operates four barge rigs under long-term contracts at an average dayrate of \$26,280. The Company has recently received a letter of intent, subject to the execution of a definitive agreement, from one of its present customers in Nigeria for a five-year drilling contract in the transition zone of Nigeria, which will require the construction of a new drilling barge at an estimated cost of \$25 million. On July 1, 1997, the Company received notice from one of its customers in Nigeria of its intention to terminate the contract covering Rig No. 72, effective 30 days from the date of notice and subject to completion of the well. Such customer reserved the option to continue the contract upon notice given prior to the effective date of termination. If the customer does not ultimately continue the contract, the Company will evaluate different options for relocation of the rig.

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A schedule of the Company's drilling barges deployed to Nigeria, as of June 25, 1997, is set forth below:

<TABLE>
<CAPTION>

	MAXIMUM YEAR BUILT DRILLING OR LAST DEPTH		HORSEPOWER	REFURBISHED	(FEET)	STATUS(1)
	<C>	<C>				
Deep Drilling:						
Rig No. 71.....	3,000	1994	30,000			Active
Rig No. 72.....	3,000	1991	30,000			Active
Rig No. 73.....	3,000	1991	30,000			Active
Rig No. 74.....	3,000	1997	30,000			Active

</TABLE>

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

Jackup Rigs

Pursuant to the Hercules Acquisition, the Company will acquire seven shallow water jackup rigs. As of June 25, 1997, the rigs were at 100% effective utilization, with an average dayrate of \$23,286. The Hercules jackup rigs are mobile, self-elevating drilling platforms equipped with legs that can be lowered to the ocean floor until a foundation is established to support the hull, which contains the drilling equipment, jacking system, crew quarters, loading and unloading facilities, storage areas for bulk and liquid materials, helicopter landing deck and other related equipment. Five of the rigs are cantilever design, a feature that permits the drilling platform to be extended out from the hull, allowing drilling and workover operations to be performed over existing platforms or structures. Jackup rigs with the cantilever feature historically have achieved higher dayrates and utilization levels. The other two rigs are slot-type design configured for the drilling operations to take place through a keyway in the hull. These two rigs have the added capability of operating in eight feet of water. Four of the seven jackup rigs are mat-supported rigs and three are independent leg rigs. The Hercules rigs are capable of drilling to maximum depths of 25,000 feet and in water depths of up to 215 feet.

The following table sets forth certain information, as of June 25, 1997, with respect to the Parker and Hercules jackup rigs:

<TABLE>
<CAPTION>

	DESIGN(1)	MAXIMUM WATER DEPTH	MAXIMUM DRILLING DEPTH	STATUS(2)
	<C>	(FEET)	(FEET)	<C>
Parker:				
Rig No. 43.....	Sun Contractors (IC)	55	--	Stacked

Hercules:

Rig No. 11(3).....	Bethlehem JU-200 (MC)	200	--	Active
Rig No. 14(4).....	Baker Marine Big Foot (IS)	85	20,000	Shipyard
Rig No. 15.....	Baker Marine Big Foot III (IS)	100	20,000	Active
Rig No. 20.....	Bethlehem JU-100 (MC)	110	25,000	Active
Rig No. 21.....	Baker Marine BMC-125 (MC)	125	25,000	Active
Rig No. 22.....	Le Tourneau Class 51 (MC)	173	18,000	Active
Rig No. 25.....	Le Tourneau Class 150-44 (IC)	215	20,000	Active

</TABLE>

- (1) IC -- independent leg, cantilevered; IS -- independent leg, slot;
MC -- mat-supported, cantilevered.
- (2) "Active" denotes that the rig is currently under contract or available for contract. "Stacked" denotes that the rig is currently cold stacked and would need to be refurbished at a significant cost before placed back into service.
- (3) Workover rig.
- (4) Currently undergoing refurbishment and expected to begin operations in September 1997.

OTHER OFFSHORE OPERATIONS

Platform Drilling

Following the Hercules Acquisition, the Company's fleet of platform rigs will consist of seven modular self-erecting rigs. These platform rigs consist of drilling equipment and machinery arranged in modular packages that are transported to and self-erected on fixed offshore platforms owned by oil companies. The Company believes that the modular self-erecting design of the platform rigs provides a competitive advantage due to lower mobilization costs and smaller "footprint." The Company intends to expand its presence in the platform rig market through the refurbishment of its cold-stacked rig and through the acquisition or construction of additional rigs.

The following table sets forth certain information, as of June 25, 1997, with respect to the Parker and Hercules platform rigs:

<TABLE>
<CAPTION>

	MAXIMUM		DRILLING OR LAST DEPTH	LOCATION	STATUS(1)
	HORSEPOWER	REFURBISHED			
		(FEET)			
<S>	<C>	<C>	<C>	<C>	<C>
Parker:					
Rig No. 41E.....	1,000	1997	12,500	Gulf of Mexico	Active
Rig No. 42E.....	1,000	1996	12,500	Gulf of Mexico	Active
Rig No. 47.....	750	1993	11,000	Gulf of Mexico	Stacked
Hercules:					
Rig No. 1.....	1,000	1982	12,000	Brazil	Active(2)
Rig No. 2.....	1,000	1982	12,000	Gulf of Mexico	Active
Rig No. 3.....	1,000	1997	12,000	Gulf of Mexico	Active
Rig No. 10.....	650	1989	10,000	Gulf of Mexico	Active

</TABLE>

- (1) "Active" denotes that the rig is currently under contract or available for contract. "Stacked" denotes that the rig is currently cold stacked and would need to be refurbished at a significant cost before being placed back into service.
- (2) Lessee has the option to extend the lease period for two years and may purchase the rig for \$4 million to \$4.5 million depending on when the purchase option is exercised.

LAND OPERATIONS

General

The Company is a leading international provider of land contract drilling services. The Company's land drilling operations specialize in the drilling of deep and difficult wells and drilling in remote and harsh environments. Since beginning operations in 1934, the Company has operated in 47 foreign countries

and throughout the United States, making it one of the most geographically diverse land drilling contractors in the world.

The following table sets forth, as of June 25, 1997, the locations of the Company's land rigs and their drilling depth ratings:

<TABLE>
<CAPTION>

	DRILLING DEPTH RATING IN FEET					TOTAL
	10,000 OR LESS	15,000	20,000	25,000	30,000	
<S>	<C>	<C>	<C>	<C>	<C>	<C>
International:						
South America(1).....	6	10	11	3	4	34
Asia Pacific.....	4	3	11	2	-	20
Africa and the Former Soviet Union.....	3	2	2	-	-	7
Total International.....	13	15	24	5	4	61
Domestic:						
Gulf Coast.....	-	-	1	-	4	5
Rocky Mountains.....	-	-	2	-	2	4
Mid-Continent.....	-	-	4	-	-	4
Alaska.....	-	-	-	1	1	
Total Domestic.....	-	-	7	-	7	14
Total.....	13	15	31	5	11	75

</TABLE>

(1) Includes 11 rigs to be acquired in the Bolifor Acquisition, and excludes the two platform rigs located offshore Peru that will be sold under an agreement effective May 1997.

International Operations

The Company's international land drilling operations are focused primarily in South America and the Asia Pacific region, where Parker specializes in drilling that requires equipment specially designed to be transported by helicopter or all-terrain vehicles into remote access areas such as jungle, mountainside or desert locations. Management believes that Parker's 22 heli-rigs, with technologically advanced pumps and power generation systems that are capable of drilling difficult wells in excess of 15,000 feet, have established Parker as the dominant operator in the heli-rig market, with an estimated 75% worldwide market share. Parker traditionally has been a pioneer in frontier areas and is currently working for or has recently worked for operators in China, Russia, Kazakstan and Vietnam.

In recent years, many major and independent oil companies have directed a greater portion of their exploration budgets to foreign markets. This is particularly true in South America and the Asia Pacific region, where the demand for land rigs has increased significantly. Parker has benefitted from this trend due to its long-standing presence in these markets and has been able to deploy rigs under longer term contracts at higher dayrates and operating margins than in its domestic operations. Management believes that the demand for drilling services in international markets will continue to grow as demand for oil and gas increases and countries dependent on oil and gas revenues seek to increase their production. The Company intends to capitalize on its global presence and substantial international experience to pursue growth opportunities in both current and developing markets.

International markets differ from the domestic market in terms of competition, nature of customers, equipment and experience requirements. The majority of international drilling markets have the following

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characteristics: (i) a small number of competitors; (ii) customers who are major, large independent or foreign national oil companies; (iii) drilling programs in remote locations requiring drilling equipment with a large inventory of spare parts and other ancillary equipment; and (iv) drilling of difficult wells requiring considerable experience.

South America. Following the Bolifor Acquisition, the Company will have 34 rigs located in the South American drilling markets of Colombia, Argentina, Paraguay, Peru and Bolivia. Parker's rigs have been upgraded to meet the demands of deep, difficult drilling in these areas. Most of these rigs are currently under contract to major or national oil companies at attractive dayrates. The Company anticipates it will continue to relocate rigs to the South American market to meet increased demand for drilling. The Bolifor Acquisition will give

Parker a leading presence as a drilling contractor in Bolivia.

Asia Pacific Region. The Company operates 13 of its fleet of 22 helicopter transportable rigs in the Asia Pacific region due to the remoteness of the mountainside and jungle drilling performed in this region. Parker entered the Indonesian geothermal market in 1995. In 1996, Parker became the first land drilling contractor to enter the Vietnam market subsequent to the liberalization of Vietnam's trading policy and the lifting of restrictions on doing business with Vietnam. Also in 1996, Parker formed an alliance with the national drilling company in China, pursuant to which Parker is providing project management assistance and rig supervisory personnel to western oil companies in conjunction with Parker's Chinese partner. Parker has the longest presence of any foreign drilling contractor in China, beginning with its first contract in 1980.

Africa and the Former Soviet Union. Seven of the Company's rigs are currently located in the markets of Africa and the former Soviet Union. After becoming the first western drilling contractor to enter the Russian drilling market in 1991, expansion of Parker's business in this country has been hampered by bureaucratic inefficiencies, constantly changing tax and other laws and political issues that have retarded the investment of capital by major and large independent oil companies in Russia. As a result, Parker has relocated three of its drilling rigs and is in the process of relocating its remaining drilling rig from Russia to Kazakhstan. As anticipated, the recently announced agreement regarding the pipeline to be built to accommodate incremental production from the Tengiz field in Kazakhstan has already increased exploration efforts in this region. In addition to operating Parker's own rigs, Parker recently was awarded a five-year alliance contract by the operator of the Tengiz field to operate and maintain its rigs, including the provision of expatriate and local drilling crews and management of its warehouse, drilling base and mobile equipment fleet.

Domestic Operations

In the United States, the Company operates land rigs in the Gulf Coast, Rocky Mountain and Mid-Continent regions and the arctic region of Alaska. Industry conditions in the United States land drilling market have recently improved after having been depressed through most of the 1980s and early 1990s. The improved market conditions have resulted in both increased rig utilization and dayrates and shortages for certain types of rigs in certain markets. The increased drilling activity has been reflected in a greater demand for rigs of all depth capabilities, in particular deep drilling rigs such as those owned by the Company. The recent market improvements have been a result of a combination of a general consolidation trend in the industry, higher and more stable oil and natural gas prices and improvements in exploration technology, in particular the greater use of 3-D seismic data and horizontal drilling.

Of the Company's 14 rigs located in the United States, 13 are SCR electric, six are equipped with top drive units and all are capable of drilling in excess of 15,000 feet. Traditionally, Parker has differentiated itself from its domestic competitors by specializing in the drilling of deep and difficult wells.

Specialty Services

Helicopter Transportable Rigs. The Company specializes in difficult wells and drilling in remote areas and harsh environments, primarily in international locations. A significant factor contributing to Parker's success in obtaining drilling contracts in remote areas is the use of rigs that are transportable by air, land and water. These rigs have been specially designed and constructed by Parker for quick assembly and disassembly under the proprietary designations "Heli-Hoist(R)" rig, Transportable By Anything(R)("TBA(R)") rig and All-

Terrain ("AT2000E(R)") rig. Management believes that Parker's 22 helicopter transportable rigs comprise approximately 75% of the operational helicopter transportable rigs worldwide. The Heli-Hoist(R), TBA(R) and AT2000E(R) rigs allow Parker to perform drilling operations in remote and otherwise inaccessible locations such as jungle areas, mountainous areas and offshore platforms.

Deep Drilling. During the U.S. drilling boom of the late 1970s and early 1980s, the Company developed its specialty of deep and difficult drilling, primarily in the Anadarko Basin of Western Oklahoma and the Overthrust Region in the Rocky Mountains. The majority of the expansion of Parker's domestic fleet was built around this deep gas drilling. Parker's largest drilling rig is rated in excess of 35,000 feet.

During the last several years, drilling activity has shifted from domestic deep gas drilling to international deep oil and gas drilling. While international deep drilling is generally in the range of 15,000 feet to 20,000 feet as opposed to the domestic deep drilling which often exceeds 20,000 feet, Parker has benefitted in the international arena from the development of this expertise, particularly in the deep drilling markets of the Cusiana and Cupiagua fields of Colombia and in northern Argentina.

Arctic Drilling. The Company has been one of the pioneers in arctic drilling conditions and continues to offer new technology to meet the demand for increased drilling in an ecologically sensitive manner. Parker's most recent development has been the introduction of a self-contained mobile drilling unit capable of being moved in one unit by giant "crawlers" similar to the system used to move rocket thrusters for the space program. The environmentally sensitive rig also has a complete closed-loop mud system and cuttings processing system that eliminate the need for mud pits.

Geothermal Drilling. The Company also has developed expertise in the area of geothermal drilling. Geothermal operations involve drilling into a pocket of geothermal energy, tapping the source of this energy in the form of steam, hot water or hot rocks and converting this heat into usable forms of energy. The market for geothermal drilling is expanding into several areas of the world, including the Philippines, New Zealand and Indonesia, as various countries elect to access this alternative form of energy.

RENTAL TOOLS

The Quail Acquisition provided the Company with a business that management believes will enhance the capabilities of the Company's contract drilling business and provide substantial revenues as a stand-alone business. Quail, based in New Iberia, Louisiana, is a provider of premium rental tools used for land and offshore oil and gas drilling and workover activities. Approximately 70% of Quail's equipment is utilized in offshore and coastal water operations. Since its inception in 1978, Quail's principal customers have been major and independent oil and gas exploration and production companies.

Quail rents specialized equipment utilized in difficult well drilling and production and workover applications. Quail offers a full line of drill pipe, drill collars, tubing, high- and low-pressure blowout preventers, choke manifolds, casing scrapers and cement and junk mills. Quail has recently entered into a contract with a major oil company to be its preferred provider of rental tools to the land and offshore Texas markets and is opening a new rental tool facility in Victoria, Texas, in order to service the increasing demand for tools in that region. Approximately 60% of Quail's revenues are realized from rentals for production and workover activities.

The rental tool industry is currently experiencing increasing demand due to the trend toward outsourcing by oil companies of noncore equipment and services and the significant increase in drilling activity in the Gulf of Mexico. In recent years, major and independent oil companies have liquidated certain ancillary drilling equipment in an effort to improve drilling efficiencies and returns on drilling programs. In addition, drilling activity has increased substantially in the Gulf of Mexico, causing an increase in dayrates for drilling rigs and a further increase in the demand for rental tools. The Company believes that Quail will benefit from such trends.

During the past three years, Quail has experienced significant growth in revenue and earnings due in general to the growth trends in the oil and gas industry and specifically to the increased production and drilling activity in the Gulf of Mexico and the movement within the industry towards fewer or single source vendors.

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Quail derives equipment rental revenue primarily from the daily rental charges for its tools, pipe, and related equipment and to a lesser extent by charging customers for ancillary parts and repairs, transportation of the rental items to the customer's location, inspection of rental items as specified by the customer, items its sub-rents from other rental tool companies, the disposal of waste removed from the rental items after their use, and the cost of rental items lost or damaged beyond repair. The operating costs associated with Quail's rentals consist primarily of expenses associated with depreciation, transportation, inspection, maintenance and repair, and related direct overhead.

COMPETITION

The contract drilling industry is a competitive and cyclical business characterized by high capital and maintenance costs. See "Risk Factors -- Competition."

Demand in the offshore drilling markets serviced by Mallard and Quail has significantly improved from previous years. In the Gulf of Mexico barge drilling and workover markets, Mallard competes primarily with Falcon Drilling. However, a few small contractors remain, principally in the barge workover market. Certain drilling jobs for which Mallard competes also can be performed by shallow water jackup rigs.

The land drilling market is competitive. Drilling contracts are generally awarded on a competitive bid basis and, while an operator may consider factors such as quality of service and type and location of equipment as well as the ability to provide ancillary services, price and availability of equipment are significant factors in determining which contractor is awarded a job. In

international markets, experience in operating in certain environments and customer alliances have also been factors in the selection of the Company in certain cases, as well as the Company's patented drilling equipment for remote drilling projects. The Company believes that the market for land drilling contracts will continue to be competitive for the foreseeable future. Certain of the Company's competitors have greater financial resources than the Company, which may enable them to better withstand industry downturns, to compete more effectively on the basis of price, to build new rigs or to acquire existing rigs.

Management believes that Quail is one of the four leading rental tool companies in the offshore Gulf of Mexico. Quail competes with a number of rental tool companies in the Gulf of Mexico and in the Gulf Coast land markets, certain of which are substantially larger than, and have greater financial resources than, the Company.

CUSTOMERS AND DRILLING CONTRACTS

The Company believes it has developed an international reputation for providing efficient, quality drilling services. A key for advancing the Company's business is maintaining and developing relationships and strategic alliances with customers. An increasing number of the Company's customers have been seeking to establish exploration, development drilling and workover 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 companies. The Company is currently a preferred contractor for operators in certain domestic and international locations, which management believes is a result of the Company's quality service and experience.

The Company's drilling rigs are generally operated under individual dayrate contracts. Drilling contracts generally cover either the drilling of a specified well or wells for a stated term. Historically, most domestic contracts have been on a well-to-well basis while contracts in the international markets frequently are offered on a term basis. Because the Company focuses on drilling deep and difficult wells in both domestic and international markets, contracts typically last longer than 90 days. Certain of Parker's contracts in Colombia have three-year terms with early termination penalties. Mallard's contracts in Nigeria have two- to three-year stated terms but provide no contractual penalties for early termination.

The Company's drilling customer base consists of major, independent and foreign national oil and gas companies. The Company's customer base is concentrated, with its two largest customers accounting for

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approximately 19% and 18% of total revenues for fiscal year 1996 and 12% and 10% of total revenues for the nine months ended May 31, 1997. In addition, the three largest customers of Mallard accounted for approximately 13%, 12% and 11% of its total revenues for the year ended December 31, 1996 and the two largest customers of Quail accounted for approximately 31% and 23% of its total revenues for the year ended December 31, 1996. There can be no assurance that these customers will continue to request the Company's services or that the loss of such customers would not have a material adverse effect on the Company's business, financial condition and results of operations.

LEGAL PROCEEDINGS

A judgment in the amount of \$4.9 million was entered against a subsidiary of Parker by a judge of the First Civil Specialized Court in Maynas, Peru on May 10, 1996. The judgment was based on a \$22 million claim by former employees of Parker's subsidiary alleging that such subsidiary impaired their employment opportunities with that subsidiary and other employers. The subsidiary of Parker disputed the claim and appealed the decision based on a lack of evidence and procedural and due process irregularities. On or about September 5, 1996, this judgment was declared void by the Superior Court in Iquitos, Peru. On January 29, 1997, the Superior Court of Maynas issued a resolution declaring the resolution originally admitting the complaint null and void on the grounds that the signatures on the complaint do not correspond to the named plaintiffs. Upon appeal to the Supreme Court, on May 8, 1997, the appeal was again declared contrary to law. In a separate action, the plaintiffs submitted a new complaint to the Special Civil Court which qualified the suit according to law. Based on pleadings filed by the subsidiary, by Resolution No. 155, the Special Civil Court has now declared the lawsuit contrary to law and terminated the current process. The dismissal of the separate action has been appealed to the Superior Court of Maynas. The Company does not believe that the case will have any material adverse effect on its financial condition.

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

GOVERNMENT REGULATION AND ENVIRONMENTAL MATTERS

The U.S. Gulf Coast market, and particularly the shallow water areas where the Company's contract drilling service operations are concentrated, are ecologically sensitive. As a result, environmental issues have led to higher drilling costs, a more difficult and lengthy well permitting process and, in general, have adversely affected decisions of the oil companies to drill in these areas. U.S. laws and regulations applicable to the Company's operations include those controlling the discharge of materials into the environment, requiring removal and cleanup of materials that may harm the environment, or otherwise relating to the protection of the environment. The Company, as an operator of drilling rigs in navigable U.S. waters and certain offshore areas, may be liable for damages and costs incurred in connection with oil spills for which it is held responsible, subject to certain limitations. An oil spill in a wetland or inland waterway could produce substantial damage to the environment, including wildlife and ground water. Laws and regulations protecting the environment have become more stringent in recent years, and may, in certain circumstances, impose strict liability, rendering a person liable for environmental damage without regard to negligence or fault on the part of such person. Such laws and regulations may expose the Company to liability for the conduct of or conditions caused by others, or for acts of the Company which were in compliance with all applicable laws at the time such acts were performed. The application of these requirements or the adoption of the new requirements could have a material adverse effect on the Company.

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

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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. The Company believes that it is in substantial compliance with such laws, rules and regulations.

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 facility or vessel, or the lessee or permittee of the area in which an offshore facility is located. The OPA assigns liability to each responsible party of oil removal costs and a variety of public and private damages. While liability limits apply in some circumstances, a responsible party for an Outer Continental Shelf facility must pay all spill removal costs incurred by a federal, state or local government. The OPA establishes liability limits (subject to indexing) for offshore drilling rigs. If functioning as an offshore facility, the offshore drilling rigs are considered "tank vessels" for spills of oil on or above the water surface, with liability limits of \$1,200 per gross ton or \$10 million. To the extent damages and removal costs exceed this amount, the offshore drilling rigs 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 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. Recently adopted amendments to the OPA reduced the amount of financial responsibility required for "offshore facilities" from \$150 million to \$35 million, but such amendments did not reduce the amount of financial responsibility required for "tank vessels." Since the Company's offshore drilling rigs are typically classified as tank vessels, the recent amendments to the OPA are not expected to have a significant effect on the Company's operations. A failure to comply with ongoing requirements or inadequate cooperation in a spill may even subject a responsible party to civil or criminal enforcement actions.

In addition, the Outer Continental Shelf Lands Act authorized 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 environmental-related lease conditions or regulations issues pursuant to the Outer Continental Shelf Lands Act can result in substantial civil and criminal penalties as well as potential court injunctions curtailing operations and the cancellation of leases. Such enforcement liabilities can result from either governmental or citizen prosecution.

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

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

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MANAGEMENT

The following table sets forth certain information regarding the directors and executive officers of the Company as of June 25, 1997.

<TABLE>
<CAPTION>

NAME	AGE	POSITION
---	---	-----
<S>	<C>	<C>
Robert L. Parker.....	73	Chairman of the Board of Directors
Robert L. Parker Jr.....	48	President and Chief Executive Officer
James W. Linn.....	51	Executive Vice President and Chief Operating Officer
James J. Davis.....	50	Senior Vice President - Finance and Chief Financial Officer
I. E. Hendrix, Jr.....	52	Vice President and Treasurer
Kenneth R. Hoyt.....	59	Vice President, Planning and Accounting
Leslie D. Rosencutter.....	41	Vice President, Administration and Corporate Secretary
T. Bruce Blackman.....	45	Vice President, Asia Pacific Operations
Donald D. Goodson.....	42	Vice President, Latin America Operations
John R. Gass.....	45	Vice President, Frontier Areas
Thomas L. Wingerter.....	44	Vice President, North American Operations
Randy L. Ellis.....	45	Controller
Bernard Duroc-Danner.....	43	Director
David L. Fist.....	65	Director
Earnest F. Gloyna.....	75	Director
R. Rudolph Reinfrank.....	41	Director

The following is a brief description of the background and principal occupation of each director and executive officer:

Robert L. Parker, Chairman of the Board, has been a Director since 1954 and served as President of the Company from 1954 until October 1977, when he was elected Chairman and Chief Executive Officer. Since December 1991, he has retained the position of Chairman. He serves on the board of directors of MAPCO Inc., a diversified energy company; Clayton Williams Energy, Inc., a company engaged in exploration and production of oil and natural gas; and BOK Financial Corporation, a bank holding company organized under the laws of the State of Oklahoma. Mr. Parker also serves on the board of directors of the American Petroleum Institute and the National Petroleum Council. He is the father of Robert L. Parker Jr.

Robert L. Parker Jr. has been a Director since 1973 and is President and Chief Executive Officer. He joined the Company in 1973 and was elected President and Chief Operating Officer in 1977 and Chief Executive Officer in December 1991. He was elected Vice President in 1973 and Executive Vice President in 1976. He currently serves on the board of directors of Alaska Air Group, Inc., the holding company for Alaska Airlines and Horizon Air Industries. He is the son of Robert L. Parker.

James W. Linn has been a Director since 1986, is Executive Vice President and Chief Operating Officer of the Company and has general charge of the

Company's business affairs and its officers. He joined the Company in 1973 in the Company's international department. He then served in the Company's domestic operations, being named northern U.S. district manager in 1976. Mr. Linn was elected Vice President of U.S. and Canada operations in 1979, was promoted to Senior Vice President in September 1981 and was elected to his present position in December 1991.

James J. Davis serves as Senior Vice President-Finance and Chief Financial Officer. He joined Parker in November 1991 as Vice President-Finance and Chief Financial Officer and was promoted to his current position in December 1996. From 1986 through 1991, Mr. Davis was vice president and treasurer of MAPCO Inc., a diversified energy company with interests in natural gas liquids, marketing and transportation, oil

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refining and retail motor fuel marketing. He serves as a member of the board of directors of Dollar Rent A Car Finance Company.

I. E. Hendrix, Jr. is Vice President and Treasurer of the Company. He joined Parker in 1976 as manager of the Company's treasury department and was elected Treasurer in 1978. Mr. Hendrix was elected Vice President of the Company in April 1983. He serves as a member of the board of directors of American Performance Mutual Fund.

Kenneth R. Hoit serves as Vice President, Planning and Accounting of the Company. He joined Parker in 1973. He served as financial analyst and manager of budgets and analysis prior to being elected a Vice President in April 1983. In June 1991, Mr. Hoit was given additional management responsibilities over corporate accounting and information systems departments.

Leslie D. Rosencutter serves as Corporate Secretary and Vice President, Administration. She has responsibility for the public relations and human resources departments. She previously had served as Assistant Vice President, Administration since 1987. Ms. Rosencutter joined Parker in 1974 as secretary to the Controller and later was secretary to the Robert L. Parker Trust. She has served as executive secretary and administrative assistant to the Chairman prior to being elected an officer. She was elected Corporate Secretary in April 1996.

T. Bruce Blackman serves as Vice President, Asia Pacific Operations. He joined the Company in 1977 and held management positions in Africa, Singapore and Tulsa as international accounting manager. In 1983 he was the division manager for the Indonesian operations. In 1989, he was promoted to contract manager, Asia Pacific region. He was elected to his current position in January 1996.

Donald D. Goodson serves as Vice President, Latin America Operations. He joined the Company in 1976 and held various accounting and finance positions prior to being named contract manager for U.S. operations in 1981. In June 1989, Mr. Goodson was named Indonesian division manager. In July 1993, he served as contract manager for the Middle East, Africa and Colombia. In January 1996, he was elected to his current position.

John R. Gass is Vice President, Frontier Areas. He joined the Company in 1977 and has served in various management positions in the Company's international division. In 1985 he became the division manager of Africa and the Middle East. In 1987 he directed the Company's mining operations in South Africa. In 1989 he was promoted to international contract manager. In January 1996, he was appointed to his current position.

Thomas L. Wingerter serves as Vice President, North America Operations. He joined Parker in 1979, and in 1983 he was named contracts manager for the Rocky Mountain division. He was promoted to Rocky Mountain division manager in 1984, a position he held until September 1991 when he was elected a Vice President.

Randy L. Ellis was elected Corporate Controller in June 1991. He joined Parker in 1979 as general accounting supervisor and was named manager of general accounting in May 1983.

Bernard J. Duroc-Danner has been a Director since November 1996. Mr. Duroc-Danner has been President, Chief Executive Officer and a director of Energy Ventures, Inc., the former parent company of Mallard, for more than the past five years. EVI, Inc. is an international manufacturer and supplier of oilfield equipment. Mr. Duroc-Danner is also a director of Dailey Petroleum Services Corp., a provider of services and equipment to the oil and gas industry.

David L. Fist, a Director since 1986, is a member of the law firm of Rosenstein, Fist & Ringold, Tulsa, Oklahoma, having been associated with the firm since 1955. He serves as a director of Peoples State Bank and Alliance Business Investment Company, a federally licensed small business investment company.

Earnest F. Gloyna has been a Director since 1978 and is presently a chaired

professor in Environmental Engineering at the University of Texas at Austin. He served as dean, College of Engineering, from April 1970 to August 1987. He is also a consultant in environmental engineering through Earnest F. Gloyna Enterprises, and is president of Gloyna Properties, Inc. Dr. Gloyna serves as a member of the board of trustees of

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Southwest Research Institute, a nonprofit research institute that does contract research work for government and industry.

R. Rudolph Reinfrank has been a Director since 1993. Since January 1, 1997, he has been Managing General Partner of Coldstream Capital LLC, Los Angeles, California. From May 1993 to December 1996, Mr. Reinfrank was a managing director of the Davis Companies, the holding company for the Marvin Davis family. From January 1, 1988 through June 30, 1993, Mr. Reinfrank was executive vice president of Shamrock Holdings, Inc., the holding company for the Roy E. Disney family. From January 1990 through December 1992, Mr. Reinfrank also served as managing director of Trefoil Investors, Inc. and Shamrock Capital Advisors, Inc., the general partner and management services company respectively, for Trefoil Capital Investors, L.P.

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DESCRIPTION OF THE NOTES

Set forth below is a summary of certain provisions of the Notes. The Notes will be issued pursuant to an indenture (the "Indenture") to be dated as of the Issue Date by and between the Company and Texas Commerce Bank National Association, as trustee (the "Trustee"), a copy of which is filed as an exhibit to the Registration Statement of which this Prospectus is a part. The terms of the Indenture are also governed by certain provisions contained in the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"). The following summary of the Notes and the Indenture does not purport to be complete and is subject to, and is qualified in its entirety by, reference to all of the provisions of the Indenture, including the definitions therein of certain terms which are not otherwise defined in this Prospectus and those terms made a part of the Indenture by reference to the Trust Indenture Act as in effect on the date of the Indenture. Capitalized terms used herein without definition have the meanings ascribed to them in the Indenture. As used in this section "Description of the Notes," the "Company" refers to Parker Drilling Company, exclusive of its subsidiaries. Wherever particular provisions of the Indenture are referred to in this summary, such provisions are incorporated by reference as part of the statements made and such statements are qualified in their entirety by such reference.

GENERAL

The Notes will be unsecured, subordinated, general obligations of the Company, limited in aggregate principal amount to \$125,000,000 (\$143,750,000 if the Underwriters' over-allotment option is exercised in full). The Notes will be subordinated in right of payment to all Senior Indebtedness of the Company, as described under "Subordination" below. The Notes will be issued only in fully registered form, without coupons, in denominations of \$1,000 and integral multiples thereof.

The Notes will mature on _____, 2004. The Notes will bear interest at the rate per annum stated on the cover page of this Prospectus from the date of issuance or from the most recent Interest Payment Date to which interest has been paid or provided for, payable semi-annually on _____ and _____ of each year, commencing _____, 1998 to the persons in whose names such Notes are registered at the close of business on the _____ or _____ immediately preceding such Interest Payment Date. Principal of, premium, if any, and interest on, the Notes will be payable, the Notes will be convertible and the Notes may be presented for registration of transfer or exchange, at the office or agency of the Company maintained for such purpose, which office or agency shall be maintained in the Borough of Manhattan, the City of New York. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

No service charge will be made for any registration of transfer or exchange of Notes, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. Until otherwise designated by the Company, the Company's office or agency will be the corporate trust office of the Trustee presently located at One Main Place, 1201 Main Street, 18th Floor, Dallas, Texas 75202.

CONVERSION RIGHTS

The Holder of any Notes will have the right, at the Holder's option, to convert any portion of the principal amount thereof that is an integral multiple of \$1,000 into shares of Common Stock, at any time prior to the close of business on the second Business Day prior to the Stated Maturity of the Notes (unless earlier redeemed or repurchased) at the Conversion Price set forth on

the cover page of this Prospectus (subject to adjustment as described below). The right to convert a Note called for redemption or delivered for repurchase will terminate at the close of business on the Business Day prior to the Redemption Date or Repurchase Date for such Note, unless the Company subsequently fails to pay the applicable Redemption Price or Repurchase Price, as the case may be.

In the case of any Note that has been converted after any Record Date, but on or before the next Interest Payment Date, interest stated due date of which is on such Interest Payment Date shall be payable on such Interest Payment Date notwithstanding such conversion, and such interest shall be paid to the Holder of such Notes who is a Holder on such Record Date. Any Note so converted must be accompanied by payment

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to the Company of an amount equal to the interest payable on such Interest Payment Date on the principal amount of Notes being surrendered for conversion (unless such Note shall have been called for redemption, in which case no such payment shall be required). In all cases, Holders as of the Record Date immediately preceding _____, 2000 will receive the interest payment due on _____, 2000, even if such Holder surrenders a Note for conversion after such Record Date as a result of the Company's exercise of its right to redeem the Notes on or after _____, 2000. No fractional shares will be issued upon conversion but, in lieu thereof, an appropriate amount will be paid in cash by the Company based on the market price of Common Stock (as determined in accordance with the Indenture) at the close of business on the Date of Conversion.

The Conversion Price will be subject to adjustment upon the occurrence of certain events, including: (a) any payment of a dividend (or other distribution) payable in Common Stock on any class of Capital Stock of the Company, (b) any subdivision, combination or reclassification of Common Stock, (c) any issuance to all holders of Common Stock of rights, options or warrants entitling them to subscribe for or purchase Common Stock at less than the then current market price (as determined in accordance with the Indenture) of Common Stock; provided, however, that if such options or warrants are only exercisable upon the occurrence of certain triggering events, then the Conversion Price will not be adjusted until such triggering events occur, (d) any distribution to all holders of Common Stock of evidences of indebtedness, shares of Capital Stock other than Common Stock, cash or other assets (including securities, but excluding those dividends, rights, options, warrants and distributions referred to above and excluding regular dividends and distributions paid exclusively in cash), (e) any distribution consisting exclusively of cash (excluding any cash portion of distributions referred to in (d) above, or cash distributed upon a merger or consolidation to which the second succeeding paragraph applies) to all holders of Common Stock in an aggregate amount that, combined together with (i) all other such all-cash distributions made within the then preceding 12 months in respect of which no adjustment has been made and (ii) any cash and the fair market value of other consideration paid or payable in respect of any tender offer by the Company or any of its Subsidiaries for Common Stock concluded within the preceding 12 months in respect of which no adjustment has been made, exceeds 15% of the Company's market capitalization (defined as being the product of the then current market price of the Common Stock times the number of shares of Common Stock then outstanding) on the record date of such distribution, and (f) the completion of a tender or exchange offer made by the Company or any of its Subsidiaries for Common Stock that involves an aggregate consideration that, together with (i) any cash and the fair market value of other consideration payable in a tender or exchange offer by the Company or any of its Subsidiaries for Common Stock expiring within the 12 months preceding the expiration of such tender or exchange offer in respect of which no adjustment has been made and (ii) the aggregate amount of any such all-cash distributions referred to in (e) above to all holders of Common Stock within the 12 months preceding the expiration of such tender or exchange offer in respect of which no adjustments have been made, exceeds 15% of the Company's market capitalization on the expiration of such tender offer. No adjustment of the Conversion Price will be required to be made until the cumulative adjustments amount to 1.0% or more of the Conversion Price as last adjusted. The Company reserves the right to make such reductions in the Conversion Price in addition to those required in the foregoing provisions as it considers to be advisable in order that any event treated for federal income tax purposes as a dividend of stock or stock rights will not be taxable to the recipients. In the event the Company elects to make such a reduction in the Conversion Price, the Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder if and to the extent that such laws and regulations are applicable in connection with the reduction of the Conversion Price.

In the event that the Company distributes rights or warrants (other than those referred to in (c) in the preceding paragraph) pro rata to holders of Common Stock, so long as any such rights or warrants have not expired or been redeemed by the Company, the Holder of any Note surrendered for conversion will be entitled to receive upon such conversion, in addition to the shares of Common Stock issuable upon such conversion (the "Conversion Shares"), a number of rights or warrants to be determined as follows: (i) if such conversion occurs on

or prior to the date for the distribution to the holders of rights or warrants of separate certificates evidencing such rights or warrants (the "Distribution Date"), the same number of rights or warrants to which a holder of a number of shares of Common Stock equal to the number of Conversion Shares is entitled at the time of such conversion in accordance with the terms and provisions of and applicable to the rights or

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warrants, and (ii) if such conversion occurs after such Distribution Date, the same number of rights or warrants to which a holder of the number of shares of Common Stock into which such Note was convertible immediately prior to such Distribution Date would have been entitled on such Distribution Date in accordance with the terms and provisions of and applicable to the rights or warrants. The Conversion Price of the Notes will not be subject to adjustment on account of any declaration, distribution or exercise of such rights or warrants.

In case of any reclassification, consolidation or merger of the Company with or into another person or any merger of another person with or into the Company (with certain exceptions), or in case of any sale, transfer or conveyance of all or substantially all of the assets of the Company (computed on a consolidated basis), each Note then outstanding will, without the consent of any Holder of Notes, become convertible only into the kind and amount of securities, cash and other property receivable upon such reclassification, consolidation, merger, sale, transfer or conveyance by a holder of the number of shares of Common Stock into which such Note was convertible immediately prior thereto, after giving effect to any adjustment event, who failed to exercise any rights of election and received per share the kind and amount received per share by a plurality of non-electing shares.

SUBORDINATION

The Notes will be general, unsecured obligations of the Company, subordinated in right of payment to all existing and future Senior Indebtedness of the Company. At May 31, 1997, as adjusted to give effect to the issuance and sale of the Notes, the Company would have had approximately \$397.6 million of Senior Indebtedness outstanding. The Notes are structurally subordinated in right of payment to all liabilities (including trade payables) of the Company's subsidiaries. Such indebtedness will not constitute Senior Indebtedness unless otherwise included within the definition of Senior Indebtedness. The Company's subsidiaries had approximately \$49.3 million of trade payables and accrued liabilities outstanding at May 31, 1997, excluding guarantees of Senior Indebtedness. The Indenture will not restrict the incurrence of Senior Indebtedness or other Indebtedness by the Company or its subsidiaries.

The Indenture will provide that no payment may be made by the Company on account of the principal of, premium, if any, and interest on the Notes, or to acquire any of the Notes (including repurchase of Notes at the option of the Holders) for cash or property (other than Junior Securities), or on account of the redemption provisions of the Notes, (i) upon the maturity of any Senior Indebtedness of the Company by lapse of time, acceleration (unless waived) or otherwise, unless and until all principal of and premium, if any, and interest on such Senior Indebtedness are first paid in full (or such payment is duly provided for), or (ii) in the event of default in the payment of any principal of and premium, if any, or interest on any Senior Indebtedness when it becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise (a "Payment Default"), unless and until such Payment Default has been cured or waived or otherwise has ceased to exist.

Upon (i) the happening of an event of default (other than a Payment Default) that permits the holders of Senior Indebtedness or their representative immediately to accelerate its maturity and (ii) written notice of such event of default given to the Company and the Trustee by the holders of at least 25% in the aggregate principal amount outstanding of such Senior Indebtedness or their representative (a "Payment Notice"), then, unless and until such event of default has been cured or waived or otherwise has ceased to exist, no payment (by setoff or otherwise) may be made by or on behalf of the Company on account of the principal of, premium, if any, or interest on the Notes, or to acquire or repurchase any of the Notes for cash or property, or on account of the redemption provisions of the Notes, in any such case other than payments made with Junior Securities of the Company. Notwithstanding the foregoing, unless (i) the Senior Indebtedness in respect of which such event of default exists has been declared due and payable in its entirety within 179 days after the Payment Notice is delivered as set forth above (the "Payment Blockage Period"), and (ii) such declaration has not been rescinded or waived, at the end of the Payment Blockage Period, the Company shall be required to pay all sums not paid to the Holders of the Notes during the Payment Blockage Period due to the foregoing prohibitions and to resume all other payments as and when due on the Notes. Any number of Payment Notices may be given; provided, however, that (i) not more than one Payment Notice shall be given within a

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period of any 360 consecutive days, and (ii) no event of default that existed

upon the date of such Payment Notice or the commencement of such Payment Blockage Period (whether or not such event of default is on the same issue of Senior Indebtedness) shall be made the basis for the commencement of any other Payment Blockage Period.

Upon any distribution of assets of the Company upon any dissolution, winding up, liquidation or reorganization of the Company, whether voluntary or involuntary, in bankruptcy, insolvency, receivership or a similar proceeding or upon assignment for the benefit of creditors or any marshaling of assets or liabilities, (i) the holders of all Senior Indebtedness will first be entitled to receive payment in full (or have such payment duly provided for) before the Holders are entitled to receive any payment on account of the principal of, premium, if any, or interest on, the Notes (other than Junior Securities) and (ii) any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities (other than Junior Securities) to which the Holders or the Trustee on behalf of the Holders would be entitled (by setoff or otherwise), except for the subordination provisions contained in the Indenture, will be paid by the liquidating trustee or agent or other person making such a payment or distribution directly to the holders of Senior Indebtedness or their representative to the extent necessary to make payment in full of all such Senior Indebtedness remaining unpaid, after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness.

In the event that, notwithstanding the foregoing, any payment or distribution of assets of the Company (other than Junior Securities) shall be received by the Trustee or the Holders at a time when such payment or distribution is prohibited by the foregoing provisions, such payment or distribution shall be held in trust for the benefit of the holders of Senior Indebtedness, and shall be paid or delivered by the Trustee or such Holders, as the case may be, to the holders of the Senior Indebtedness remaining unpaid or unprovided for or their representative or representatives, or to the trustee or trustees under any indenture pursuant to which any instruments evidencing any of such Senior Indebtedness may have been issued, ratably according to the aggregate amounts remaining unpaid on account of the Senior Indebtedness held or represented by each, for application to the payment of all Senior Indebtedness remaining unpaid, to the extent necessary to pay or to provide for the payment of all such Senior Indebtedness in full after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness.

No provision contained in the Indenture or the Notes will affect the obligation of the Company, which is absolute and unconditional, to pay, when due, principal of and premium, if any, and interest on the Notes as and when the same shall become due and payable. The subordination provisions of the Indenture and the Notes will not prevent the occurrence of any Default or Event of Default under the Indenture or limit the rights of the Trustee or any Holder, subject to the three preceding paragraphs, to pursue any other rights or remedies with respect to the Notes.

The Company conducts certain of its operations through its subsidiaries. Accordingly, the Company's ability to meet its cash obligations is dependent upon the ability of its subsidiaries to make cash distributions to the Company. The ability of its subsidiaries to make distributions to the Company is and will continue to be restricted by, among other limitations, applicable provisions of the laws of national and state governments and contractual provisions. The Indenture will not limit the ability of the Company's subsidiaries to incur such restrictions in the future. The right of the Company to participate in the assets of any subsidiary (and thus the ability of Holders of the Notes to benefit indirectly from such assets) is generally subject to the prior claims of creditors, including trade creditors, of that subsidiary, except to the extent that the Company is recognized as a creditor of such subsidiary, in which case the Company's claims would still be subject to any security interest of other creditors of such subsidiary. The Notes, therefore, will be structurally subordinated to creditors, including trade creditors, of subsidiaries of the Company with respect to the assets of the subsidiaries against which such creditors have a more direct claim. The indebtedness of the Company's subsidiaries, however, will not be considered Senior Indebtedness unless otherwise included within the definition of Senior Indebtedness.

As a result of these subordination provisions, in the event of the liquidation, bankruptcy, reorganization, insolvency, receivership or similar proceeding or an assignment for the benefit of the creditors of the Company

or any of its subsidiaries or a marshaling of assets or liabilities of the Company and its subsidiaries, Holders of the Notes may receive ratably less than other creditors.

REDEMPTION AT THE COMPANY'S OPTION

The Notes will not be subject to redemption prior to _____, 2000. On and after such date, the Notes will be redeemable at the option of the Company, in whole or in part, at the following redemption prices (expressed as

percentages of the principal amount) if redeemed during the 12-month period commencing of the years indicated below:

<TABLE>
<CAPTION>

YEAR	PERCENTAGE
----	-----
<S>	<C>
2000.....	%
2001.....	%
2002.....	%
2003 and thereafter.....	%

In each case (subject to the right of Holders to receive interest due on an Interest Payment Date that is on or prior to such Redemption Date) together with accrued and unpaid interest, if any, to the Redemption Date.

In the case of a partial redemption, the Trustee shall select the Notes or portions thereof for redemption on a pro rata basis, by lot or in such other manner it deems appropriate and fair. The Notes may be redeemed in part in multiples of \$1,000 only.

The Notes will not have the benefit of any sinking fund.

Notice of any redemption will be sent, by first-class mail, at least 30 days and not more than 60 days prior to the date fixed for redemption, to the Holder of each Note to be redeemed to such Holder's last address as then shown upon the registry books of the Registrar. The notice of redemption must state the Redemption Date, the Redemption Price and the amount of accrued interest to be paid. Any notice that relates to a Note to be redeemed in part only must state the portion of the principal amount to be redeemed and must state that on and after the Redemption Date, upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion thereof will be issued. On and after the Redemption Date, interest will cease to accrue on the Notes or portions thereof called for redemption, unless the Company defaults in its obligations with respect thereto.

REPURCHASE OF NOTES AT THE OPTION OF THE HOLDER UPON A CHANGE OF CONTROL

The Indenture will provide that in the event that a Change of Control (as defined below) has occurred, each Holder of Notes will have the right, at such Holder's option, pursuant to an irrevocable and unconditional offer by the Company (the "Repurchase Offer"), to require the Company to repurchase all or any part of such Holder's Notes (provided that the principal amount of such Notes must be \$1,000 or an integral multiple thereof) on the date (the "Repurchase Date") that is no later than 45 Business Days after the occurrence of such Change of Control at a cash price (the "Repurchase Price") equal to 100% of the principal amount thereof, together with accrued and unpaid interest to the Repurchase Date. The Repurchase Offer must be made within 25 Business Days following a Change of Control and must remain open for 20 Business Days following its commencement (the "Repurchase Offer Period"). Upon expiration of the Repurchase Offer Period, the Company must purchase all Notes tendered in response to the Repurchase Offer. If required by applicable law, the Repurchase Date and the Repurchase Offer Period may be extended as so required; however, if so extended, it shall nevertheless constitute an Event of Default if the Repurchase Date does not occur within 60 Business Days of the Change of Control.

The Indenture will provide that a "Change of Control" occurs upon any of the following events: (i) upon any merger or consolidation of the Company with or into any person or any sale, transfer or other disposition, whether direct or indirect, of all or substantially all of the assets of the Company, on a consolidated basis, in one transaction or a series of related transactions, if, immediately after giving effect to such transaction, any

"person" or "group" is or becomes the "beneficial owner," directly or indirectly, of more than 50% of the total voting power in the aggregate normally entitled to vote in the election of directors, managers, or trustees, as applicable, of the transferee or surviving entity, (ii) when any "person" or "group" is or becomes the "beneficial owner," directly or indirectly, of more than 50% of the total voting power in the aggregate normally entitled to vote in the election of directors of the Company, (iii) when, during any period of 12 consecutive months after the Issue Date, individuals who at the beginning of any such 12-month period constituted the Board of Directors of the Company (together with any new directors whose election by such Board or whose nomination for election by the stockholders of the Company was approved by a vote of a majority of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors of the Company then in office, (iv) a sale, transfer or other disposition, whether directly or indirectly, by the Company of all or substantially all of its assets, on a consolidated basis, or (v) the pro rata

distribution by the Company to its stockholders of substantially all of its assets.

For purposes of this definition of "Change of Control," (i) the terms "person" and "group" shall have the meaning used for purposes of Rules 13d-3 and 13d-5 of the Exchange Act as in effect on the Issue Date, whether or not applicable; and (ii) the term "beneficial owner" shall have the meaning used in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Issue Date, whether or not applicable, except that a "person" shall be deemed to have "beneficial ownership" of all shares that any such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time or upon the occurrence of certain events.

The phrase "all or substantially all" of the assets of the Company is likely to be interpreted by reference to applicable state law at the relevant time, and will be dependent on the facts and circumstances existing at such time. As a result, there may be a degree of uncertainty in ascertaining whether a sale, transfer or other disposition is of "all or substantially all" of the assets of the Company.

On or before the Repurchase Date, the Company will (i) accept for payment Notes or portions thereof properly tendered pursuant to the Repurchase Offer, (ii) deposit with the Paying Agent cash sufficient to pay the Repurchase Price (together with accrued and unpaid interest) of all Notes so tendered and (iii) deliver to the Trustee Notes so accepted, together with an Officers' Certificate listing the Notes or portions thereof being purchased by the Company. The Paying Agent will promptly mail to the Holders of Notes so accepted payment in an amount equal to the Repurchase Price (plus accrued and unpaid interest), and the Trustee will promptly authenticate and mail or deliver to such Holders a new Note or Notes equal in principal amount to any unpurchased portion of the Notes surrendered. Any Notes not so accepted will be promptly mailed or delivered by the Company to the Holder thereof. The Company will publicly announce the results of the Repurchase Offer on or as soon as practicable after the Repurchase Date.

The Company's ability to repurchase the Notes upon a Change of Control may be limited by the terms of the Senior Indebtedness and the subordination provisions of the Indenture. Under the covenants of the Company's 9 3/4% Senior Notes and the Senior Credit Facility, the Company currently would be precluded from repurchasing the Notes upon a Change of Control. Further, the ability of the Company to repurchase the Notes upon a Change of Control will be dependent on the availability of sufficient funds and compliance with applicable securities laws. Accordingly, there can be no assurance that the Company will be able to repurchase the Notes upon a Change of Control.

The Change of Control purchase feature of the Notes may make more difficult or discourage a takeover of the Company, and thus, the removal of incumbent management. The Change of Control purchase feature resulted from negotiations between the Company and the Underwriters.

The provisions of the Indenture relating to a Change of Control may not afford the Holders protection in the event of a highly leveraged transaction, reorganization, restructuring, merger, spin-off or similar transaction that may adversely affect Holders, if such transaction does not constitute a Change of Control, as set forth above. In addition, the Company may not have sufficient financial resources available to fulfill its obligation to repurchase the Notes upon a Change of Control or to repurchase other debt securities of the Company or its subsidiaries providing similar rights to the Holders thereof.

To the extent applicable, the Company will comply with Section 14 of the Exchange Act and the provisions of Regulation 14E and any other tender offer rules under the Exchange Act and any other securities laws, rules and regulations that may then be applicable to any offer by the Company to purchase the Notes at the option of Holders upon a Change of Control.

LIMITATION ON MERGER, SALE OR CONSOLIDATION

The Indenture will provide that the Company may not, directly or indirectly, consolidate with or merge with or into another person or sell, lease, convey or transfer all or substantially all of its assets (computed on a consolidated basis), whether in a single transaction or a series of related transactions, to another person or group of affiliated persons, unless (i) either (a) in the case of a merger or consolidation, the Company is the surviving entity or (b) the resulting, surviving or transferee entity is a corporation organized under the laws of the United States, any state thereof or the District of Columbia and expressly assumes by supplemental indenture all of the obligations of the Company in connection with the Notes and the Indenture; (ii) no Default or Event of Default shall exist or shall occur immediately after giving effect on a pro forma basis to such transaction; and (iii) the resulting, surviving or transferee entity immediately thereafter has a Consolidated Net Worth no less than that of the Company immediately prior thereto.

Upon any consolidation or merger or any sale, lease, conveyance or transfer of all or substantially all of the assets of the Company in accordance with the foregoing, the successor corporation formed by such consolidation or into which the Company is merged or to which such sale, lease, conveyance or transfer is made, shall succeed to, and be substituted for, and may exercise every right and power of, the Company under the Indenture with the same effect as if such successor corporation had been named therein as the Company, and the Company will be released from its obligations under the Indenture and the Notes, except as to any obligations that arise from or as a result of such transaction.

REPORTS

Whether or not the Company is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, the Company shall deliver to the Trustee and to each Holder, within 15 days after it is or would have been required to file such with the Commission, annual and quarterly consolidated financial statements substantially equivalent to financial statements that would have been included in reports filed with the Commission if the Company was subject to the requirements of Section 13 or 15(d) of the Exchange Act, including, with respect to annual information only, a report thereon by the Company's certified independent public accountants as such would be required in such reports to the Commission and, in each case, together with a management's discussion and analysis of results of operations and financial condition as such would be so required.

EVENTS OF DEFAULT AND REMEDIES

The Indenture will define an Event of Default as (i) the failure by the Company to pay any installment of interest on the Notes as and when due and payable and the continuance of any such failure for 30 days, (ii) the failure by the Company to pay all or any part of the principal of or premium, if any, on the Notes when and as the same become due and payable at maturity, redemption, by acceleration or otherwise, including, without limitation, pursuant to any Repurchase Offer, (iii) the failure of the Company to perform any conversion of Notes required under the Indenture and the continuance of any such failure for 30 days, (iv) the failure by the Company to observe or perform any other covenant or agreement contained in the Notes or the Indenture and, subject to certain exceptions, the continuance of such failure for a period of 60 days after written notice is given to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in aggregate principal amount of the Notes outstanding, (v) certain events of bankruptcy, insolvency or reorganization in respect of the Company or any of its Significant Subsidiaries, (vi) a default in the payment of principal, premium or interest when due that extends beyond any stated period of grace applicable thereto or an acceleration for any other reason of the maturity of any Indebtedness of the Company or any of its Significant Subsidiaries with an aggregate principal amount in excess of \$7.5 million, and (vii) final unsatisfied judgments not covered by insurance aggregating in excess of \$10.0 million, at any one time

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rendered against the Company or any of its Significant Subsidiaries and not stayed, bonded or discharged within 60 days. The Indenture will provide that if a Default occurs and is continuing, the Trustee must, within 90 days after the occurrence of such default, give to the Holders notice of such default.

The Indenture will provide that if an Event of Default occurs and is continuing (other than an Event of Default specified in clause (v) above), then in every such case, unless the principal of all of the Notes shall have already become due and payable, either the Trustee or the Holders of not less than 25% in aggregate principal amount of the Notes then outstanding, by notice in writing to the Company (and to the Trustee if given by Holders) (an "Acceleration Notice"), may declare all principal and accrued interest thereon to be due and payable immediately. If an Event of Default specified in clause (v) above occurs, all principal and accrued interest thereon will be immediately due and payable on all outstanding Notes without any declaration or other act on the part of the Trustee or the Holders. The Holders of no less than a majority in aggregate principal amount of Notes then outstanding generally are authorized to rescind such acceleration if all existing Events of Default, other than the nonpayment of the principal of, premium, if any, and interest on, the Notes that have become due solely by such acceleration, have been cured or waived.

Prior to the declaration of acceleration of the maturity of the Notes, the Holders of a majority in aggregate principal amount of the Notes at the time outstanding may waive on behalf of all the Holders any default, excepting a default in the payment of principal of, premium, if any, or interest on any Note not yet cured, or a default with respect to any covenant or provision that cannot be modified or amended without the consent of the Holder of each outstanding Note affected. Subject to the provisions of the Indenture relating to the duties of the Trustee, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of any of the Holders, unless such Holders have offered to the Trustee reasonable security or indemnity. Subject to all provisions of the Indenture and applicable law, the Holders of a majority in aggregate principal amount of the Notes at the

time outstanding will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee.

AMENDMENTS AND SUPPLEMENTS

The Indenture will contain provisions permitting the Company and the Trustee to enter into a supplemental indenture for certain limited purposes without the consent of the Holders. With the consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding, the Company and the Trustee will be permitted to amend or supplement the Indenture or any supplemental indenture or modify the rights of the Holders; provided, however, that no such modification may, without the consent of each Holder affected thereby: (i) change the Stated Maturity of any Note or reduce the principal amount thereof or the rate (or extend the time for payment) of interest thereon or any premium payable upon the redemption thereof, or change the place of payment where, or the coin or currency in which, any Note or any premium or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment or the conversion of any Note on or after the due date thereof (including in the case of redemption, on or after the Redemption Date), or reduce the Repurchase Price, or alter the change of control repurchase provisions or redemption provisions in a manner adverse to the Holders, (ii) reduce the percentage in principal amount of the outstanding Notes, the consent of whose Holders is required for any such amendment, supplemental indenture or waiver provided for in the Indenture, (iii) adversely affect the right of such Holder to convert Notes, or (iv) modify any of the waiver provisions, except to increase any required percentage or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the Holder of each outstanding Note affected thereby.

CONCERNING THE TRUSTEE

Texas Commerce Bank National Association will be the Trustee under the Indenture. A successor Trustee may be appointed in accordance with the terms of the Indenture.

The Indenture will contain certain limitations on the rights of the Trustee, should it become a creditor of the Company, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions;

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however, if it acquires any conflicting interest it must eliminate such conflict within 90 days, apply to the Commission for permission to continue or resign.

The Holders of no less than a majority in aggregate principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture will provide that in case an Event of Default has occurred and is continuing, the Trustee will be required, in the exercise of its power, to use the degree of care and skill of a prudent man in the conduct of his own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any Holder of Notes, unless such Holder shall have offered to the Trustee security or indemnity satisfactory to it against any cost, liability or expense.

Texas Commerce Bank National Association is also the trustee under the indenture for the 9 3/4% Senior Notes.

NO PERSONAL LIABILITY OF STOCKHOLDERS, OFFICERS, DIRECTORS AND EMPLOYEES

The Indenture will provide that no past, present or future stockholder, employee, partner, officer or director, as such, of the Company or any successor corporation or any subsidiary of the Company shall have any personal liability in respect of the obligations of the Company under the Indenture or the Notes by reason of his, her or its status as such stockholder, employee, partner, officer or director.

TRANSFER AND EXCHANGE

A Holder may transfer or exchange the Notes in accordance with the Indenture. The Company may require a Holder, among other things, to furnish appropriate endorsements and transfer documents, and to pay any taxes and fees required by law or permitted by the Indenture. The Company is not required to transfer or exchange any Notes selected for redemption. The Company is not required to transfer or exchange any Notes for a period of 15 days before a mailing of a notice of redemption or a Repurchase Offer.

The registered Holder of a Note may be treated as the owner of it for all purposes.

BOOK-ENTRY, DELIVERY AND FORM

Except as set forth below, the Notes will initially be issued in the form of one or more registered Notes in global form (the "Global Notes"). Each Global Note will be deposited on the Issue Date with, or on behalf of, The Depository Trust Company (the "Depository") and registered in the name of Cede & Co., as nominee of the Depository.

The Company has been advised that the Depository is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. The Depository holds securities that its participants ("Participants") deposit with it. The Depository also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations ("Direct Participants"). The Depository is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the Depository Trust Company system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The rules applicable to the Depository and its Participants are on file with the Commission.

The Company expects that pursuant to procedures established by the Depository (i) upon deposit of the Global Notes, the Depository will credit the accounts of Participants designated by the Underwriters with an interest in the Global Notes and (ii) ownership of the Notes evidenced by the Global Notes will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by the Depository (with respect to the interests of Participants), the Direct Participants and the Indirect Participants. The laws

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of some states require that certain persons take physical delivery in definitive form of securities that they own and that security interests in negotiable instruments can only be perfected by delivery of certificates representing the instruments. Consequently, the ability to transfer Notes evidenced by the Global Notes will be limited to such extent.

So long as the Depository or its nominee is the registered owner of a Note, the Depository or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by a Global Note for all purposes under the Indenture. Except as provided below, owners of beneficial interests in a Global Note will not be entitled to have Notes represented by such Global Note registered in their names, will not receive or be entitled to receive physical delivery of Certificated Notes (as defined below), and will not be considered the owners or holders thereof under the Indenture for any purpose, including with respect to the giving of any directions, instructions or approvals to the Trustee thereunder. As a result, the ability of a person having a beneficial interest in Notes represented by a Global Note to pledge such interest to persons or entities that do not participate in the Depository's system, or to otherwise take actions with respect to such interest, may be affected by the lack of a physical certificate evidencing such interest.

Neither the Company nor the Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of Notes by the Depository, or for maintaining, supervising or reviewing any records of the Depository relating to such Notes.

Payments with respect to the principal of, premium, if any, and interest on, any Note represented by a Global Note registered in the name of the Depository or its nominee on the applicable record will be payable by the Trustee to or at the direction of the Depository or its nominee in its capacity as the registered Holder of the Global Note representing such Notes under the Indenture. Under the terms of the Indenture, the Company and the Trustee may treat the persons in whose names the Notes, including the Global Notes, are registered as the owners thereof for the purpose of receiving such payments and for any and all other purposes whatsoever. Consequently, neither the Company nor the Trustee has or will have any responsibility or liability for the payment of such amounts to beneficial owners of Notes (including principal, premium, if any, or interest), or to immediately credit the accounts of the relevant Participants with such payment, in amounts proportionate to their respective holdings in principal amount of beneficial interests in the Global Notes as shown on the records of the Depository. Payments by the Participants to the beneficial owners of Notes will be governed by standing instructions and customary practice and will be the sole responsibility of the Participants or the Indirect Participants.

Certificated Notes. If (i) the Company notifies the Trustee in writing that the Depository is no longer willing or able to act as a depository and the Company is unable to locate a qualified successor within 90 days or (ii) the Company, at its option, notifies the Trustee in writing that it elects to cause the issuance of Notes in definitive form ("Certificated Notes") under the Indenture, then, upon surrender by the Depository of the Global Notes, Certificated Notes will be issued to each person that the Depository identifies as the beneficial owner of the Notes represented by Global Notes. In addition, subject to certain conditions, any person having a beneficial interest in a Global Note may, upon request to the Trustee, exchange such beneficial interest for Notes in the form of Certificated Notes. Upon any such issuance, the Trustee is required to register such Certificated Notes in the name of such person or persons (or the nominee of any thereof), and cause the same to be delivered thereto.

Neither the Company nor the Trustee shall be liable for any delay by the Depository or any Participant in identifying the beneficial owners of the Notes, and the Company and the Trustee may conclusively rely on, and shall be protected in relying on, instructions from the Depository for all purposes (including with respect to the registration and delivery, and the respective principal amounts, of the Notes to be issued).

The information in this section concerning the Depository and the Depository's book-entry system has been obtained from sources that the Company believes to be reliable. The Company will have no responsibility for the performance by the Depository or its Participants of their respective obligations as described hereunder or under the rules and procedures governing their respective operations.

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SAME-DAY FUNDS SETTLEMENT AND PAYMENT

The Indenture will require that payments in respect of the Notes represented by the Global Notes (including principal, premium, if any, and interest) be made by wire transfer of immediately available funds to the accounts specified by the Depository. With respect to Notes represented by Certificated Notes, the Company will make all payments of interest by mailing a check to the Holders thereof at each such Holder's registered address. The Notes represented by the Global Notes will trade in the Depository's Same-Day Funds Settlement System until maturity, or until such Notes are issued in certificated form, and secondary market trading activity in such Notes will therefore be required by the Depository to settle in immediately available funds. No assurance can be given as to the effect, if any, of settlement in immediately available funds on trading activity in the Notes.

CERTAIN DEFINITIONS

"Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in Houston, Texas or New York, New York are authorized or obligated by law or executive order to close.

"Capital Stock" means, with respect to any corporation, any and all shares, interests, rights to purchase (other than convertible or exchangeable Indebtedness), warrants, options, participations or other equivalents of or interests (however designated) in stock issued by that corporation.

"Consolidated Net Worth" of any person or any date means the aggregate consolidated stockholders' equity of such person (plus amounts of equity attributable to preferred stock) and its consolidated Subsidiaries, as would be shown on the consolidated balance sheet of such person prepared in accordance with GAAP, adjusted to exclude (to the extent included in calculating such consolidated stockholders' equity), (a) the amount of any such stockholders' equity attributable to Disqualified Capital Stock or treasury stock of such person and its consolidated Subsidiaries and (b) all upward revaluations and other write-ups in the book value of any asset of such person or a consolidated Subsidiary of such person subsequent to the Issue Date.

"Disqualified Capital Stock" means (a) except as set forth in (b), with respect to any person, Capital Stock of such person that, by its terms or by the terms of any security into which it is convertible, exercisable or exchangeable, is, or upon the happening of an event or the passage of time would be, required to be redeemed or repurchased (including at the option of the holder thereof) by such person or any of its Subsidiaries, in whole or in part, on or prior to the Stated Maturity of the Notes and (b) with respect to any Subsidiary of such person (including with respect to any Subsidiary of the Company), any Capital Stock other than any common stock with no preference, privileges, or redemption or repayment provisions.

"Indebtedness" of any person means, without duplication, (a) all liabilities and obligations, contingent or otherwise, of any such person, (i) in respect of borrowed money (whether or not the recourse of the lender is to the whole of the assets of such person or only to a portion thereof), (ii) evidenced

by bonds, notes, debentures or similar instruments, (iii) representing the balance deferred and unpaid of the purchase price of any property or services, except such as would constitute trade payables to trade creditors in the ordinary course of business, (iv) evidenced by bankers' acceptances or similar instruments issued or accepted by banks, (v) for the payment of money relating to a Capitalized Lease Obligation (as defined in the Indenture), or (vi) evidenced by a letter of credit or a reimbursement obligation of such person with respect to any letter of credit; (b) all net obligations of such person under Interest Swap and Hedging Obligations (as defined in the Indenture); (c) all liabilities of others of the kind described in the preceding clause (a) or (b) that such person has guaranteed or that is otherwise its legal liability and all obligations to purchase, redeem or acquire any Capital Stock; and (d) any and all deferrals, renewals, extensions, refinancings and refundings (whether direct or indirect) of any liability of the kind described in any of the preceding clauses (a), (b) and (c), or this clause (d), whether or not between or among the same parties.

"Issue Date" means the date of first issuance of the Notes under the Indenture.

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"Junior Securities" of any person means any Qualified Capital Stock and any Indebtedness of such person that is subordinated in right of payment to the Notes and has no scheduled installment of principal due, by redemption, sinking fund payment or otherwise, on or prior to the Stated Maturity of the Notes.

"Qualified Capital Stock" means any Capital Stock of the Company that is not Disqualified Capital Stock.

"Senior Indebtedness" means any Indebtedness of the Company, whether outstanding on the date of the Indenture or thereafter created, incurred, assumed, guaranteed or in effect guaranteed by the Company, unless the instrument creating or evidencing such Indebtedness provides that such Indebtedness is not senior or superior in right of payment to the Notes or to other Indebtedness which is *pari passu* with, or subordinated to, the Notes; provided, however, that in no event shall Senior Indebtedness include (a) Indebtedness of the Company owed or owing to any Subsidiary of the Company or any officer, director or employee of the Company or any Subsidiary of the Company, except in respect of deferred compensation in an amount not to exceed \$1,000,000 at any one time, (b) Indebtedness to trade creditors or (c) any liability for taxes owed or owing by the Company.

"Significant Subsidiary" means any Subsidiary which is a "significant subsidiary" of the Company within the meaning of Rule 1.02(w) of Regulation S-X promulgated by the Commission as in effect as of the date of the Indenture.

"Stated Maturity" when used with respect to any Note means _____, 2004.

"Subsidiary" with respect to any person, means (i) a corporation a majority of whose Capital Stock with voting power normally entitled to vote in the election of directors is at the time, directly or indirectly, owned by such person, by such person and one or more Subsidiaries of such person or by one or more Subsidiaries of such person, (ii) a partnership in which such person or a Subsidiary of such person is, at the time, a general partner and owns alone or together with one or more Subsidiaries of such person a majority of the partnership interests, or (iii) any other person (other than a corporation) in which such person, one or more Subsidiaries of such person, or such person and one or more Subsidiaries of such person, directly or indirectly, at the date of determination thereof, has at least a majority ownership interest.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of certain material Federal income tax considerations for original purchasers of the Notes from the Underwriters and is based on the Company's review and analysis of the Federal income tax law now in effect, which is subject to change, possibly retroactively. This summary does not discuss all aspects of Federal income taxation that may be relevant to particular holders of Notes in light of their individual investment circumstances or to certain types of investors subject to special tax rules (e.g., financial institutions, insurance companies, tax-exempt organizations, and foreign taxpayers), nor does it discuss any aspects of state, local or foreign tax law consequences. This summary assumes that investors will hold their Notes as "capital assets" (generally, property held for investment) under the Internal Revenue Code of 1986, as amended. Prospective purchasers are urged to consult their tax advisors regarding the specific Federal, state, local, and foreign income and other tax consequences of purchasing, holding, converting, and disposing of the Notes.

SALE OR EXCHANGE

A holder will recognize capital gain or loss upon the sale or other disposition of a Note in an amount equal to the difference between the amount

realized from such disposition and such holder's tax basis in the Note. Such gain or loss will be long-term if the Note has been held for more than one year.

CONVERSION

A holder's conversion of a Note into Common Stock is generally not a taxable event (except with respect to cash received in lieu of a fractional share). The holder's tax basis in the Common Stock received on conversion of a Note will be the same as the holder's tax basis in the Note at the time of conversion (exclusive

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of any tax basis allocable to a fractional share), and the holding period for the Common Stock received on conversion will include the holding period of the Note converted.

CONSTRUCTIVE DIVIDEND

If at any time the Company makes a distribution of property to shareholders that would be taxable to such shareholders as a dividend for Federal income tax purposes and, in accordance with the antidilution provisions of the Notes, the Conversion Price of the Notes is decreased, the amount of such decrease may be deemed to be the payment of a taxable dividend to holders. For example, a decrease in the Conversion Price in the event of distributions of evidence of indebtedness or assets of the Company will generally result in deemed dividend treatment to holders, but generally a decrease in the event of stock dividends or the distribution of rights to subscribe for shares will not. See "Description of the Notes -- Conversion Rights."

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DESCRIPTION OF CAPITAL STOCK

The Company has 121,942,000 authorized shares of stock, consisting of (a) 120,000,000 shares of Common Stock, having a par value of \$0.16 $\frac{2}{3}$ per share, and (b) 1,942,000 shares of Preferred Stock, having a par value of \$1.00 per share. The summary description of the capital stock of the Company contained herein is necessarily general and reference should be made in each case to the Company's Restated Certificate of Incorporation (the "Company's Charter"), and By-Laws, which are exhibits to the Registration Statement of which this Prospectus is a part.

COMMON STOCK

As of May 31, 1997, there were 76,668,155 shares of Common Stock outstanding. All of such outstanding shares of Common Stock are, and the shares of Common Stock issuable upon conversion of the Notes offered hereby will be upon issuance, fully paid and nonassessable. Each share of Common Stock has an equal and ratable right to receive dividends when, as and if declared by the Board of Directors of the Company out of assets legally available therefor and subject to the dividend obligations of the Company to the holders of any Preferred Stock then outstanding. The Company is subject to certain restrictions on the payment of dividends on, and the repurchase or redemption of, the Common Stock under the provisions of the Senior Credit Facility and the indenture for the Senior Notes. See "Price Range of Common Stock and Dividends."

In the event of a liquidation, dissolution or winding up of the Company, the holders of Common Stock are entitled to share equally and ratably in the assets available for distribution after payment of all liabilities, and subject to any prior rights of any holders of Preferred Stock that at the time may be outstanding.

The holders of Common Stock have no preemptive, subscription, conversion or redemption rights, and are not subject to further calls or assessments by the Company. There are no sinking fund provisions applicable to the Common Stock. Each share of Common Stock is entitled to one vote in the election of directors and on all other matters submitted to a vote of stockholders. Holders of Common Stock have no right to cumulate their votes in the election of directors.

PREFERRED STOCK

As of the date of this Prospectus, there are no shares of Preferred Stock outstanding. Preferred Stock may be issued from time to time in one or more series, and the Board of Directors, without further approval of the stockholders, is authorized to fix the designations, dividends rates, conversion rights, redemption rights, liquidation price, and sinking fund rights. It is not possible to state the actual effect of the authorization and issuance of a new series of Preferred Stock upon the rights of holders of the Common Stock unless and until the Board of Directors determines the attributes of such new series of Preferred Stock and the specific rights of its holders. Such effects might include, however, (i) restrictions on dividends on Common Stock if dividends on such new series of Preferred Stock have not been paid; (ii) dilution of the voting power of Common Stock to the extent that such new series of Preferred

Stock has voting rights, or to the extent that any such new series of Preferred Stock is convertible into Common Stock; (iii) dilution of the equity interest of Common Stock; and (iv) limitation on the right of holders of Common Stock to share in the Company's assets upon liquidation until satisfaction of any liquidation preference attributable to such new series of Preferred Stock. While the ability of the Company to issue Preferred Stock provides flexibility in connection with possible acquisitions and other corporate purposes, its issuance could be used to impede an attempt by a third party to acquire a majority of the outstanding voting stock of the Company.

POSSIBLE ANTI-TAKEOVER PROVISIONS

The Company's Charter contains certain provisions that might be characterized as anti-takeover provisions. Such provisions may render more difficult certain possible takeover proposals to acquire control of the Company and make removal of management of the Company more difficult.

The Company's Charter provides for the Board of Directors to be divided into three classes of directors serving staggered three-year terms, with each class as nearly equal in number as possible. Directors of the

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Company may only be removed for cause and only by the affirmative vote of a majority of the then outstanding shares of stock entitled to vote on the matter. Any stockholder wishing to submit a nomination to the Board of Directors must follow certain procedures outlined in the Company's By-Laws. In addition, the By-Laws require written application by the holders of 75% of the Company's outstanding voting stock to call a special stockholders' meeting.

Certain outstanding contracts binding on the Company with respect to certain employees may render more difficult the removal of management or attempts to acquire control of the Company.

As described above, the Company's Charter authorizes a class of undesignated Preferred Stock consisting of 1,942,000 shares. Preferred Stock may be issued from time to time in one or more series, and the Board of Directors, without further approval of the stockholders, is authorized to fix the rights, preferences, privileges and restrictions applicable to each series of Preferred Stock. One possible result of authorizing the Board of Directors to determine such rights, preferences, privileges and restrictions is to eliminate delays associated with a stockholder vote on specific issuance. The issuance of Preferred Stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could among other things, adversely affect the voting power of the holders of Common Stock and, under certain circumstances, make it more difficult for a third party to gain control of the Company.

The Company is incorporated under the laws of State of Delaware. Section 203 of the Delaware General Corporation Law prevents an "interested stockholder" (defined as a stockholder owning 15 percent or more of a corporation's voting stock) from engaging in a business combination with such corporation for a period of three years from the date such stockholder became an interested stockholder unless (a) the corporation's board of directors had earlier approved either the business combination or the transaction by which the stockholder became an interested stockholder, or (b) upon attaining that status, the interested stockholder had acquired at least 85 percent of the corporation's voting stock (not counting shares owned by persons who are directors and also officers), or (c) the business combination is later approved by the board of directors and authorized by a vote of two-thirds of the stockholders (not including the shares held by the interested stockholder). Since the Company has not amended its Restated Certificate of Incorporation or By-Laws to exclude the application of Section 203, such section does apply to the Company and thus may inhibit an interested stockholder's ability to engage in a business combination with the Company.

TRANSFER AGENT AND REGISTRAR

The Transfer Agent and Registrar for the Common Stock is Norwest Bank Minnesota, N.A.

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UNDERWRITING

Subject to the terms and conditions of an Underwriting Agreement (the "Underwriting Agreement"), the Underwriters named below (the "Underwriters") have severally agreed to purchase from the Company the respective principal amount of Notes set forth opposite their names below, at the public offering price set forth on the cover page of this Prospectus, less the underwriting discounts and commissions:

<TABLE>
<CAPTION>

UNDERWRITERS	PRINCIPAL AMOUNT OF NOTES
-----	-----
<S>	<C>
Donaldson, Lufkin & Jenrette Securities Corporation.....	\$
Jefferies & Company, Inc.....	
Bear, Stearns & Co. Inc.....	
Prudential Securities Incorporated.....	
Total.....	\$125,000,000
	=====

</TABLE>

The Underwriting Agreement provides that the obligations of the several Underwriters to purchase and accept delivery of the Notes offered hereby are subject to approval of certain legal matters by counsel and to certain other conditions. If any of the Notes are purchased by the Underwriters pursuant to the Underwriting Agreement, all such Notes (other than those covered by the over-allotment option described below) must be purchased. The Underwriters initially propose to offer the Notes in part directly to the public at the initial public offering price set forth on the cover page of this Prospectus and in part to certain dealers (who may include the Underwriters) at such price, less a concession not in excess of % of the principal amount of the Notes. The Underwriters may allow, and such dealers may re-allow to certain other dealers, a concession not in excess of % of the principal amount of the Notes. After the initial offering of the Notes, the public offering price and other selling terms may be changed by the Underwriters. The Underwriters do not intend to confirm sales to any accounts over which they exercise discretionary authority.

The Company has agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the Underwriters may be required to make in respect thereof.

The Company has granted to the Underwriters an option to purchase up to an additional \$18,750,000 aggregate principal amount of the Notes, at the initial public offering price less underwriting discounts and commissions, solely to cover over-allotments. Such option may be exercised at any time until 30 days after the date of this Prospectus. To the extent that the Underwriters exercise such option, each of the Underwriters will be committed, subject to certain conditions, to purchase an amount of Notes proportionate to such Underwriter's initial commitment as indicated in the preceding table.

The Notes will constitute a new issue of securities with no established trading market. Application will be made to list the Notes on the New York Stock Exchange upon official notice of issuance. The Underwriters currently intend to make a market in the Notes; however, the Underwriters are not obligated to do so and any market-making activities may be discontinued at any time without notice. Therefore, no assurance can be given that an active trading market for the Notes will develop or, if such market develops, as to the liquidity or sustainability of such market. See "Risk Factors -- Absence of Existing Market for Notes."

Other than in the United States, no action has been taken by the Company or the Underwriters that would permit a public offering of the Notes in any jurisdiction where action for that purpose is required. The Notes offered hereby may not be offered or sold, directly or indirectly, nor may this Prospectus or any other offering material or advertisements in connection with the offer and sale of the Notes be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of such jurisdiction. Persons into whose possession this Prospectus comes are advised to inform themselves about and to observe any restrictions relating to the Offering of the Notes and the distribution of this Prospectus. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Notes offered hereby in any jurisdiction in which such an offer or a solicitation is unlawful.

In connection with the Offering, the Underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes and the Common Stock. Specifically, the Underwriters may over-allot the Offering, creating a syndicate short position. The Underwriters may bid for and purchase Notes in the open market to cover such syndicate short position or to stabilize the price of the Notes. These activities may stabilize or maintain the market price of the Notes and the Common Stock above independent market levels. The Underwriters are not required to engage in these activities, and may end either of these activities at any time.

The Company, and its directors and executive officers, have each agreed that, subject to certain exceptions, during the period beginning on the date of this Prospectus and continuing to and including the 90th day after such date, they will not, directly offer, sell, contract to sell or otherwise dispose of any shares of Common Stock, any securities convertible into or exercisable or

exchangeable for shares of Common Stock or any rights to acquire shares of Common Stock without the written consent of Donaldson, Lufkin & Jenrette Securities Corporation and Jefferies & Company, Inc.

Jefferies & Company, Inc. ("Jefferies") has provided investment banking and financial advisory services to the Company in the past, including acting as lead managing underwriter in the Company's July 1996 and April 1997 offerings of Common Stock and placement agent in the Company's offering of Senior Notes in November 1996 and rendering a fairness opinion to the Company's Board of Directors in connection with the Mallard Acquisition. In each case, Jefferies received usual and customary fees. Jefferies is providing financial advisory services to Hercules in connection with the Hercules Acquisition, for which Jefferies will receive usual and customary fees. Prudential Securities Incorporated ("Prudential") acted as co-manager in the Company's July 1996 and April 1997 offerings of Common Stock and received usual and customary fees.

LEGAL MATTERS

The validity of the Notes will be passed upon for the Company by Vinson & Elkins L.L.P., Houston, Texas. Certain legal matters relating to the sale of the Notes will be passed upon for the Underwriters by Fulbright & Jaworski L.L.P., Houston, Texas.

EXPERTS

The consolidated balance sheets as of August 31, 1996 and 1995, and the consolidated statements of operations, redeemable preferred stock and stockholders' equity, and cash flows for each of the three years in the period ended August 31, 1996, included herein and incorporated by reference in this Prospectus, have been included herein and incorporated by reference in reliance on the report of Coopers & Lybrand L.L.P., independent accountants, given on the authority of that firm as experts in auditing and accounting. With respect to the unaudited interim financial information for the periods ended November 30, 1996 and 1995, February 28, 1997 and 1996 and May 31, 1997 and 1996, incorporated by reference in this Prospectus, the independent accountants have reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate report included in the Company's quarterly report on Form 10-Q's for the quarters ended November 30, 1996, February 28, 1997 and May 31, 1997, included herein and incorporated by reference, states that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied. The accountants are not subject to the liability provisions of Section 11 of the Securities Act of 1933 for their report on the unaudited interim financial information because that report is not a "report" or a "part" of the Registration Statement prepared or certified by the accountants within the meaning of Sections 7 and 11 of the Act.

The combined balance sheets of Mallard Bay Drilling Division of EVI as of December 31, 1995 and 1994 and the combined statement of income, equity investments and cash flows for each of the three years in the period ended December 31, 1995, incorporated by reference in this Prospectus, have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report with respect thereto, and are

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incorporated by reference herein in reliance upon the authority of said firm as experts in accounting and auditing in giving said reports.

The balance sheets of Quail Tools, Inc. as of December 31, 1995 and 1994 and the related statements of earnings and retained earnings and cash flows for each of the years in the three-year period ended December 31, 1995, incorporated by reference in this Prospectus, have been audited by KPMG Peat Marwick LLP, independent certified public accountants, as stated in their report incorporated by reference, and upon the authority of said firm as experts in accounting and auditing. The report of KPMG Peat Marwick LLP refers to the adoption in 1994 of the method of accounting for certain investments in debt and equity securities prescribed by Statement of Financial Accounting Standards No. 115.

The balance sheet of Hercules Offshore Corporation as of December 31, 1996 and the related statement of income, shareholder's equity and cash flow of the Predecessor Company for the four months ended April 30, 1996 and the statement of income, shareholder's equity and cash flow of the Company for the eight months ended December 31, 1996, have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report with respect thereto, which report is included herein in reliance upon the authority of Arthur Andersen LLP as experts in accounting and auditing.

The financial statements of the Predecessor Company to Hercules Offshore Corporation incorporated in this prospectus by reference to the Form 8-K for the two year periods ended December 31, 1995, have been so incorporated in reliance on the report of Price Waterhouse LLP, independent accountants, given on the

authority of said firm as experts in auditing and accounting.

The balance sheets of Hercules Rig Corp. as of December 31, 1995 and 1996 and the related statements of income, shareholder's equity and cash flows for the period from inception, April 6, 1994 through December 31, 1994, and for each of the two years in the period ended December 31, 1996 have been audited by Arthur Andersen LLP, independent public accountants as indicated in their report with respect thereto which report is included herein in reliance upon the authority of Arthur Andersen LLP as experts in accounting and auditing.

With respect to the unaudited interim financial information of Hercules Offshore Corporation and for Hercules Rig Corp. for the four months ended April 30, 1997, Arthur Andersen LLP has applied limited procedures in accordance with professional standards for a review of that information. However, their separate report thereon states that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their report on that information should be restricted in light of the limited nature of the review procedures applied. In addition, the accountants are not subject to the liability provisions of Section 11 of the Securities Act of 1933 for their report on the unaudited interim financial information because that report is not a "report" or a "part" of the registration statement prepared or certified by the accountants within the meaning of Sections 7 and 11 of the Act.

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Exchange Act and, in accordance therewith, files reports, proxy and information statements and other information with the Commission. Such reports, proxy and information statements and other information can be inspected and copied at the public reference facilities maintained by the Commission at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the following regional offices of the Commission: Seven World Trade Center, Suite 1300, New York, New York 10048 and Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511. Copies of such materials can be obtained by mail from the Public Reference Section of the Commission, at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. The Commission maintains a World Wide Web site on the Internet at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Commission. In addition, reports, proxy statements and other information concerning the Company can be inspected at the New York Stock Exchange, 20 Broad Street, New York, New York 10005, on which exchange the Common Stock is listed.

This Prospectus constitutes a part of a Registration Statement on Form S-3 (together with all amendments and exhibits thereto, the "Registration Statement") filed by the Company with the Commission under the Securities Act. This Prospectus omits certain of the information contained in the Registration Statement, and reference is hereby made to the Registration Statement for further information with respect to the Company and the securities offered hereby. Any statements contained herein concerning the provisions of any document filed as an exhibit to the Registration Statement or otherwise filed with the Commission are not necessarily complete, and in each instance reference is made to the copy of such document so filed. Each such statement is qualified in its entirety by such reference.

NO DEALER, SALESMAN OR OTHER PERSON IS AUTHORIZED IN CONNECTION WITH ANY OFFERING MADE HEREBY TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS NOT CONTAINED IN THIS PROSPECTUS, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR THE UNDERWRITERS. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY OF THE NOTES OFFERED HEREBY IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION IN SUCH JURISDICTION. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, IMPLY THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY DATE SUBSEQUENT TO THE DATE HEREOF.

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\$125,000,000

[PARKER DRILLING LOGO]

PARKER DRILLING
COMPANY
% CONVERTIBLE SUBORDINATED
NOTES DUE 2004

PROSPECTUS

DONALDSON, LUFKIN & JENRETTE
SECURITIES CORPORATION

JEFFERIES & COMPANY, INC.

BEAR, STEARNS & CO. INC.

PRUDENTIAL SECURITIES INCORPORATED
, 1997

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth all expenses payable by the Company in connection with the issuance and distribution of the Notes registered hereby, other than underwriting discounts and commissions. All the amounts shown are estimates, except the registration and NASD filing fees.

<TABLE>	
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Registration fee.....	\$ 43,561
NASD filing fee.....	14,875
Fees and expenses of accountants.....	150,000
Fees and expenses of legal counsel of the Company.....	100,000
Rating agency fees.....	80,000
Printing and engraving expenses.....	100,000
Blue Sky fees and expenses (including counsel).....	10,000
Trustee fees and expenses.....	10,000
Miscellaneous.....	41,564
Total.....	\$550,000

</TABLE>

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

The Company's By-Laws provide that each person who was or is made a party to, or is involved in, any action, suit or proceeding by reason of the fact that he or she was a director or officer of the Company (or was serving at the request of the Company as a director, officer, employee or agent for another entity) will be indemnified and held harmless by the Company, to the full extent

authorized by the Delaware General Corporation Law.

Under Section 145 of the Delaware General Corporation Law, a corporation may indemnify a director, officer, employee or agent of the corporation against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. In the case of an action brought by or in the right of a corporation, the corporation may indemnify a director, officer, employee or agent of the corporation against expenses (including attorneys' fees) actually and reasonably incurred by him or her if he or she acted in good faith and in a manner he or she reasonably believed to be in the best interests of the corporation, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless a court finds that, in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper.

The Company's Restated Certificate of Incorporation provides that to the fullest extent permitted by Delaware General Corporation Law as the same exists or may hereafter be amended, a director of the Company shall not be liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director. The Delaware General Corporation Law permits Delaware corporations to include in their certificates of incorporation a provision eliminating or limiting director liability for monetary damages arising from breaches of their fiduciary duty. The only limitations imposed under the statute are that the provision may not eliminate or limit a director's liability for (i) breaches of the director's duty of loyalty to the corporation or its stockholders, (ii) acts or omissions not in good faith or involving intentional misconduct or known violations of law, (iii) the payment of unlawful dividends or unlawful stock purchases or redemptions, or (iv) transactions in which the director received an improper personal benefit.

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The Company is insured against liabilities which it may incur by reason of its indemnification of officers and directors in accordance with its By-Laws. In addition, directors and officers are insured, at the Company's expense, against certain liabilities which might arise out of their employment and are not subject to indemnification under the By-Laws.

The foregoing summaries are necessarily subject to the complete text of the statute, Restated Certificate of Incorporation, By-Laws and agreements referred to above and are qualified in their entirety by reference thereto.

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ITEM 16. EXHIBITS.

The following documents are filed as exhibits to this Registration Statement, including those exhibits incorporated herein by reference to a prior filing of the Company under the Securities Act or the Exchange Act as indicated in parentheses:

<TABLE>

<CAPTION>

EXHIBIT NO. -----	EXHIBITS -----
<C>	<S>
*1.1	-- Form of Underwriting Agreement
2.1	-- Stock Purchase Agreement dated May 9, 1997 by and among the Company, Parker Drilling Offshore Company and Trenergy (Malaysia) BHD. (incorporated by reference to Exhibit 10(n) to the Company's Quarterly Report on Form 10-Q for the three months ended May 31, 1997)
2.2	-- Stock Purchase Agreement dated May 9, 1997 by and among the Company, Parker Drilling Offshore Company and Rashid & Lee Nominees SDN BHD. (incorporated by reference to Exhibit 10(o) to the Company's Quarterly Report on Form 10-Q for the three months ended May 31, 1997)
4.1	-- Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 4.1 to Amendment No. 1 to the Company's S-3 Registration Statement No. 333-22987)
4.2	-- Certificate of Retirement of the Company (incorporated by reference to Exhibit 4.2 to Amendment No. 1 to the Company's S-3 Registration Statement No. 333-22987)
4.3	-- Certificate of Amendment of Restated Certificate of Incorporation dated December 18, 1996 (incorporated by reference to Exhibit 4.3 to the Company's S-3 Registration Statement No. 333-22987)
4.4	-- By-Laws of the Company (incorporated by reference to

Exhibit 3(b) to Annual Report on Form 10-K for the year ended August 31, 1992, as amended by Form 8 dated February 18, 1993)

- 4.5 -- Indenture dated as of November 12, 1996 among the Company, as issuer, certain Subsidiary Guarantors (as defined therein) and Texas Commerce Bank National Association, as trustee (incorporated by reference to Exhibit 4.3 to the Company's S-4 Registration Statement No. 333-19317)
- 4.6 -- Term Loan Agreement dated as of November 8, 1996 between the Company and ING (U.S.) Capital Corporation (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q/A for the three months ended November 30, 1996)
- 4.7 -- Form of Indenture between the Company and Texas Commerce Bank National Association, as Trustee
- 5.1 -- Opinion of Vinson & Elkins L.L.P.
- *12.1 -- Calculation of Ratio of Earnings to Fixed Charges
- 23.1 -- Consent of Coopers & Lybrand L.L.P.
- 23.2 -- Consent of Coopers & Lybrand L.L.P.
- 23.3 -- Consent of Arthur Andersen LLP
- 23.4 -- Consent of Arthur Andersen LLP
- 23.5 -- Consent of KPMG Peat Marwick LLP
- 23.6 -- Consent of Price Waterhouse LLP
- 23.7 -- Consent of Vinson & Elkins L.L.P. (included in Exhibit 5.1)
- 24.1 -- Powers of Attorney
- 25.1 -- Statement of Eligibility and Qualification under the Trust Indenture Act of 1939 of Texas Commerce Bank National Association

</TABLE>

- -----
* To be filed by amendment.

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ITEM 17. UNDERTAKINGS.

(a) The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(b) The registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefits plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in this registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to any charter provision, by-law, contract, arrangement, statute, or otherwise, the registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted against the registrant by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Tulsa, State of Oklahoma, on the 2nd day of July, 1997.

PARKER DRILLING COMPANY

By /s/ ROBERT L. PARKER JR.

 Robert L. Parker Jr.
 President and Chief Executive
 Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities indicated on July 2, 1997.

<TABLE>
 <CAPTION>

SIGNATURE -----	TITLE -----
<S>	<C>
(i) Principal executive officer:	
/s/ ROBERT L. PARKER JR. ----- Robert L. Parker Jr.	President, Chief Executive Officer and Director
(ii) Principal financial and accounting officer:	
/s/ JAMES J. DAVIS ----- James J. Davis	Senior Vice President -- Finance and Chief Financial Officer
(iii) Directors:	
* ----- Robert L. Parker	
----- James W. Linn	
* ----- Bernard Duroc-Danner	
* ----- David L. Fist	
----- Earnest F. Gloyna	
* ----- R. Rudolph Reinfrank	
*By: /s/ JAMES J. DAVIS ----- (James J. Davis, Attorney-in-Fact)	

</TABLE>

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INDEX TO EXHIBITS

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EXHIBIT NO. -----	DESCRIPTION -----
<C>	<S>
*1.1	-- Form of Underwriting Agreement
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23.2	-- Consent of Coopers & Lybrand L.L.P.
23.3	-- Consent of Arthur Andersen LLP
23.4	-- Consent of Arthur Andersen LLP
23.5	-- Consent of KPMG Peat Marwick LLP
23.6	-- Consent of Price Waterhouse LLP
23.7	-- Consent of Vinson & Elkins L.L.P. (included in Exhibit 5.1)
24.1	-- Powers of Attorney
25.1	-- Statement of Eligibility and Qualification under the Trust Indenture Act of 1939 of Texas Commerce Bank National Association

</TABLE>

 * To be filed by amendment.

EXHIBIT 4.7

PARKER DRILLING COMPANY,

Issuer,

and

TEXAS COMMERCE BANK NATIONAL ASSOCIATION,

Trustee

INDENTURE

Dated as of _____, 1997

_____% Convertible Subordinated Notes due 2004

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TIA Section -----	Indenture Section -----
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310 (a) (1)	7.10
(a) (2)	7.10
(a) (3)	N.A.
(a) (4)	N.A.
(a) (5)	7.10
(b)	7.8; 7.10; 14.2
(c)	N.A.
311 (a)	7.11
(b)	7.11
(c)	N.A.
312 (a)	2.5
(b)	14.3
(c)	14.3
313 (a)	7.6
(b) (1)	N.A.
(b) (2)	7.6
(c)	7.6; 14.2
(d)	7.6
314 (a)	4.6; 13.2
(b)	N.A.
(c) (1)	2.2; 7.2; 14.4
(c) (2)	7.2; 14.4
(c) (3)	N.A.

(d)	N.A.
(e)	14.5
(f)	N.A.
315 (a)	7.1
(b)	7.5;
	7.6;
	14.2
(c)	7.1(a)

</TABLE>

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<TABLE>	
<S>	<C>
(d)	2.8;
	6.11;
	7.1(b) (c)
(e)6.14	
316 (a) (last sentence)	2.9
(a) (1) (A)	6.11
(a) (1) (B)	6.12
(a) (2)	N.A.
(b)	6.12;
	6.7
317 (a) (1)	6.3
(a) (2)	6.4
(b)	2.4
318 (a)	14.1

</TABLE>

N.A. means Not Applicable.

Note: This Cross-Reference Table shall not, for any purpose, be deemed to be a part of the Indenture.

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INDENTURE, dated as of _____, 1997, between PARKER DRILLING COMPANY, a Delaware corporation (the "Company"), and TEXAS COMMERCE BANK NATIONAL ASSOCIATION, a national banking association, as Trustee.

Each party hereto agrees as follows for the benefit of each other party and for the equal and ratable benefit of the Holders of the Company's _____% Convertible Subordinated Notes due 2004:

ARTICLE I
DEFINITIONS AND INCORPORATION BY REFERENCE

SECTION 1.1. Definitions.

"Acceleration Notice" shall have the meaning specified in Section 6.2.

"Affiliate" means (i) any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company, (ii) any spouse, immediate family member, or other relative who has the same principal residence of any person described in clause (i) above, and (iii) any trust in which any person described in clause (i) or (ii) above has a beneficial interest. For purposes of this definition, the term "control" means the power to direct the management and policies of a person, directly or through one or more intermediaries, whether through the ownership of voting securities, by contract, or otherwise.

"Agent" means any Registrar, Paying Agent or co-Registrar.

"Bankruptcy Law" means Title 11, U.S. Code, or any similar Federal, state or foreign law for the relief of debtors.

"beneficial owner" for purposes of the definition of Change of Control has the meaning attributed to it in Rules 13d-3 and 13d-5 under the Exchange Act (as in effect on the Issue Date), whether or not applicable, except that a "person" shall be deemed to have "beneficial ownership" of all shares that any such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time or upon the occurrence of certain events.

"Board of Directors" means, with respect to any person, the

Board of Directors of such person or any committee of the Board of Directors of such person authorized, with respect to any particular matter, to exercise the power of the Board of Directors of such person.

"Board Resolution" means, with respect to any person, a duly adopted resolution of the Board of Directors of such person.

"Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in Houston, Texas or New York, New York are authorized or obligated by law or executive order to close.

"Capitalized Lease Obligation" means rental obligations under a lease that are required to be capitalized for financial reporting purposes in accordance with GAAP, and the amount of Indebtedness represented by such obligations shall be the capitalized amount of such obligations, as determined in accordance with GAAP.

"Capital Stock" means, with respect to any corporation, any and all shares, interests, rights to purchase (other than convertible or exchangeable Indebtedness), warrants, options, participations or other equivalents of or interests (however designated) in stock issued by that corporation.

"Cash" means such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

"Change of Control" occurs upon the occurrence of any of the following events: (i) upon any merger or consolidation of the Company with or into any person or any sale, transfer or other disposition, whether direct or indirect, of all or substantially all of the assets of the Company, on a consolidated basis, in one transaction or a series of related transactions, if, immediately after giving effect to such transaction, any "person" or "group" (as such terms are used for purposes of Sections 13(d) and 14(d) of the Exchange Act, whether or not applicable) is or becomes the "beneficial owner," directly or indirectly, of more than 50% of the total voting power in the aggregate normally entitled to vote in the election of directors, managers, or trustees, as applicable, of the transferee or surviving entity, (ii) when any "person" or "group" (as such terms are used for purposes of Sections 13(d) and 14(d) of the Exchange Act, whether or not applicable) is or becomes the "beneficial owner," directly or indirectly, of more than 50% of the total voting power in the aggregate normally entitled to vote in the election of directors of the Company, (iii) when, during any period of 12 consecutive months after the Issue Date, individuals who at the beginning of any such 12-month period constituted the Board of Directors of the Company (together with any new directors whose election by such Board or whose nomination for election by the shareholders of the Company was approved by a vote of a majority of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors of the Company then in office, (iv) a sale, transfer or other disposition, whether directly or indirectly, by the Company of all or substantially all of its assets, on a consolidated basis, or (v) the pro rata distribution by the Company to its stockholders of substantially all of its assets.

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For purposes of this definition, the terms "person" and "group" shall have the meanings used for purposes of Rules 13d-3 and 13d-5 of the Exchange Act as in effect on the Issue Date, whether or not applicable.

"Code" means the Internal Revenue Code of 1986, as amended.

"Common Stock" means the Company's common stock, par value \$.16 2/3 per share, or as such stock may be reconstituted from time to time.

"Company" means the party named as such in this Indenture until a successor replaces it pursuant to the Indenture, and thereafter means such successor.

"Consolidated Net Worth" of any person at any date means the aggregate consolidated stockholders' equity of such person (plus amounts of equity attributable to preferred stock) and its consolidated Subsidiaries, as would be shown on the consolidated balance sheet of such person prepared in accordance with GAAP, adjusted to exclude (to the extent included in calculating such consolidated stockholders' equity), (a) the amount of any such stockholders' equity attributable to Disqualified Capital Stock or treasury stock of such person and its consolidated Subsidiaries and (b) all upward revaluations and other write-ups in the book value of any asset of such person

or a consolidated Subsidiary of such person subsequent to the Issue Date.

"conversion agent" shall have the meaning specified in Section 2.3.

"Conversion Price" shall have the meaning specified in Section 12.5.

"Conversion Shares" shall have the meaning specified in Section 12.5.

"Custodian" means any receiver, trustee, assignee, liquidator, sequestrator or similar official under any Bankruptcy Law.

"Date of Conversion" shall have the meaning specified in Section 12.2.

"Default" means any event or condition that is, or after notice or passage of time or both would be, an Event of Default.

"Defaulted Interest" shall have the meaning specified in Section 2.12.

"Definitive Securities" means Securities that are in the form of Security attached hereto as Exhibit A that do not include the information called for by footnotes 1 and 2 thereof.

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"Depositary" means, with respect to the Securities issuable or issued in whole or in part in global form, the person specified in Section 2.3 as the Depositary with respect to the Securities, until a successor shall have been appointed and become such pursuant to the applicable provision of this Indenture, and, thereafter, "Depositary" shall mean or include such successor.

"Disqualified Capital Stock" means (a) except as set forth in (b), with respect to any person, Capital Stock of such person that, by its terms or by the terms of any security into which it is convertible, exercisable or exchangeable, is, or upon the happening of an event or the passage of time would be, required to be redeemed or repurchased (including at the option of the holder thereof) by such person or any of its Subsidiaries, in whole or in part, on or prior to the Stated Maturity of the Securities and (b) with respect to any Subsidiary of such person (including with respect to any Subsidiary of the Company), any Capital Stock other than any common stock with no preference, privileges, or redemption or repayment provisions.

"Distribution Date" shall have the meaning specified in Section 12.5.

"DTC" shall have the meaning specified in Section 2.3.

"Event of Default" shall have the meaning specified in Section 6.1.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated by the SEC thereunder.

"Expiration Time" shall have the meaning specified in Section 12.5.

"GAAP" means United States generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board ("FASB") or in such other statements by such other entity as approved by a significant segment of the accounting profession which are in effect in the United States; provided, however, that for purposes of determining compliance with covenants in the Indenture, "GAAP" means such generally accepted accounting principles which are in effect as of the date of determination.

"Global Security" means a Security that contains the paragraph referred to in footnote 1 and the additional schedule referred to in footnote 2 of the form of Security attached hereto as Exhibit A.

"Holder" or "Securityholder" means the person in whose name a Security is registered on the Registrar's books.

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"Indebtedness" of any person means, without duplication, (a) all liabilities and obligations, contingent or otherwise, of any such person, (i) in respect of borrowed money (whether or not the recourse of the lender is to the whole of the assets of such person or only to a portion thereof), (ii) evidenced by bonds, notes, debentures or similar instruments, (iii) representing the balance deferred and unpaid of the purchase price of any

property or services, except such as would constitute trade payables to trade creditors in the ordinary course of business, (iv) evidenced by bankers' acceptances or similar instruments issued or accepted by banks, (v) for the payment of money relating to a Capitalized Lease Obligation, or (vi) evidenced by a letter of credit or a reimbursement obligation of such person with respect to any letter of credit; (b) all net obligations of such person under Interest Swap and Hedging Obligations; (c) all liabilities of others of the kind described in the preceding clause (a) or (b) that such person has guaranteed or that is otherwise its legal liability and all obligations to purchase, redeem or acquire any Capital Stock; and (d) any and all deferrals, renewals, extensions, refinancings, refundings (whether direct or indirect) of any liability of the kind described in any of the preceding clauses (a), (b) or (c), or this clause (d), whether or not between or among the same parties.

"Indenture" means this Indenture, as amended or supplemented from time to time in accordance with the terms hereof.

"Interest Payment Date" means the stated due date of an installment of interest on the Securities.

"Interest Swap and Hedging Obligation" means any obligation of any person pursuant to any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate exchange agreement, currency exchange agreement or any other agreement or arrangement designed to protect against fluctuations in interest rates or currency values, including, without limitation, any arrangement whereby, directly or indirectly, such person is entitled to receive from time to time periodic payments calculated by applying either a fixed or floating rate of interest on a stated notional amount in exchange for periodic payments made by such person calculated by applying a fixed or floating rate of interest on the same notional amount.

"Issue Date" means the date of first issuance of the Securities under this Indenture.

"Junior Security" of any person means any Qualified Capital Stock and any Indebtedness of such person that is subordinated in right of payment to the Securities and has no scheduled installment of principal due, by redemption, sinking fund payment or otherwise, on or prior to the Stated Maturity of the Securities.

"Last Sale Price" shall have the meaning specified in Section 12.3.

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"Legal Holiday" shall have the meaning specified in Section 13.7.

"Lien" means any mortgage, lien, pledge, charge, security interest or other encumbrance of any kind, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement and any lease deemed to constitute a security interest and any option or other agreement to give any security interest).

"non-electing share" shall have the meaning specified in Section 12.6.

"Notice of Default" shall have the meaning specified in Section 6.1(3).

"Offer" shall have the meaning specified in Section 12.5.

"Officer" means, with respect to the Company, the Chief Executive Officer, the President, any Vice President, the Chief Financial Officer, the Treasurer, the Controller, or the Secretary of the Company.

"Officers' Certificate" means, with respect to the Company, a certificate signed by two Officers or by an Officer and an Assistant Secretary of the Company and otherwise complying with the requirements of Sections 13.4 and 13.5.

"Opinion of Counsel" means a written opinion from legal counsel who is reasonably acceptable to the Trustee and which complies with the requirements of Sections 13.4 and 13.5.

"Paying Agent" shall have the meaning specified in Section 2.3.

"Payment Blockage Period" shall have the meaning specified in Section 11.2.

"Payment Default" shall have the meaning specified in Section 11.2.

"Payment Notice" shall have the meaning specified in Section 11.2.

"Person" or "person" means any corporation, individual, limited liability company, joint stock company, joint venture, partnership, unincorporated association, governmental regulatory entity, country, state or political subdivision thereof, trust, municipality or other entity.

"principal" of any Indebtedness means the principal of such Indebtedness plus, without duplication, any applicable premium, if any, on such Indebtedness.

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"property" means any right or interest in or to property or assets of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible.

"Purchased Shares" shall have the meaning specified in Section 12.5.

"Qualified Capital Stock" means any Capital Stock of the Company that is not Disqualified Capital Stock.

"Record Date" means a Record Date specified in the Securities whether or not such Record Date is a Business Day.

"Redemption Date," when used with respect to any Security to be redeemed, means the date fixed for such redemption pursuant to Article III of this Indenture and Paragraph 5 in the form of Security.

"Redemption Price," when used with respect to any Security to be redeemed, means the redemption price for such redemption pursuant to Paragraph 5 in the form of Security.

"Registrar" shall have the meaning specified in Section 2.3.

"Repurchase Date" shall have the meaning specified in Section 10.1.

"Repurchase Offer" shall have the meaning specified in Section 10.1.

"Repurchase Offer Period" shall have the meaning specified in Section 10.1.

"Repurchase Price" shall have the meaning specified in Section 10.1.

"Repurchase Put Date" shall have the meaning specified in Section 10.1.

"SEC" means the Securities and Exchange Commission.

"Securities" means, collectively, the _____% Convertible Subordinated Notes due 2004, as supplemented from time to time in accordance with the terms hereof, issued under this Indenture.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

"Securities Custodian" means the Trustee, as custodian with respect to the Securities in global form, or any successor entity thereto.

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"Senior Indebtedness" means any Indebtedness of the Company, whether outstanding on the date of the Indenture or thereafter created, incurred, assumed, guaranteed or in effect guaranteed by the Company, unless the instrument creating or evidencing such Indebtedness provides that such Indebtedness is not senior or superior, in right of payment, to the Securities or to other Indebtedness which is pari passu with, or subordinated to, the Securities; provided, however, that in no event shall Senior Indebtedness include (a) Indebtedness of the Company owed or owing to any Subsidiary of the Company or any officer, director or employee of the Company or any Subsidiary of the Company except in respect of deferred compensation in an amount not to exceed \$1,000,000 at any one time, (b) Indebtedness to trade creditors or (c) any liability for taxes owed or owing by the Company.

"Significant Subsidiary" means any Subsidiary which is a "significant subsidiary" of the Company within the meaning of Rule 1.02(w) of Regulation S-X promulgated by the SEC as in effect on the date of this Indenture.

"Special Record Date" for payment of any Defaulted Interest means a date fixed by the Trustee pursuant to Section 2.12.

"Stated Maturity," when used with respect to any Security, means _____, 2004.

"Subsidiary" with respect to any person, means (i) a corporation a majority of whose Capital Stock with voting power normally entitled to vote in the election of directors is at the time, directly or indirectly, owned by such person, by such person and one or more Subsidiaries of such person or by one or more Subsidiaries of such person, (ii) a partnership in which such person or a Subsidiary of such person is, at the time, a general partner and owns alone or together with one or more Subsidiaries of such person a majority of the partnership interests, or (iii) any other person (other than a corporation) in which such person, one or more Subsidiaries of such person, or such person and one or more Subsidiaries of such person, directly or indirectly, at the date of determination thereof has at least majority ownership interest.

"TIA" means the Trust Indenture Act of 1939 (15 U.S. Code Sections 77aaa-77bbbb) as in effect on the date of the execution of this Indenture.

"Trading Day" means each Monday, Tuesday, Wednesday, Thursday and Friday, other than any day on which securities are not traded on the New York Stock Exchange.

"Trustee" means the party named as such in this Indenture until a successor replaces it in accordance with the provisions of this Indenture and thereafter means such successor.

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"Trust Officer" means any officer within the corporate trust division (or any successor group) of the Trustee or any other officer of the Trustee customarily performing functions similar to those performed by the Persons who at that time shall be such officers, and also means, with respect to a particular corporate trust matter, any other officer of the Trustee to whom such trust matter is referred because of his knowledge of and familiarity with the particular subject.

"Underwriters" means Donaldson, Lufkin & Jenrette Securities Corporation, Jefferies & Company, Inc., Bear, Stearns & Co. Inc. and Prudential Securities Incorporated.

"Underwriting Agreement" means that certain Underwriting Agreement, dated _____, 1997, by and between the Company and the Underwriters, as such agreement may be amended, modified or supplemented from time to time in accordance with the terms thereof.

"U.S. Government Obligations" means direct non-callable obligations of, or noncallable obligations guaranteed by, the United States of America for the payment of which obligation or guarantee the full faith and credit of the United States of America is pledged.

SECTION 1.2. Incorporation by Reference of TIA.

Whenever this Indenture refers to a provision of the TIA, such provision is incorporated by reference in and made a part of this Indenture. The following TIA terms used in this Indenture have the following meanings:

"Commission" means the SEC;

"indenture securities" means the Securities;

"indenture securityholder" means a Holder or a Securityholder;

"indenture to be qualified" means this Indenture;

"indenture trustee" or institutional trustee" means the Trustee; and

"obligor" on the indenture securities means the Company and any other obligor on the Securities.

All other TIA terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule and not otherwise defined herein have the meanings assigned to them thereby.

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SECTION 1.3. Rules of Construction.

Unless the context otherwise requires:

(1) a term has the meaning assigned to it;

- (2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;
- (3) "or" is not exclusive;
- (4) words in the singular include the plural, and words in the plural include the singular;
- (5) provisions apply to successive events and transactions;
- (6) "herein," "hereof" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision; and
- (7) references to Sections or Articles means reference to such Section or Article in this Indenture, unless stated otherwise.

ARTICLE II THE SECURITIES

SECTION 2.1. Form and Dating.

The Securities and the Trustee's certificate of authentication, in respect thereof, shall be substantially in the form of Exhibit A hereto, which Exhibit is part of this Indenture. The Securities may have notations, legends or endorsements required by law, stock exchange rule or usage. The Company shall approve the form of the Securities and any notation, legend or endorsement on them. Any such notations, legends or endorsements not contained in the form of Security attached as Exhibit A hereto shall be delivered in writing to the Trustee. Each Security shall be dated the date of its authentication.

The terms and provisions contained in the forms of Securities shall constitute, and are hereby expressly made, a part of this Indenture and, to the extent applicable, the Company and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby.

SECTION 2.2. Execution and Authentication.

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Two Officers shall sign, or one Officer shall sign and one Officer shall attest to, the Security for the Company by manual or facsimile signature. The Company's seal shall be impressed, affixed, imprinted or reproduced on the Securities and may be in facsimile form.

If an Officer whose signature is on a Security was an Officer at the time of such execution but no longer holds that office at the time the Trustee authenticates the Security, the Security shall be valid nevertheless and the Company shall nevertheless be bound by the terms of the Securities and this Indenture.

A Security shall not be valid until an authorized signatory of the Trustee manually signs the certificate of authentication on the Security but such signature shall be conclusive evidence that the Security has been authenticated pursuant to the terms of this Indenture.

The Trustee shall authenticate the Securities for original issue in the aggregate principal amount of up to \$143,750,000 upon a written order of the Company in the form of an Officers' Certificate. The Officers' Certificate shall specify the amount of Securities to be authenticated and the date on which the Securities are to be authenticated. The aggregate principal amount of Securities outstanding at any time may not exceed \$143,750,000, except as provided in Section 2.7; provided, however, that Securities in excess of \$125,000,000 shall not be issued other than pursuant to the over-allotment option granted by the Company to the Underwriters as provided in the Underwriting Agreement. Upon the written order of the Company in the form of an Officers' Certificate, the Trustee shall authenticate Securities in substitution of Securities originally issued to reflect any name change of the Company.

The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Securities. Unless otherwise provided in the appointment, an authenticating agent may authenticate Securities whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with the Company, any Affiliate of the Company, or any of their respective Subsidiaries.

Securities shall be issuable only in registered form without coupons in denominations of \$1,000 and any integral multiple thereof.

SECTION 2.3. Registrar and Paying Agent.

The Company shall maintain an office or agency in the Borough of Manhattan, The City of New York, where Securities may be presented for registration of transfer or for exchange ("Registrar"), where Securities may be presented for conversion ("conversion agent"), where Securities may be presented for payment ("Paying Agent") and where notices and demands to or upon the Company in respect of the Securities may be served. The Company or any Affiliate thereof may act as Registrar or Paying Agent. The Registrar shall

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keep a register of the Securities and of their transfer and exchange. If the Company or any Affiliate thereof acts as Paying Agent, it shall segregate and hold a separate trust fund for the benefit of the Holders all money held by it as Paying Agent. Upon any bankruptcy or reorganization proceedings relating to the Company or any such Affiliate, the Trustee shall act as Paying Agent. The Company may have one or more co-Registrars and one or more additional Paying Agents. The term "Paying Agent" includes any additional Paying Agent. The Company hereby initially appoints the Trustee as Registrar, conversion agent and Paying Agent, and the Trustee hereby initially agrees so to act.

The Company shall enter into an appropriate written agency agreement with any Agent not a party to this Indenture, which agreement shall implement the provisions of this Indenture that relate to such Agent. The Company shall promptly notify the Trustee in writing of the name and address of any such Agent. If the Company fails to maintain a Registrar, conversion agent or Paying Agent, the Trustee shall act as such.

The Company initially appoints The Depository Trust Company ("DTC") to act as Depository with respect to the Global Securities.

The Company initially appoints the Trustee to act as Securities Custodian with respect to the Global Securities.

SECTION 2.4. Paying Agent to Hold Assets in Trust.

The Company shall require each Paying Agent other than the Trustee to agree in writing that each Paying Agent shall hold in trust for the benefit of Holders or the Trustee all assets held by the Paying Agent for the payment of principal of or premium, if any, or interest on the Securities (whether such assets have been distributed to it by the Company or any other obligor on the Securities), and shall notify the Trustee in writing of any Default in making any such payment. If either of the Company or a Subsidiary of the Company acts as Paying Agent, it shall segregate such assets and hold them as a separate trust fund for the benefit of the Holders or the Trustee. The Company at any time may require a Paying Agent to distribute all assets held by it to the Trustee and account for any assets disbursed and the Trustee may at any time during the continuance of any payment Default, upon written request to a Paying Agent, require such Paying Agent to distribute all assets held by it to the Trustee and to account for any assets distributed. Upon distribution to the Trustee of all assets that shall have been delivered by the Company to the Paying Agent, the Paying Agent (if other than the Company or an Affiliate of the Company) shall have no further liability for such assets.

SECTION 2.5. Securityholder Lists.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Holders. If the Trustee is not the

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Registrar, the Company shall furnish to the Trustee on or before the third Business Day preceding each Interest Payment Date and at such other times as the Trustee may request in writing a list in such form and as of such date as the Trustee reasonably may require of the names and addresses of Holders.

SECTION 2.6. Transfer and Exchange.

(a) Transfer and Exchange of Definitive Securities. When Definitive Securities are presented to the Registrar or a co-Registrar with a request:

(x) to register the transfer of such Definitive Securities; or

(y) to exchange such Definitive Securities for an equal principal amount of Definitive Securities of other authorized denominations;

the Registrar or co-Registrar shall register the transfer or make the exchange as requested if its reasonable requirements for such transaction are met; provided, however, that the Definitive Securities surrendered for transfer or

exchange shall be duly endorsed or accompanied by a written instrument of transfer in form reasonably satisfactory to the Company and the Registrar or co-Registrar, duly executed by the Holder thereof or his attorney duly authorized in writing.

(b) Restrictions on Transfer of a Definitive Security for a Beneficial Interest in a Global Security. A Definitive Security may not be exchanged for a beneficial interest in a Global Security except upon satisfaction of the requirements set forth below. Upon receipt by the Trustee of a Definitive Security, duly endorsed or accompanied by appropriate instruments of transfer, in form satisfactory to the Trustee, together with written instructions directing the Trustee to make, or to direct the Securities Custodian to make, an endorsement on the Global Security to reflect an increase in the aggregate principal amount of the Securities represented by the Global Security, then the Trustee shall cancel such Definitive Security and cause, or direct the Securities Custodian to cause, in accordance with the standing instructions and procedures existing between the Depositary and the Securities Custodian, the aggregate principal amount of Securities represented by the Global Security to be increased accordingly. If no Global Securities are then outstanding, the Company shall issue and the Trustee shall authenticate a new Global Security in the appropriate principal amount.

(c) Transfer and Exchange of Global Securities. The transfer and exchange of Global Securities or beneficial interests therein shall be effected through the Depositary, in accordance with this Indenture (including the restrictions on transfer set forth herein) and the procedures of the Depositary therefor.

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(d) Transfer of a Beneficial Interest in a Global Security for a Definitive Security.

(i) Upon receipt by the Trustee of written instructions or such other form of instructions as is customary for the Depositary from the Depositary or its nominee on behalf of any Person having a beneficial interest in a Global Security and upon receipt by the Trustee of a written order or such other form of instructions as is customary for the Depositary or the Person designated by the Depositary as having such a beneficial interest in a Global Security only, and if such beneficial interest is being transferred to the Person designated by the Depositary as being the beneficial owner, a certification (which may be submitted by facsimile) from such Person to that effect, then the Trustee or the Securities Custodian, at the direction of the Trustee, will cause, in accordance with the standing instructions and procedures existing between the Depositary and the Securities Custodian, the aggregate principal amount of the Global Security to be reduced and, following such reduction, the Company will execute and, upon receipt of an authentication order in the form of an Officers' Certificate, the Trustee will authenticate and deliver to the transferee a Definitive Security.

(ii) Definitive Securities issued in exchange for a beneficial interest in a Global Security pursuant to this Section 2.6(d) shall be registered in such names and in such authorized denominations as the Depositary, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee. The Trustee shall deliver such Definitive Securities to the persons in whose names such Securities are so registered.

(e) Restrictions on Transfer and Exchange of Global Securities. Notwithstanding any other provisions of this Indenture (other than the provisions set forth in subsection (f) of this Section 2.6), a Global Security may not be transferred as a whole except by the Depositary to a nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee of the Depositary or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary.

(f) Authentication of Definitive Securities in Absence of Depositary. If at any time:

(i) the Depositary for the Securities notifies the Company and the Company notifies the Trustee in writing that the Depositary is no longer willing or able to continue as Depositary for the Global Securities and a successor Depositary for the Global Securities is not appointed by the Company within 90 days after delivery of such notice; or

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(ii) the Company, in its sole discretion, notifies the Trustee in writing that it elects to cause the issuance of Definitive Securities under this Indenture;

then the Company will execute, and the Trustee, upon receipt of an Officers' Certificate requesting the authentication and delivery of Definitive Securities, will authenticate and deliver Definitive Securities, in an aggregate principal amount equal to the principal amount of the Global Securities, in exchange for such Global Securities.

(g) Cancellation and/or Adjustment of Global Security.

At such time as all beneficial interests in a Global Security have either been exchanged for Definitive Securities, redeemed, repurchased or cancelled, such Global Security shall be returned to or retained and cancelled by the Trustee. At any time prior to such cancellation, if any beneficial interest in a Global Security is exchanged for Definitive Securities, redeemed, repurchased or cancelled, the principal amount of Securities represented by such Global Security shall be reduced and an endorsement shall be made on such Global Security, by the Trustee or the Securities Custodian, at the direction of the Trustee, to reflect such reduction.

(h) Obligations with respect to Transfers and Exchanges of Definitive Securities.

(i) To permit registrations of transfers and exchanges, the Company shall execute and the Trustee shall authenticate Definitive Securities and Global Securities at the Registrar's or co-Registrar's request.

(ii) No service charge shall be made for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax, assessments, or similar governmental charge payable in connection therewith (other than any such transfer taxes, assessments, or similar governmental charge payable upon exchanges or transfers pursuant to Section 2.2 (fourth paragraph), 2.10, 3.7, 9.5, or 10.1 (final paragraph)).

(iii) The Registrar or co-Registrar shall not be required to register the transfer of or exchange of (a) any Definitive Security selected for redemption in whole or in part pursuant to Article III, except the unredeemed portion of any Definitive Security being redeemed in part, or (b) any Security for a period beginning 15 days before the mailing of a notice of an offer to repurchase pursuant to Article X hereof or the mailing of a notice of redemption of Securities pursuant to Article III hereof and ending at the close of business on the day of such mailing.

SECTION 2.7. Replacement Securities.

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If a mutilated Security is surrendered to the Trustee or if the Holder of a Security claims and submits an affidavit or other evidence, satisfactory to the Trustee, to the Trustee to the effect that the Security has been lost, destroyed or wrongfully taken, the Company shall issue and the Trustee shall authenticate a replacement Security if the Trustee's requirements are met. If required by the Trustee or the Company, such Holder must provide an indemnity bond or other indemnity, sufficient in the judgment of both the Company and the Trustee, to protect the Company, the Trustee or any Agent from any loss which any of them may suffer if a Security is replaced. The Company may charge such Holder for its reasonable, out-of-pocket expenses in replacing a Security.

Every replacement Security is an additional obligation of the Company.

SECTION 2.8. Outstanding Securities.

Securities outstanding at any time are all the Securities that have been authenticated by the Trustee (including any Security represented by a Global Security) except those cancelled by it, those delivered to it for cancellation, those reductions in the beneficial interests in a Global Security effected by the Trustee hereunder and those described in this Section 2.8 as not outstanding. A Security does not cease to be outstanding because the Company or an Affiliate of the Company holds the Security, except as provided in Section 2.9.

If a Security is replaced pursuant to Section 2.7 (other than a mutilated Security surrendered for replacement), it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Security is held by a bona fide purchaser. A mutilated Security ceases to be outstanding upon surrender of such Security and replacement thereof pursuant to Section 2.7.

If on a Redemption Date the Paying Agent (other than the Company or an Affiliate of the Company) holds Cash sufficient to pay all of the principal and interest due on the Securities payable on that date in accordance with Section 3.6 hereof and payment of the Securities called for redemption is not otherwise prohibited pursuant to Article XI hereof or otherwise, then on and after that date such Securities cease to be outstanding and interest on them ceases to accrue.

SECTION 2.9. Treasury Securities.

In determining whether the Holders of the required principal amount of Securities have concurred in any direction, amendment, supplement, waiver or consent, Securities owned by the Company or an Affiliate of the Company shall be disregarded, except that, for the purposes of determining whether the Trustee shall be protected in relying on any such direction, amendment, supplement, waiver or consent, only Securities that the Trustee knows are so owned shall be disregarded.

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SECTION 2.10. Temporary Securities.

Until Definitive Securities are ready for delivery, the Company may prepare and the Trustee shall authenticate temporary Securities. Temporary Securities shall be substantially in the form of Definitive Securities but may have variations that the Company reasonably and in good faith considers appropriate for temporary Securities. Without unreasonable delay, the Company shall prepare and the Trustee shall authenticate Definitive Securities in exchange for temporary Securities. Until so exchanged, the temporary Securities shall in all respects be entitled to the same benefits under this Indenture as permanent Securities authenticated and delivered hereunder.

SECTION 2.11. Cancellation.

The Company at any time may deliver Securities to the Trustee for cancellation. The Registrar and the Paying Agent shall forward to the Trustee any Securities surrendered to them for transfer, exchange or payment. The Trustee, or at the direction of the Trustee, the Registrar or the Paying Agent (other than the Company or an Affiliate of the Company), and no one else, shall cancel and, at the written direction of the Company, shall dispose of all Securities surrendered for transfer, exchange, payment or cancellation. Subject to Section 2.7, the Company may not issue new Securities to replace Securities that have been paid or delivered to the Trustee for cancellation. No Securities shall be authenticated in lieu of or in exchange for any Securities cancelled as provided in this Section 2.11, except as expressly permitted in the form of Securities and as permitted by this Indenture.

SECTION 2.12. Defaulted Interest.

Interest on any Security which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the person in whose name that Security (or one or more predecessor Securities) is registered at the close of business on the Record Date for such interest.

Any interest on any Security which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date plus, to the extent lawful, any interest payable on the defaulted interest (herein called "Defaulted Interest") shall forthwith cease to be payable to the registered holder on the relevant Record Date, and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in clause (1) or (2) below:

(1) The Company may elect to make payment of any Defaulted Interest to the persons in whose names the Securities (or their respective predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest

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proposed to be paid on each Security and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of Cash equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such Cash when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as provided in this clause (1). Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder at his address as it appears in the Security register not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record

Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the persons in whose names the Securities (or their respective predecessor Securities) are registered on such Special Record Date and shall no longer be payable pursuant to the following clause (2).

(2) The Company may make payment of any Defaulted Interest in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this clause, such manner shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section 2.12, each Security delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

ARTICLE III REDEMPTION

SECTION 3.1. Right of Redemption.

Redemption of Securities, as permitted by any provision of this Indenture, shall be made in accordance with Paragraph 5 of the Securities and this Article III. The Company will not have the right to redeem any Securities prior to _____, 2000. At any time on or after _____, 2000, upon no less than 30 nor more than 60 days' notice to

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each Holder of Notes, the Company will have the right to redeem all or any part of the Securities at the Redemption Prices specified in Paragraph 5 therein under the caption "Redemption," in each case (subject to the right of Holders, as provided in Section 3.5, to receive interest due on an Interest Payment Date that is on or prior to such Redemption Date) together with accrued and unpaid interest, if any, to the Redemption Date.

SECTION 3.2. Notices to Trustee.

If the Company elects to redeem Securities pursuant to Paragraph 5 of the Securities, it shall notify the Trustee in writing of the Redemption Date and the principal amount of Securities to be redeemed and whether it wants the Trustee to give notice of redemption to the Holders.

If the Company elects to reduce the principal amount of Securities to be redeemed pursuant to Paragraph 5 of the Securities by crediting against any such redemption Securities it has not previously delivered to the Trustee for cancellation, it shall so notify the Trustee of the amount of the reduction and deliver such Securities with such notice.

The Company shall give each notice to the Trustee provided for in this Section 3.2 at least 45 days before the Redemption Date (unless a shorter notice shall be satisfactory to the Trustee). Any such notice may be cancelled at any time prior to notice of such redemption being mailed to any Holder and shall thereby be void and of no effect.

SECTION 3.3. Selection of Securities to Be Redeemed.

If less than all of the Securities are to be redeemed pursuant to Paragraph 5 thereof, the Trustee shall select the Securities to be redeemed on a pro rata basis, by lot or by such other method as the Trustee shall determine to be fair and appropriate and in such manner as complies with any applicable depositary, legal and stock exchange requirements.

The Trustee shall make the selection from the Securities outstanding and not previously called for redemption and shall promptly notify the Company in writing of the Securities selected for redemption and, in the case of any Security selected for partial redemption, the principal amount thereof to be redeemed. Securities in denominations of \$1,000 may be redeemed only in whole. The Trustee may select for redemption portions (equal to \$1,000 or any integral multiple thereof) of the principal of Securities that have denominations larger than \$1,000. Provisions of this Indenture that apply to Securities called for redemption also apply to portions of Securities called for redemption.

SECTION 3.4. Notice of Redemption.

At least 30 days but not more than 60 days before a Redemption Date, the Company shall mail a notice of redemption by first-class mail, postage prepaid, to the Trustee and

each Holder whose Securities are to be redeemed. At the Company's written request to the Trustee not less than 75 days prior to the Redemption Date, in the case of a partial redemption, and not less than 45 days prior to the Redemption Date in the case of a total redemption (unless a shorter notice shall be satisfactory to the Trustee), the Trustee shall give the notice of redemption in the Company's name and at the Company's expense. Each notice for redemption shall identify the Securities to be redeemed and shall state:

- (1) the Redemption Date, and that the Securities called for redemption may not be converted after the Business Day prior to the Redemption Date;
- (2) the Redemption Price, plus the amount of accrued and unpaid interest, if any, to be paid upon such redemption;
- (3) the name and address of the Paying Agent;
- (4) that Securities called for redemption must be surrendered to the Paying Agent at the address specified in such notice to collect the Redemption Price;
- (5) that, unless (a) the Company defaults in its obligation to deposit Cash with the Paying Agent in accordance with Section 3.6 hereof or (b) such redemption payment is prohibited pursuant to Article XI hereof or otherwise, interest on Securities called for redemption ceases to accrue on and after the Redemption Date and the only remaining right of the Holders of such Securities is to receive payment of the Redemption Price, plus accrued and unpaid interest, if any, to the Redemption Date, upon surrender to the Paying Agent of the Securities called for redemption and to be redeemed;
- (6) if any Security is being redeemed in part, the portion of the principal amount, equal to \$1,000 or any integral multiple thereof, of such Security to be redeemed and that, after the Redemption Date, and upon surrender of such Security, a new Security or Securities in aggregate principal amount equal to the unredeemed portion thereof will be issued;
- (7) if less than all the Securities are to be redeemed, the identification of the particular Securities (or portion thereof) to be redeemed, as well as the aggregate principal amount of such Securities to be redeemed and the aggregate principal amount of Securities to be outstanding after such partial redemption;
- (8) the CUSIP number of the Securities to be redeemed; and

- (9) that the notice is being sent pursuant to this Section 3.4 and pursuant to the redemption provisions of Paragraph 5 of the Securities.

If any of the Securities to be redeemed is in the form of a Global Security, then the Company shall modify such notice to the extent necessary to accord with the procedures of the Depository applicable to redemptions.

SECTION 3.5. Effect of Notice of Redemption.

Once notice of redemption is mailed in accordance with Section 3.4, Securities called for redemption become due and payable on the Redemption Date and at the Redemption Price, plus accrued and unpaid interest, if any, to the Redemption Date. Upon surrender to the Trustee or Paying Agent, such Securities called for redemption shall be paid at the Redemption Price, plus accrued and unpaid interest, if any, to the Redemption Date; provided that if the Redemption Date is after a Record Date and on or prior to the corresponding Interest Payment Date, the accrued interest to the Redemption Date, if any, shall be payable to the Holder of the redeemed Securities registered on such Record Date; and provided, further, that if a Redemption Date is a Legal Holiday, payment shall be made on the next succeeding Business Day and no interest shall accrue for the period from such Redemption Date to such succeeding Business Day.

SECTION 3.6. Deposit of Redemption Price.

On or prior to the Redemption Date, the Company shall deposit with the Paying Agent (or, if the Company or an Affiliate thereof is acting as Paying Agent, segregate and hold in trust as provided in Section 2.3) Cash sufficient to pay the Redemption Price of, plus accrued and unpaid interest on, all Securities to be redeemed on such Redemption Date (other than Securities or portions thereof called for redemption on that date that have been delivered by the Company to the Trustee for cancellation). The Paying Agent shall promptly return to the Company any Cash so deposited which is not required for that purpose upon the written request of the Company.

If the Company complies with the preceding paragraph and the other provisions of this Article III and payment of the Securities called for redemption is not prohibited under Article XI or otherwise, interest on the Securities to be redeemed will cease to accrue on the applicable Redemption Date, whether or not such Securities are presented for payment. Notwithstanding anything herein to the contrary, if any Security surrendered for redemption in the manner provided in the Securities shall not be so paid upon surrender for redemption because of the failure of the Company to comply with the preceding paragraph, interest shall continue to accrue and be paid from the Redemption Date until such payment is made on the unpaid principal, and, to the extent lawful, on any interest not paid on such unpaid principal, in each case at the rate and in the manner provided in Section 4.1 hereof and in the Security.

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SECTION 3.7. Securities Redeemed in Part.

Upon surrender of a Security that is to be redeemed in part, the Company shall execute and the Trustee shall authenticate and deliver to the Holder, without service charge to the Holder, a new Security or Securities equal in principal amount to the unredeemed portion of the Security surrendered.

ARTICLE IV COVENANTS

SECTION 4.1. Payment of Principal and Interest on Securities.

The Company shall pay the principal of and interest on the Securities on the dates and in the manner provided in the Securities. An installment of principal of or interest on the Securities shall be considered paid on the date it is due if the Trustee or Paying Agent (other than the Company or an Affiliate of the Company) holds for the benefit of the Holders, on or before 10:00 a.m. New York City time on that date, Cash deposited and designated for and sufficient to pay the installment.

The Company shall pay interest on overdue principal and on overdue installments of interest at the rate specified in the Securities compounded semi-annually, to the extent lawful.

SECTION 4.2. Maintenance of Office or Agency.

The Company shall maintain in the Borough of Manhattan, The City of New York, an office or agency where Securities may be presented or surrendered for payment, where Securities may be surrendered for registration of transfer or exchange and for conversion and where notices and demands to or upon the Company in respect of the Securities and this Indenture may be served. The Company shall give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the address of the Trustee set forth in Section 13.2.

The Company may also from time to time designate one or more other offices or agencies where the Securities may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in the Borough of Manhattan, The City of New York, for such purposes. The Company shall give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or

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agency. The Company hereby initially designates the corporate trust office of the Trustee in Dallas, Texas, as such office.

SECTION 4.3. Corporate Existence.

Subject to Article V, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence and the rights (charter and statutory) and corporate franchises of the Company; provided, however, that the Company shall not be required to preserve any right or franchise if (a) the Company shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and (b) the loss thereof is not disadvantageous in any material respect to the Holders.

SECTION 4.4. Payment of Taxes.

Except with respect to immaterial items, the Company shall, and shall cause each of its Significant Subsidiaries to, pay or discharge or cause to be

paid or discharged, before the same shall become delinquent, all taxes, assessments and governmental charges (including withholding taxes and any penalties, interest and additions to taxes) levied or imposed upon the Company or any of its Significant Subsidiaries or any of their respective properties and assets; provided, however, that neither the Company nor any Significant Subsidiary shall be required to pay or discharge or cause to be paid or discharged any such tax, assessment or charge whose amount, applicability or validity is being contested in good faith by appropriate proceedings or if the failure to effect such payment or discharge is not adverse in any material respect to the Holders.

SECTION 4.5. [Intentionally omitted.]

SECTION 4.6. Compliance Certificate; Notice of Default.

(a) The Company shall deliver to the Trustee within 120 days after the end of its fiscal year an Officers' Certificate complying with Section 314(a)(4) of the TIA and stating that a review of its activities and the activities of its Significant Subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officers with a view to determining whether the Company has kept, observed, performed and fulfilled its obligations under this Indenture and further stating, as to each such Officer signing such certificate, whether or not the signer knows of any failure by the Company to comply with any conditions or covenants in this Indenture and, if such signer does know of such a failure to comply, the certificate shall describe such failure with particularity. The Officers' Certificate shall also notify the Trustee should the relevant fiscal year end on any date other than the current fiscal year end date.

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(b) The Company shall, so long as any of the Securities are outstanding, deliver to the Trustee, promptly upon becoming aware of any Default, Event of Default or fact which would prohibit the making of any payment to or by the Trustee in respect of the Securities, an Officers' Certificate specifying such Default, Event of Default or fact and what action the Company is taking or proposes to take with respect thereto. The Trustee shall not be deemed to have knowledge of any Default, any Event of Default or any such fact unless one of its Trust Officers receives notice thereof from the Company or any of the Holders.

SECTION 4.7. Reports.

Whether or not the Company is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, the Company shall deliver to the Trustee and to each Holder, within 15 days after it is or would have been required to file such with the SEC, annual and quarterly consolidated financial statements substantially equivalent to financial statements that would have been included in reports filed with the SEC if the Company was subject to the requirements of Section 13 or 15(d) of the Exchange Act, including, with respect to annual information only, a report thereon by the Company's certified independent public accountants as such would be required in such reports to the SEC and, in each case, together with a management's discussion and analysis of financial condition and results of operations which would be so required.

SECTION 4.8. [Intentionally omitted.]

SECTION 4.9. Waiver of Stay, Extension or Usury Laws.

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law or any usury law or other law which would prohibit or forgive the Company from paying all or any portion of the principal of or premium or interest on the Securities as contemplated herein, wherever enacted, now or at any time hereafter in force, or which may affect the covenants or the performance of this Indenture; and (to the extent that it may lawfully do so) the Company hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE V SUCCESSOR CORPORATION

SECTION 5.1. Limitation on Merger, Sale or Consolidation.

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(a) The Company shall not, directly or indirectly, consolidate with or merge with or into another Person or sell, lease, convey or transfer all or substantially all of its assets (computed on a consolidated basis), whether in a single transaction or a series of related transactions, to

another Person or group of affiliated Persons, unless (i) either (a) in the case of a merger or consolidation, the Company is the surviving entity or (b) the resulting, surviving or transferee entity is a corporation organized under the laws of the United States, any state thereof or the District of Columbia and expressly assumes by supplemental indenture all of the obligations of the Company in connection with the Securities and the Indenture; (ii) no Default or Event of Default shall exist or shall occur immediately before or after giving effect on a pro forma basis to such transaction; (iii) the resulting, surviving or transferee entity immediately thereafter has a Consolidated Net Worth no less than that of the Company immediately prior thereto; and (iv) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and, if a supplemental indenture is required, such supplemental indenture comply with the Indenture and that all conditions precedent relating to such transactions have been satisfied.

(b) For purposes of clause (a) of this Section 5.1, the sale, lease, conveyance, assignment or transfer of all or substantially all of the properties and assets of one or more Subsidiaries of the Company, which properties and assets, if held by the Company instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Company on a consolidated basis, shall be deemed to be the sale, lease, conveyance, assignment or transfer of all or substantially all of the properties and assets of the Company.

SECTION 5.2. Successor Corporation Substituted.

Upon any consolidation or merger or any sale, lease, conveyance or transfer of all or substantially all of the assets of the Company in accordance with the foregoing, the successor corporation formed by such consolidation or into which the Company is merged or to which such sale, lease, conveyance or transfer is made, shall succeed to, and be substituted for, and may exercise every right and power of, the Company under the Indenture with the same effect as if such successor corporation had been named therein as the Company, and when a successor corporation duly assumes all of the obligations of the Company pursuant here to and pursuant to the Securities, the predecessor shall be released from such obligations (except with respect to any obligations that arise from or as a result of such transaction).

ARTICLE VI EVENTS OF DEFAULT AND REMEDIES

SECTION 6.1. Events of Default.

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"Event of Default," wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it shall be caused voluntarily or involuntarily or effected, without limitation, by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(1) failure by the Company to pay any installment of interest on the Securities as and when due and payable, or failure by the Company to perform any conversion of the Securities required under this Indenture, and the continuance of such failure for a period of 30 days, whether or not such payment or conversion is prohibited by Article XI;

(2) failure by the Company to pay all or any part of the principal of or premium, if any, on the Securities when and as the same become due and payable at maturity, redemption, by acceleration or otherwise, including, without limitation, default in the payment of the Repurchase Price on the Repurchase Date in accordance with Article X, whether or not such payment is prohibited by Article XI;

(3) failure by the Company to observe or perform any covenant or agreement contained in the Securities or this Indenture (other than a default in the performance of any covenant or agreement which is specifically dealt with elsewhere in this Section 6.1), and continuance of such failure for a period of 60 days after there has been given, by registered or certified mail, to the Company by the Trustee, or to the Company and the Trustee by Holders of at least 25% in aggregate principal amount of the then outstanding Securities, a written notice specifying such default or breach, requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder;

(4) a default under Indebtedness of the Company or any of its Significant Subsidiaries with an aggregate principal amount in excess of \$7,500,000 (a) resulting from the failure to pay principal, premium or interest when due that extends beyond any stated period of grace applicable thereto or (b) as a result of which the maturity of such Indebtedness has been accelerated prior to its stated

maturity;

(5) a decree, judgment, or order by a court of competent jurisdiction shall have been entered adjudging the Company or any of its Significant Subsidiaries as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization of the Company or any of its Significant Subsidiaries under any Bankruptcy Law; or a decree or order of a court of competent jurisdiction over the appointment of a Custodian of the Company, any of its Significant Subsidiaries, or of the property of any such Person, or for the winding up or liquidation of the

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affairs of any such Person, shall have been entered and in each case such decree, judgment or order remains unstayed and in effect for 60 consecutive days;

(6) the Company or any of its Significant Subsidiaries shall institute proceedings to be adjudicated a voluntary bankrupt, or shall consent to the filing of a bankruptcy proceeding against it, or shall file a petition or answer or consent seeking reorganization under any bankruptcy or similar law or similar statute, or shall consent to the filing of any such petition, or shall consent to the appointment of a Custodian of it or any of its assets or property, or shall make a general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due, or shall, within the meaning of any Bankruptcy Law, become insolvent, fail generally to pay its debts as they become due, or take any corporate action in furtherance of or to facilitate, conditionally or otherwise, any of the foregoing; or

(7) final unsatisfied judgments not covered by insurance (including self-insurance), or the issuance of any warrant of attachment against any portion of the property or assets of the Company or any of its Significant Subsidiaries, aggregating in excess of \$10,000,000 at any one time shall have been rendered against the Company or any of its Subsidiaries and not have been stayed, bonded or discharged for a period (during which execution shall not be effectively stayed) of 60 days (or, in the case of any such final judgment which provides for payment over time, which shall so remain unstayed, unbonded or undischarged beyond any applicable payment date provided therein).

Notwithstanding the 60 day period and notice requirement contained in Section 6.1(3) above, with respect to a default under Article X the 60 day period referred to in Section 6.1(3) shall be deemed to have begun as of the date the Change of Control notice is required to be sent in the event that the Company has not complied with the provisions of Section 10.1 and the Trustee or Holders of at least 25% in aggregate principal amount of the outstanding Securities thereafter give the Notice of Default referred to in Section 6.1(3) to the Company and, if applicable, the Trustee; provided, however, that if the breach or default is a result of a default in the payment when due of the Repurchase Price on the Repurchase Date, such Event of Default shall be deemed, for purposes of this Section 6.1, to arise no later than on the Repurchase Payment Date.

If a Default occurs and is continuing, the Trustee shall, within 90 days after the occurrence of such default, give to the Holders notice of such default.

SECTION 6.2. Acceleration of Maturity Date; Rescission and Annulment.

If an Event of Default (other than an Event of Default specified in Section 6.1(5) or (6) relating to the Company or any of its Significant Subsidiaries) occurs and is continuing,

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then, and in every such case, unless the principal of all of the Securities shall have already become due and payable, either the Trustee or the Holders of not less than 25% in aggregate principal amount of then outstanding Securities, by a notice in writing to the Company (and to the Trustee if given by Holders) (an "Acceleration Notice"), may declare all of the principal of the Securities (or the Repurchase Price if the Event of Default includes failure to pay the Repurchase Price, determined as set forth below), including in each case accrued interest thereon, to be due and payable immediately. If an Event of Default specified in Section 6.1(5) or (6) relating to the Company or any Significant Subsidiary occurs, all principal and accrued interest thereon will be immediately due and payable on all outstanding Securities without any declaration or other act on the part of Trustee or the Holders.

At any time after such a declaration of acceleration has been made and before a judgment or decree for payment of the money due has been obtained by

the Trustee as hereinafter provided in this Article VI, the Holders of no less than a majority in aggregate principal amount of then outstanding Securities, by written notice to the Company and the Trustee, may rescind, on behalf of all Holders, any such declaration of acceleration if:

- (1) the Company has paid or deposited with the Trustee Cash sufficient to pay
 - (A) all overdue interest on all Securities,
 - (B) the principal of (and premium, if any, applicable to) any Securities which would then be due otherwise than by such declaration of acceleration, and interest thereon at the rate borne by the Securities,
 - (C) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate borne by the Securities,
 - (D) all sums paid or advanced by the Trustee hereunder and the compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and
- (2) all Events of Default, other than the non-payment of the principal of and premium, if any, and interest on Securities that have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 6.12, including, if applicable, any Event of Default relating to the covenants contained in Section 10.1.

Notwithstanding the previous sentence of this Section 6.2, no waiver shall be effective against any Holder for any Event of Default or event which with notice or lapse of time or

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both would be an Event of Default with respect to any covenant or provision which cannot be modified or amended without the consent of the Holder of each outstanding Security affected thereby, unless all such affected Holders agree, in writing, to waive such Event of Default or other event. No such waiver shall cure or waive any subsequent Default or Event of Default or impair any right consequent thereon.

SECTION 6.3. Collection of Indebtedness and Suits for Enforcement by Trustee.

The Company covenants that if an Event of Default in payment of principal, premium or interest specified in clause (1) or (2) of Section 6.1 occurs and is continuing, the Company shall, upon demand of the Trustee, pay to it, for the benefit of the Holders of such Securities, the whole amount then due and payable on such Securities for principal, premium (if any), interest and, to the extent that payment of such interest shall be legally enforceable, interest on any overdue principal (and premium, if any) and on any overdue interest, at the rate borne by the Securities, and, in addition thereto, such further amount as shall be sufficient to cover the reasonable costs and expenses of collection, including reasonable compensation to, and expenses, disbursements and advances of the Trustee, its agents and counsel.

If the Company fails to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust in favor of the Holders, may institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree and may enforce the same against the Company or any other obligor upon the Securities and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Company or any other obligor upon the Securities, wherever situated.

If an Event of Default occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders by such appropriate judicial proceedings as the Trustee shall deem most effective to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

SECTION 6.4. Trustee May File Proofs of Claim.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or any other obligor upon the Securities or the property of the Company or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Securities shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company for the payment of overdue principal or interest) shall be entitled

and empowered,

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by intervention in such proceeding or otherwise to take any and all actions under the TIA, including

(1) to file and prove a claim for the whole amount of principal (and premium, if any) and interest owing and unpaid in respect of the Securities and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agent and counsel) and of the Holders allowed in such judicial proceeding; and

(2) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.7.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment, or composition affecting the Securities or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

SECTION 6.5. Trustee May Enforce Claims Without Possession of Securities.

All rights of action and claims under this Indenture or the Securities may be prosecuted and enforced by the Trustee without the possession of any of the Securities or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust in favor of the Holders, and any recovery of judgment shall, after provision for the payment of compensation to, and expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Securities in respect of which such judgment has been recovered.

SECTION 6.6. Priorities.

Any money collected by the Trustee pursuant to this Article VI shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal, premium (if any) or interest, upon presentation of the

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Securities and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: To the Trustee in payment of all amounts due pursuant to Section 7.7;

SECOND: To the holders of Senior Indebtedness to the extent provided in Article XI;

THIRD: To the Holders in payment of the amounts then due and unpaid for principal of and premium (if any) and interest on the Securities in respect or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities for principal, premium (if any) and interest, respectively; and

FOURTH: To whomsoever may be lawfully entitled thereto, the remainder, if any.

SECTION 6.7. Limitation on Suits.

No Holder of any Security shall have any right to order or direct the Trustee to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(A) such Holder has previously given written notice to the Trustee of a continuing Event of Default;

(B) the Holders of not less than 25% in aggregate principal amount of then outstanding Securities shall have made

written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(C) such Holder or Holders have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities to be incurred or reasonably probable to be incurred in compliance with such request;

(D) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(E) no direction inconsistent with such written request has been given to the Trustee during such 60 day period by the Holders of a majority in aggregate principal amount of then outstanding Securities;

it being understood and intended that no one or more Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Holders, or to obtain or to seek to obtain priority

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or preference over any other Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all the Holders.

SECTION 6.8. Unconditional Right of Holders to Receive Principal, Premium and Interest.

Notwithstanding any other provision of this Indenture, the Holder of any Security shall have the right, which is absolute and unconditional, to receive payment of the principal of and premium (if any) and interest on such Security when due (including, in the case of redemption, the Redemption Price on the applicable Redemption Date, and in the case of the Repurchase Price, on the applicable Repurchase Date) and to institute suit for the enforcement of any such payment after such respective dates, and such rights shall not be impaired without the consent of such Holder.

SECTION 6.9. Rights and Remedies Cumulative.

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities in Section 2.7, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 6.10. Delay or Omission Not Waiver.

No delay or omission by the Trustee or by any Holder of any Security to exercise any right or remedy arising upon any Event of Default shall impair the exercise of any such right or remedy or constitute a waiver of any such Event of Default. Every right and remedy given by this Article VI or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

SECTION 6.11. Control by Holders.

The Holder or Holders of no less than a majority in aggregate principal amount of then outstanding Securities shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee, provided, that

(1) such direction shall not be in conflict with any rule of law or with this Indenture,

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(2) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the Holders not taking part in such direction, and

(3) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

SECTION 6.12. Waiver of Past Default.

Subject to Section 6.8, the Holder or Holders of not less than a majority in aggregate principal amount of then outstanding Securities may, on behalf of all Holders, prior to the declaration of acceleration of the maturity of the Securities, waive any past default hereunder and its consequences, except a default

(A) in the payment of the principal of or premium (if any) or interest on any Security not yet cured as specified in clauses (1) and (2) of Section 6.1, or

(B) in respect of a covenant or provision hereof which, under Article IX, cannot be modified or amended without the consent of the Holder of each outstanding Security affected.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair the exercise of any right arising there from.

SECTION 6.13. Undertaking for Costs.

All parties to this Indenture agree, and each Holder of any Security by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted to be taken by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section 6.13 shall not apply to any suit instituted by the Company, to any suit instituted by the Trustee, to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in aggregate principal amount of then outstanding Securities, or to any suit instituted by any Holder for enforcement of the payment of principal of or premium (if any) or interest on any Security on or after the respective Stated Maturity of such Security (including, in the case of redemption, on or after the Redemption Date).

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SECTION 6.14. Restoration of Rights and Remedies.

If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every case, subject to any determination in such proceeding, the Company, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

ARTICLE VII TRUSTEE

The Trustee hereby accepts the trust imposed upon it by this Indenture and covenants and agrees to perform the same, as herein expressed.

SECTION 7.1. Duties of Trustee.

(a) If a Default or an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(b) Except during the continuance of a Default or an Event of Default:

(1) The Trustee need perform only those duties as are specifically set forth in this Indenture and no others, and no covenants or obligations shall be implied in or read into this Indenture which are adverse to the Trustee.

(2) In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture.

(c) The Trustee may not be relieved from liability for

its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) This paragraph does not limit the effect of paragraph (b) of this Section 7.1.

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(2) The Trustee shall not be liable for any error of judgment made in good faith by a Trust Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts.

(3) The Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.11.

(d) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or to take or omit to take any action under this Indenture or at the request, order or direction of the Holders or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(e) Every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b), (c), (d) and (f) of this Section 7.1.

(f) The Trustee shall not be liable for interest on any assets received by it except as the Trustee may agree in writing with the Company. Assets held in trust by the Trustee need not be segregated from other assets except to the extent required by law.

SECTION 7.2. Rights of Trustee.

Subject to Section 7.1:

(a) The Trustee may rely on any document believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may consult with counsel and may require an Officers' Certificate or an Opinion of Counsel, which shall conform to Sections 13.4 and 13.5. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such certificate or advice of counsel.

(c) The Trustee may act through its attorneys and agents and shall not be responsible for the misconduct or negligence of any agent appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers conferred upon it by this Indenture.

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(e) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, notice, request, direction, consent, order, bond, debenture, or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit.

(f) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Holders, pursuant to the provisions of this Indenture, unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby.

(g) Unless otherwise specifically provided for in this Indenture, any demand, request, direction or notice from the Company shall be sufficient if signed by an Officer of the Company.

(h) The Trustee shall have no duty to inquire as to the performance of the Company's covenants in Article IV hereof. In addition, the Trustee shall not be deemed to have knowledge of any Default or Event of Default except (i) any Event of Default occurring pursuant to Sections 6.1(1) or 6.1(2) or 5.1, or (ii) any Default or Event of Default of which the Trustee shall have received written notification or obtained actual knowledge.

SECTION 7.3. Individual Rights of Trustee.

The Trustee in its individual or any other capacity may become the owner or pledgee of Securities and may otherwise deal with the Company, any of its Subsidiaries, or their respective Affiliates with the same rights it would have if it were not Trustee. Any Agent may do the same with like rights. However, the Trustee must comply with Sections 7.10 and 7.11.

SECTION 7.4. Trustee's Disclaimer.

The Trustee makes no representation as to the validity or adequacy of this Indenture or the Securities and it shall not be accountable for the Company's use of the proceeds from the Securities, and it shall not be responsible for any statement in the Securities, other than the Trustee's certificate of authentication, or the use or application of any funds received by a Paying Agent other than the Trustee.

SECTION 7.5. Notice of Default.

If a Default or an Event of Default occurs and is continuing and if it is known to the Trustee, the Trustee shall mail to each Securityholder notice of the uncured Default or Event of Default within 90 days after such Default or Event of Default occurs. Except in the case

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of a Default or an Event of Default in payment of principal of or premium (if any) or interest on any Security (including the payment of the Repurchase Price on the Repurchase Date and the payment of the Redemption Price on the Redemption Date), the Trustee may withhold the notice if and so long as a Trust Officer in good faith determines that withholding the notice is in the interest of the Securityholders.

SECTION 7.6. Reports by Trustee to Holders.

Within 60 days after each July 1 beginning with July 1, 1998, the Trustee shall, if required by law, mail to each Securityholder as their names and addresses appear on the Company's register of Securities, a brief report dated as of such July 1 that complies with TIA Section 313(a) with respect to any of the following events which may have occurred within the previous twelve months (but if no such event has occurred within such period no report need be transmitted):

- (1) any change to its eligibility and its qualifications under TIA Section 310;
- (2) the creation of or any material change to a relationship specified in paragraphs (1) through (10) of TIA Section 310(b);
- (3) the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof) made by the Trustee (as such) which remain unpaid on the date of such report, and for the reimbursement of which it claims or may claim a lien or charge, prior to that of the Securities, on any property or funds held or collected by it as Trustee, except that the Trustee shall not be required (but may elect) to report such advances if such advances so remaining unpaid aggregate not more than 1/2 of 1% of the principal amount of the security outstanding on the date of such report;
- (4) the amount, interest rate and maturity date of all other indebtedness owing by the Company (or by any other obligor on the Securities) to the Trustee in its individual capacity, on the date of such report, with a brief description of any property held as collateral security there for, except an indebtedness based upon a creditor relationship arising in any manner described in paragraphs (2), (3), (4) or (6) of TIA Section 311(b);
- (5) any change to the property and funds, if any, physically in the possession of the Trustee (as such) on the date of such report;
- (6) any change to any release, or release and substitution, of property subject to the lien of the Indenture (and the consideration therefor, if any) which has not been previously reported;

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- (7) any additional issue of Securities which the Trustee has not previously reported; and
- (8) any action taken by the Trustee in the performance of its duties hereunder which it has not previously reported

and which in its opinion materially affects the Securities, except action in respect of a default, notice of which has been or is to be withheld by the Trustee in accordance with an Indenture provision authorized by TIA Section 315(b).

(b) The Trustee shall transmit by mail to all Securityholders, as their names and addresses appear on the Company's register of Securities, a brief report with respect to the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof) made by the Trustee (as such) since the date of the last report transmitted pursuant to Subsection 7.6(a) hereof (or if no such report has yet been so transmitted, since the date of execution of this instrument) for the reimbursement of which it claims or may claim a lien or charge, prior to that of the Securities, on property or funds held or collected by it as Trustee and which it has not previously reported pursuant to this Subsection, except that the Trustee shall not be required (but may elect) to report such advances if such advances remaining unpaid at any time aggregate 10% or less of the principal amount of the Securities outstanding at such time, such report to be transmitted within 90 days of such time.

(c) A copy of each such report shall, at the time of such transmission to Securityholders, be filed by the Trustee with each stock exchange upon which the Securities are listed, with the SEC and with the Company. The Company will promptly notify the Trustee when the Securities are listed on any stock exchange. The Trustee also shall comply with TIA Sections 313(b) and 313(c).

SECTION 7.7. Compensation and Indemnity.

The Company agrees to pay to the Trustee from time to time reasonable compensation for its services. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the Trustee upon request for all reasonable disbursements, expenses and advances incurred or made by it. Such expenses shall include the reasonable compensation, disbursements and expenses of the Trustee's agents, accountants, experts and counsel.

The Company agrees to indemnify the Trustee (in its capacity as Trustee) and each of its officers, directors, attorneys-in-fact and agents for, and hold it harmless against, any claim, demand, expense (including but not limited to reasonable compensation, disbursements and expenses of the Trustee's agents and counsel), loss or liability incurred by it without negligence or bad faith on its part, arising out of or in connection with the administration of this trust and its rights or duties hereunder including the reasonable costs

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and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder. The Trustee shall notify the Company promptly of any claim asserted against the Trustee for which it may seek indemnity. The Company shall defend the claim and the Trustee shall provide reasonable cooperation at the Company's expense in the defense. The Trustee may have separate counsel and the Company shall pay the reasonable fees and expenses of such counsel; provided, however, that the Company will not be required to pay such fees and expenses if it assumes the Trustee's defense and there is no conflict of interest between the Company and the Trustee in connection with such defense. The Company need not pay for any settlement made without its written consent. The Company need not reimburse any expense or indemnify against any loss or liability to the extent incurred by the Trustee through its negligence, bad faith or willful misconduct.

To secure the Company's payment obligations in this Section 7.7, the Trustee shall have a lien prior to the Securities on all assets held or collected by the Trustee, in its capacity as Trustee, except assets held in trust to pay principal and premium, if any, of or interest on particular Securities.

When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.1(5) or (6) occurs, the expenses and the compensation for the services are intended to constitute expenses of administration under any Bankruptcy Law.

The Company's obligations under this Section 7.7 and any lien arising hereunder shall survive the resignation or removal of the Trustee, the discharge of the Company's obligations pursuant to Article VIII of this Indenture and any rejection or termination of this Indenture under any Bankruptcy Law.

SECTION 7.8. Replacement of Trustee.

The Trustee may resign by so notifying the Company in writing. The Holder or Holders of a majority in aggregate principal amount of then outstanding Securities may remove the Trustee by so notifying the Company and the Trustee in writing and may appoint a successor trustee with the Company's consent. The Company may remove the Trustee if:

- (a) the Trustee fails to comply with Section 7.10;
- (b) the Trustee is adjudged bankrupt or insolvent;
- (c) a Custodian takes charge of the Trustee or its property; or
- (d) the Trustee becomes incapable of acting.

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If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holder or Holders of a majority in aggregate principal amount of then outstanding Securities may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Immediately after that and provided that all sums owing to the retiring Trustee provided for in Section 7.7 have been paid, the retiring Trustee shall transfer all property held by it as trustee to the successor Trustee, subject to the lien provided in Section 7.7, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. A successor Trustee shall mail notice of its succession to each Holder.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company or the Holder or Holders of at least 10% in aggregate principal amount of then outstanding Securities may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee fails to comply with Section 7.10, any Securityholder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

Notwithstanding replacement of the Trustee pursuant to this Section 7.8, the Company's obligations under Section 7.7 shall continue for the benefit of the retiring Trustee.

SECTION 7.9. Successor Trustee by Merger, Etc.

If the Trustee consolidates with, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the resulting, surviving or transferee corporation without any further act shall, if such resulting, surviving or transferee corporation is otherwise eligible hereunder, be the successor Trustee. Such successor Trustee shall mail notice of its succession to the Company.

SECTION 7.10. Eligibility; Disqualification.

The Trustee shall at all times satisfy the requirements of TIA Section 310(a)(1), (2) and (5). The Trustee shall have a combined capital and surplus of at least (i) \$100,000,000 or (ii) at least \$2,500,000 and shall be a subsidiary of a bank holding company that shall have a combined capital and surplus of at least \$100,000,000, in each case as set forth in its most recent published annual report of condition. The Trustee shall comply with TIA Section 310(b).

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SECTION 7.11. Preferential Collection of Claims Against Company.

The Trustee shall comply with TIA Section 311(a), excluding any creditor relationship listed in TIA Section 311(b). A Trustee who has resigned or been removed shall be subject to TIA Section 311(a) to the extent indicated.

ARTICLE VIII SATISFACTION AND DISCHARGE

SECTION 8.1. Satisfaction and Discharge of Indenture.

The Company may terminate its obligations under this Indenture (subject to the provisions of this Article VIII) when it shall have delivered to the Trustee for cancellation all Securities theretofore authenticated (other than any Securities which shall have been destroyed, lost or stolen and which shall have been replaced or paid as provided in Article II hereof) and the following conditions shall be satisfied:

- (1) The Company has paid all sums payable under

the Indenture; and

(2) The Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel in the United States, each stating that all conditions precedent have been complied with as contemplated by this Section 8.1.

SECTION 8.2. Repayment to the Company.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of or premium, if any, or interest on any Security and remaining unclaimed for two years after such principal, premium, if any, or interest has become due and payable shall be paid to the Company on its request or (if then held by the Company or an Affiliate thereof) shall be discharged from such trust; and the Holder of such Security shall thereafter look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company or such Affiliate as trustee thereof, shall thereupon cease.

ARTICLE IX AMENDMENTS, SUPPLEMENTS AND WAIVERS

SECTION 9.1. Supplemental Indentures Without Consent of Holders.

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Without the consent of any Holder, the Company, when authorized by Board Resolutions, and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

- (1) to cure any ambiguity, defect, or inconsistency, or to make any other provisions with respect to matters or questions arising under this Indenture which shall not be inconsistent with the provisions of this Indenture, provided that such change does not adversely affect the rights of any Holder;
- (2) to create additional covenants of the Company for the benefit of the Holders, or to surrender any right or power herein conferred upon the Company or to make any other change that does not adversely affect the rights of any Holder;
- (3) to provide for collateral for or guarantors of the Securities;
- (4) to evidence the succession of another Person to the Company and the assumption by any such successor of the obligations of the Company herein and in the Securities in accordance with Article V; or
- (5) to comply with the TIA.

SECTION 9.2. Amendments, Supplemental Indentures and Waivers with Consent of Holders.

Subject to Section 6.8 and the last sentence of this paragraph, with the consent of the Holders of not less than a majority in aggregate principal amount of then outstanding Securities, by written act of said Holders delivered to the Company and the Trustee, the Company, when authorized by Board Resolutions, and the Trustee may amend or supplement this Indenture or the Securities or enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or the Securities or of modifying in any manner the rights of the Holders under this Indenture or the Securities. Subject to Section 6.8 and the last sentence of this paragraph, the Holder or Holders of not less than a majority in aggregate principal amount of then outstanding Securities may, in writing, waive compliance by the Company with any provision of this Indenture or the Securities. Notwithstanding any of the above, however, no such amendment, supplemental indenture or waiver shall, without the consent of the Holder of each outstanding Security affected thereby:

- (1) change the Stated Maturity of any Security or reduce the principal amount thereof or the rate (or extend the time for payment) of interest thereon or any premium payable upon the redemption thereof, or change the place of payment where, or

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the coin or currency in which, any Security or any premium or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment or the conversion of any Security on or after the due date thereof (including, in the case of redemption, on or after the Redemption Date), or reduce the Repurchase Price, or alter the Repurchase Offer or

redemption provisions in a manner adverse to the Holders;

(2) reduce the percentage in aggregate principal amount of the outstanding Securities, the consent of whose Holders is required for any such amendment, supplemental indenture or waiver provided for in the Indenture;

(3) modify any of the provisions of Article XII hereof in a manner adverse to such Holder or otherwise adversely affect the right of such Holder to convert Securities; or

(4) modify any of the waiver provisions, except to increase any required percentage or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the Holder of each outstanding Security affected thereby.

It shall not be necessary for the consent of the Holders under this Section 9.2 to approve the particular form of any proposed amendment, supplement or waiver, but it shall be sufficient if such consent approves the substance thereof.

After an amendment, supplement or waiver under this Section 9.2 becomes effective, the Company shall mail to the Holders affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture or waiver.

After an amendment, supplement or waiver under this Section 9.2 or Section 9.4 becomes effective, it shall bind each Holder.

In connection with any amendment, supplement or waiver under this Article IX, the Company may, but shall not be obligated to, offer to any Holder who consents to such amendment, supplement or waiver, or (at the option of the Company) to all Holders, consideration for consent to such amendment, supplement or waiver.

SECTION 9.3. Compliance with TIA.

Every amendment, waiver or supplement of this Indenture or the Securities shall comply with the TIA as then in effect.

SECTION 9.4. Revocation and Effect of Consents.

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Until an amendment, waiver or supplement becomes effective, a consent to it by a Holder is a continuing consent by the Holder and every subsequent Holder of a Security or portion of a Security that evidences the same debt as the consenting Holder's Security, even if notation of the consent is not made on any Security. However, any such Holder or subsequent Holder may revoke the consent as to his Security or portion of his Security by written notice to the Company or the Person designated by the Company as the Person to whom consents should be sent if such revocation is received by the Company or such Person before the date on which the Trustee receives an Officers' Certificate certifying that the Holders of the requisite principal amount of Securities have consented (and not theretofore revoked such consent) to the amendment, supplement or waiver.

The Company may, but shall not be obligated to, fix a record date for the purpose of determining the Holders entitled to consent to any amendment, supplement or waiver, which record date shall be the date so fixed by the Company notwithstanding the provisions of the TIA. If a record date is fixed, then notwithstanding the last sentence of the immediately preceding paragraph, those Persons who were Holders at such record date, and only those Persons (or their duly designated proxies), shall be entitled to revoke any consent previously given, whether or not such Persons continue to be Holders after such record date. No such consent shall be valid or effective for more than 90 days after such record date.

After an amendment, supplement or waiver becomes effective, it shall bind every Securityholder, unless it makes a change described in any of clauses (1) through (4) of Section 9.2, in which case, the amendment, supplement or waiver shall bind only each Holder of a Security who has consented to it and every subsequent Holder of a Security or portion of a Security that evidences the same debt as the consenting Holder's Security; provided, however, that any such waiver shall not impair or affect the right of any Holder to receive payment of principal of and premium (if any) and interest on a Security, on or after the respective dates set for such amounts to become due and payable expressed in such Security, or to bring suit for the enforcement of any such payment on or after such respective dates.

SECTION 9.5. Notation on or Exchange of Securities.

If an amendment, supplement or waiver changes the terms of a Security, the Trustee may require the Holder of the Security to deliver it to the Trustee or require the Holder to put an appropriate notation on the Security. The

Trustee may place an appropriate notation on the Security about the changed terms and return it to the Holder. Alternatively, if the Company or the Trustee so determines, the Company in exchange for the Security shall issue and the Trustee shall authenticate a new Security that reflects the changed terms. Any failure to make the appropriate notation or to issue a new Security shall not affect the validity of such amendment, supplement or waiver.

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SECTION 9.6. Trustee to Sign Amendments, Etc.

The Trustee shall execute any amendment, supplement or waiver authorized pursuant to this Article IX; provided, however, that the Trustee may, but shall not be obligated to, execute any such amendment, supplement or waiver which affects the Trustee's own rights, duties or immunities under this Indenture. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of any amendment, supplement or waiver authorized pursuant to this Article IX is authorized or permitted by this Indenture.

ARTICLE X
RIGHT TO REQUIRE REPURCHASE UPON A CHANGE OF CONTROL

SECTION 10.1. Repurchase of Securities at Option of the Holder Upon a Change of Control.

(a) In the event that a Change of Control occurs, each Holder shall have the right, at such Holder's option, subject to the terms and conditions of this Indenture, to require the Company to repurchase all or any part of such Holder's Securities (provided that the principal amount of such Securities must be \$1,000 or an integral multiple thereof) on the date (the "Repurchase Date") that is no later than 45 Business Days after the occurrence of such Change of Control, at a cash price (the "Repurchase Price") equal to 100% of the principal amount thereof, together with accrued and unpaid interest to the Repurchase Date.

(b) In the event that, pursuant to this Section 10.1, the Company shall be required to commence an irrevocable and unconditional offer to purchase Securities (a "Repurchase Offer"), the Company shall follow the procedures set forth in this Section 10.1 as follows:

(1) the Repurchase Offer shall commence within 25 Business Days following a Change of Control;

(2) the Repurchase Offer shall remain open for 20 Business Days following its commencement, except to the extent that a longer period is required by applicable law, but in any case not more than 60 Business Days following the Change of Control (the "Repurchase Offer Period");

(3) upon the expiration of a Repurchase Offer, the Company shall purchase all Securities tendered in response to the Repurchase Offer;

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(4) if the Repurchase Date is on or after a Record Date and on or before the related Interest Payment Date, any accrued interest will be paid to the Person in whose name a Security is registered at the close of business on such Record Date, and no additional interest will be payable to Securityholders who tender Securities pursuant to the Repurchase Offer;

(5) the Company shall provide the Trustee with notice of the Repurchase Offer at least 5 Business Days before the commencement of any Repurchase Offer; and

(6) on or before the commencement of any Repurchase Offer, the Company or the Trustee (upon the request and at the expense of the Company) shall send, by first-class mail, a notice to each of the Securityholders, which (to the extent consistent with this Indenture) shall govern the terms of the Repurchase Offer and shall state:

(i) that the Repurchase Offer is being made pursuant to such notice and this Section 10.1 and that all Securities, or portions thereof, tendered will be accepted for payment;

(ii) the Repurchase Price (including the amount of accrued and unpaid interest, if any), the Repurchase Date and the Repurchase Put Date;

(iii) that any Security, or portion

thereof, not tendered or accepted for payment will continue to accrue interest, if any;

(iv) that, unless the Company defaults in depositing Cash with the Paying Agent in accordance with the last paragraph of this clause (b) or such payment is prevented pursuant to Article XI, any Security, or portion thereof, accepted for payment pursuant to the Repurchase Offer shall cease to accrue interest after the Repurchase Date;

(v) that Holders electing to have a Security, or portion thereof, purchased pursuant to a Repurchase Offer will be required to surrender the Security, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Security completed, to the Paying Agent (which may not for purposes of this Section 10.1, notwithstanding anything in this Indenture to the contrary, be the Company or any Affiliate of the Company) at the address specified in the notice prior to the close of business on the earlier of (a) the third Business Day prior to the Repurchase Date and (b) the third Business Day following the expiration of the Repurchase Offer (such earlier date being the "Repurchase Put Date");

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(vi) that Holders will be entitled to withdraw their election, in whole or in part, if the Paying Agent (which may not for purposes of this Section 10.1, notwithstanding anything in this Indenture to the contrary, be the Company or any Affiliate of the Company) receives, up to the close of business on the Repurchase Put Date, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Securities the Holder is withdrawing and a statement that such Holder is withdrawing his election to have such principal amount of Securities purchased; and

(vii) a brief description of the events resulting in such Change of Control.

If any of the Securities subject to a Repurchase Offer is in the form of a Global Security, then the Company shall modify such notice to the extent necessary to accord with the procedures of the Depository applicable thereto.

Any such Repurchase Offer shall comply with all applicable provisions of Federal and state laws, including those regulating tender offers, if applicable, and any provisions of this Indenture which conflict with such laws shall be deemed to be superseded by the provisions of such laws.

On or before the Repurchase Date, the Company shall (i) accept for payment Securities or portions thereof properly tendered pursuant to the Repurchase Offer on or before the Repurchase Put Date, (ii) deposit with the Paying Agent Cash sufficient to pay the Repurchase Price (together with accrued and unpaid interest, if any) of all Securities or portions thereof so tendered and (iii) deliver to the Trustee Securities so accepted together with an Officers' Certificate listing the Securities or portions thereof being purchased by the Company. The Paying Agent shall promptly mail to Holders of Securities so accepted payment in an amount equal to the Repurchase Price (together with accrued and unpaid interest, if any), and the Trustee shall promptly authenticate and mail or deliver to such Holders a new Security or Securities equal in principal amount to any unpurchased portion of the Securities surrendered. Any Securities not so accepted shall be promptly mailed or delivered by the Company to the Holder thereof. The Company will publicly announce the results of the Repurchase Offer on or as soon as practicable after the Repurchase Date.

ARTICLE XI SUBORDINATION

SECTION 11.1. Securities Subordinated to Senior Indebtedness.

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The Company and each Holder, by its acceptance of Securities, agree that (a) the payment of the principal of and interest on the Securities and (b) any other payment in respect of the Securities, including on account of the acquisition or redemption of the Securities by the Company (including, without limitation, pursuant to Article X) is subordinated, to the extent and in the manner provided in this Article XI, to the prior payment in full of all Senior Indebtedness, whether outstanding at the date of this Indenture or thereafter created, incurred, assumed or guaranteed, and that these subordination provisions are for the benefit of the holders of Senior Indebtedness.

This Article XI shall constitute a continuing offer to all Persons who, in reliance upon such provisions, become holders of, or continue to hold, Senior Indebtedness, and such provisions are made for the benefit of the holders of Senior Indebtedness, and such holders are made obligees hereunder and any one or more of them may enforce such provisions.

SECTION 11.2. No Payment on Securities in Certain Circumstances.

(a) No payment may be made by the Company on account of the principal of or premium, if any, or interest on the Securities, or to acquire any of the Securities (including repurchases of Securities at the option of the Holder) for cash or property (other than Junior Securities), or on account of the redemption provisions of the Securities, (i) upon the maturity of any Senior Indebtedness of the Company by lapse of time, acceleration (unless waived) or otherwise, unless and until all principal of and premium, if any, and interest on such Senior Indebtedness are first paid in full (or such payment is duly provided for), or (ii) in the event of default in the payment of any principal of or premium, if any, or interest on any Senior Indebtedness when it becomes due and payable, whether at maturity or at a date fixed for prepayment or by declaration or otherwise (a "Payment Default"), unless and until such Payment Default has been cured or waived or otherwise has ceased to exist.

(b) Upon (i) the happening of an event of default (other than a Payment Default) that permits the holders of Senior Indebtedness or their representative immediately to accelerate its maturity and (ii) written notice of such event of default given to the Company and the Trustee by the holders of at least 25% in aggregate principal amount outstanding of such Senior Indebtedness or their representative (a "Payment Notice"), then, unless and until such event of default has been cured or waived or otherwise has ceased to exist, no payment (by set off or otherwise) may be made by or on behalf of the Company on account of the principal of or premium, if any, or interest on the Securities, or to acquire or repurchase any of the Securities for cash or property, or on account of the redemption provisions of the Securities, in any such case other than payments made with Junior Securities of the Company. Notwithstanding the foregoing, unless (i) the Senior Indebtedness in respect of which such event of default exists has been declared due and payable in its entirety within 179 days after the Payment Notice is delivered as set forth above (the "Payment Blockage Period"), and (ii) such declaration has not been rescinded or

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waived, at the end of the Payment Blockage Period, the Company shall be required to pay all sums not paid to the Holders of the Securities during the Payment Blockage Period due to the foregoing prohibitions and to resume all other payments as and when due on the Securities. Any number of Payment Notices may be given; provided, however, that (i) not more than one Payment Notice shall be given within a period of any 360 consecutive days and (ii) no event of default that existed upon the date of such Payment Notice or the commencement of such Payment Blockage Period (whether or not such event of default is on the same issue of Senior Indebtedness) shall be made the basis for the commencement of any other Payment Blockage Period.

(c) In the event that, notwithstanding the foregoing provisions of this Section 11.2, any payment or distribution of assets of the Company (other than Junior Securities) shall be received by the Trustee or the Holders at a time when such payment or distribution is prohibited by the provisions of this Section 11.2, then such payment or distribution (subject to the provisions of Section 11.7) shall be received and held in trust by the Trustee or such Holder or Paying Agent for the benefit of the holders of Senior Indebtedness, and shall be paid or delivered by the Trustee or such Holders or such Paying Agent, as the case may be, to the holders of Senior Indebtedness remaining unpaid or unprovided for or their representative or representatives, or to the trustee or trustees under any indenture pursuant to which any instruments evidencing any of such Senior Indebtedness may have been issued, ratably according to the aggregate amounts remaining unpaid on account of the Senior Indebtedness held or represented by each, for application to the payment of all Senior Indebtedness remaining unpaid to the extent necessary to pay or to provide for the payment of all such Senior Indebtedness in full after giving effect to any concurrent payment and distribution to the holders of such Senior Indebtedness.

SECTION 11.3. Securities Subordinated to Prior Payment of All Senior Indebtedness on Dissolution, Liquidation or Reorganization.

Upon any distribution of assets of the Company upon any dissolution, winding up, liquidation or reorganization of the Company, whether voluntary or involuntary, in bankruptcy, insolvency, receivership or a similar proceeding or upon assignment for the benefit of creditors or any marshalling of assets or liabilities:

(a) the holders of all Senior Indebtedness shall first be entitled to receive payments in full (or have such payment duly provided for) before the Holders are entitled to receive any payment on account of the principal of and premium, if any, and interest on with respect to the

Securities (other than Junior Securities);

(b) any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities (other than Junior Securities) to which the Holders or the Trustee on behalf of the Holders would be entitled (by setoff or otherwise), except for the provisions of this Article XI, shall be paid by the liquidating trustee or agent

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or other Person making such a payment or distribution directly to the holders of Senior Indebtedness or their representative to the extent necessary to make payment in full of all such Senior Indebtedness remaining unpaid, after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness; and

(c) in the event that, notwithstanding the foregoing, any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities (other than Junior Securities), shall be received by the Trustee or the Holders or any Paying Agent (or, if the Company or any Affiliate of the Company is acting as its own Paying Agent, money for any such payment or distribution shall be segregated or held in trust) on account of the principal of or interest on the Securities before all Senior Indebtedness is paid in full, such payment or distribution (subject to the provisions of Section 11.7) shall be received and held in trust by the Trustee or such Holder or Paying Agent for the benefit of the holders of such Senior Indebtedness, or their respective representative, ratably according to the respective amounts of such Senior Indebtedness held or represented by each, to the extent necessary to make payment as provided herein of all such Senior Indebtedness remaining unpaid after giving effect to all concurrent payments and distributions and all provisions therefor to or for the holders of such Senior Indebtedness, but only to the extent that as to any holder of such Senior Indebtedness, as promptly as practical following notice from the Trustee to the holders of such Senior Indebtedness that such prohibited payment has been received by the Trustee, Holder(s) or Paying Agent (or has been segregated as provided above), such holder (or a representative therefor) notifies the Trustee of the amounts then due and owing on such Senior Indebtedness, if any, held by such holder and only the amounts specified in such notices to the Trustee shall be paid to the holders of such Senior Indebtedness.

SECTION 11.4. Securityholders to Be Subrogated to Rights of Holders of Senior Indebtedness.

Subject to the payment in full of all Senior Indebtedness as provided herein, the Holders of Securities shall be subrogated to the rights of the holders of such Senior Indebtedness to receive payments or distributions of assets of the Company applicable to the Senior Indebtedness until all amounts owing on the Securities shall be paid in full, and for the purpose of such subrogation no such payments or distributions to the holders of such Senior Indebtedness by the Company, or by or on behalf of the Holders by virtue of this Article XI, which otherwise would have been made to the Holders shall, as between the Company and the Holders, be deemed to be payment by the Company or on account of such Senior Indebtedness, it being understood that the provisions of this Article XI are and are intended solely for the purpose of defining the relative rights of the Holders, on the one hand, and the holders of such Senior Indebtedness, on the other hand.

If any payment or distribution to which the Holders would otherwise have been entitled but for the provisions of this Article XI shall have been applied, pursuant to the

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provisions of this Article XI, to the payment of amounts payable under Senior Indebtedness, then the Holders shall be entitled to receive from the holders of such Senior Indebtedness any payments or distributions received by such holders of Senior Indebtedness in excess of the amount sufficient to pay all amounts payable under or in respect of such Senior Indebtedness in full.

SECTION 11.5. Obligations of the Company Unconditional.

Nothing contained in this Article XI or elsewhere in this Indenture or in the Securities is intended to or shall impair as between the Company and the Holders, the obligation of the Company, which is absolute and unconditional, to pay to the Holders the principal of and premium, if any, and interest on the Securities as and when the same shall become due and payable in accordance with their terms, or is intended to or shall affect the relative rights of the Holders and creditors of the Company other than the holders of the Senior Indebtedness, nor shall anything herein or therein prevent the Trustee or any Holder from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article XI, of the holders of Senior Indebtedness in respect of cash, property or securities of the Company received upon the exercise of any such remedy. Notwithstanding anything to the contrary in this Article XI or elsewhere in

this Indenture or in the Securities, upon any distribution of assets of the Company referred to in this Article XI, the Trustee, subject to the provisions of Sections 7.1 and 7.2, and the Holders shall be entitled to rely upon any order or decree made by any court of competent jurisdiction in which such dissolution, winding up, liquidation or reorganization proceedings are pending, or a certificate of the liquidating trustee or agent or other Person making any distribution to the Trustee or to the Holders for the purpose of ascertaining the Persons entitled to participate in such distribution, the holders of the Senior Indebtedness and other Indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article XI so long as such court has been apprised of the provisions of, or the order, decree or certificate makes reference to, the provisions of this Article XI. Nothing in this Section 11.5 shall apply to the claims of, or payments to, the Trustee under or pursuant to Section 7.7.

SECTION 11.6. Trustee Entitled to Assume Payments Not Prohibited in Absence of Notice.

The Trustee shall not at any time be charged with knowledge of the existence of any facts which would prohibit the making of any payment to or by the Trustee unless and until a Trust Officer of the Trustee or any Paying Agent shall have received, no later than one Business Day prior to such payment, written notice thereof from the Company or from one or more holders of Senior Indebtedness or from any representative therefor and, prior to the receipt of any such written notice, the Trustee, subject to the provisions of Sections 7.1 and 7.2, shall be entitled in all respects conclusively to assume that no such fact exists.

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SECTION 11.7. Application by Trustee of Assets Deposited with It.

Amounts deposited in trust with the Trustee pursuant to and in accordance with Article VIII shall be for the sole benefit of Securityholders and, to the extent allocated for the payment of Securities, shall not be subject to the subordination provisions of this Article XI. Otherwise, any deposit of assets with the Trustee or any Paying Agent (whether or not in trust) for the payment of principal of or interest on any Securities shall be subject to the provisions of Sections 11.1, 11.2, 11.3 and 11.4; provided that, if prior to one Business Day preceding the date on which by the terms of this Indenture any such assets may become distributable for any purpose (including, without limitation, the payment of either principal of or interest on any Security) the Trustee or such Paying Agent shall not have received with respect to such assets the written notice provided for in Section 11.6, then the Trustee or such Paying Agent shall have full power and authority to receive such assets and to apply the same to the purpose for which they were received, and shall not be affected by any notice to the contrary which may be received by it on or after such date.

SECTION 11.8. Subordination Rights Not Impaired by Acts or Omissions of the Company or Holders of Senior Indebtedness.

No right of any present or future holders of any Senior Indebtedness to enforce subordination provisions contained in this Article XI shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Company or by any act or failure to act, in good faith, by any such holder, or by any noncompliance by the Company with the terms of this Indenture, regardless of any knowledge thereof which any such holder may have or be otherwise charged with. The holders of Senior Indebtedness may extend, renew, modify or amend the terms of the Senior Indebtedness or any security therefor and release, sell or exchange such security and otherwise deal freely with the Company, all without affecting the liabilities and obligations of the parties to this Indenture or the Holders.

SECTION 11.9. Securityholders Authorize Trustee to Effectuate Subordination of Securities.

Each Holder of the Securities by his acceptance thereof authorizes and expressly directs the Trustee on his behalf to take such action as may be necessary or appropriate to effectuate the subordination provisions contained in this Article XI and to protect the rights of the Holders pursuant to this Indenture, and appoints the Trustee his attorney-in-fact for such purpose, including, in the event of any dissolution, winding up, liquidation or reorganization of the Company (whether in bankruptcy, insolvency or receivership proceedings or upon an assignment for the benefit of creditors of the Company), the immediate filing of a claim for the unpaid balance of his Securities in the form required in said proceedings and cause said claim to be approved. If the Trustee does not file a proper claim or proof of debt in the form required in such proceeding prior to 30 days before the

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expiration of the time to file such claim or claims, then the holders of the

Senior Indebtedness or their representative are or is hereby authorized to have the right to file and are or is hereby authorized to file an appropriate claim for and on behalf of the Holders of said Securities. Nothing herein contained shall be deemed to authorize the Trustee or the holders of Senior Indebtedness or their representative to authorize or consent to or accept or adopt on behalf of any Securityholder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof, or to authorize the Trustee or the holders of Senior Indebtedness or their representative to vote in respect of the claim of any Securityholder in any such proceeding.

SECTION 11.10. Right of Trustee to Hold Senior Indebtedness.

The Trustee shall be entitled to all of the rights set forth in this Article XI in respect of any Senior Indebtedness at any time held by it to the same extent as any other holder of Senior Indebtedness, and nothing in this Indenture shall be construed to deprive the Trustee of any of its rights as such holder.

SECTION 11.11. Article XI Not to Prevent Events of Default.

The failure to make a payment on account of principal of and premium, if any, and interest on the Securities by reason of any provision of this Article XI shall not be construed as preventing the occurrence of a Default or an Event of Default under Section 6.1 or in any way prevent the Holders from exercising any right hereunder other than the right to receive payment on the Securities.

SECTION 11.12. No Fiduciary Duty of Trustee to Holders of Senior Indebtedness.

The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Indebtedness, and shall not be liable to any such holders (other than for its willful misconduct or negligence) if it shall in good faith mistakenly pay over or distribute to the Holders of Securities or the Company or any other Person, cash, property or securities to which any holders of Senior Indebtedness shall be entitled by virtue of this Article XI or otherwise. Nothing in this Section 11.12 shall affect the obligation of any other such Person to hold such payment for the benefit of, and to pay such payment over to, the holders of Senior Indebtedness or their representative.

ARTICLE XII CONVERSION OF SECURITIES

SECTION 12.1. Conversion Privilege.

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Subject to and upon compliance with the provisions of this Article XII, at the option of the Holder thereof, any Security may at any time be converted, in whole, or in part in multiples of \$1,000 principal amount, into fully paid and non-assessable shares of Common Stock issuable upon conversion of the Securities, at the Conversion Price in effect at the Date of Conversion, until and including, but not after the close of business on the second Business Day prior to Stated Maturity, or unless such Security or some portion thereof shall have been called for redemption or delivered for repurchase prior to such date and no default is made in making due provision for the payment of the Redemption Price or Repurchase Price in accordance with the terms of this Indenture, in which case, with respect to such Security or portion thereof as has been so called for redemption or delivered for repurchase, such Security or portion thereof may be so converted until and including, but not after, the close of business on the Business Day prior to the Redemption Date or Repurchase Date, as applicable, for such Security, unless the Company subsequently fails to pay the applicable Redemption Price or Repurchase Price, as the case may be.

SECTION 12.2. Exercise of Conversion Privilege.

In order to exercise the conversion privilege, the Holder of any Security to be converted shall surrender such Security to the Company at any time during usual business hours at its office or agency maintained for the purpose as provided in this Indenture, accompanied by a fully executed written notice, in substantially the form set forth on the reverse of the Security, that the Holder elects to convert such Security or a stated portion thereof constituting a multiple of \$1,000 principal amount, and, if such Security is surrendered for conversion during the period between the close of business on any Record Date and the opening of business on the next following Interest Payment Date and has not been called for redemption on a Redemption Date which occurs within such period, accompanied also by payment to the Company of an amount equal to the interest payable on such Interest Payment Date on the principal amount of the Security being surrendered for conversion, notwithstanding such conversion. The Holder of any Security at the close of business on a Record Date will be entitled to receive the interest payable on such Security on the corresponding Interest Payment Date notwithstanding the conversion thereof after such Record Date. The interest payment with respect to a Note called for redemption on a date during the period from the close of

business on or after any Record Date to the close of business on the Business Day following the corresponding Interest Payment Date will be payable on the corresponding Interest Payment Date to the registered Holder at the close of business on that Record Date (notwithstanding the conversion of such Note before the corresponding Interest Payment Date) and a Holder who elects to convert need not include funds equal to the interest paid. Such notice of conversion shall also state the name or names (with address) in which the certificate or certificates for shares of Common Stock shall be issued if other than that of the Holder. Securities surrendered for conversion shall (if reasonably required by the Company or the Trustee) be duly endorsed by, or be accompanied by a written instrument or instruments of transfer in form satisfactory to the Company duly executed by, the Holder or his attorney duly authorized in writing. As

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promptly as practicable after the receipt of such notice and the surrender of such Security as aforesaid, the Company shall, subject to the provisions of Section 12.8 hereof, issue and deliver at such office or agency to such Holder, or on his written order, a certificate or certificates for the number of full shares of Common Stock issuable on such conversion of Securities in accordance with the provisions of this Article XII and Cash, as provided in Section 12.3 hereof, in respect of any fraction of a share of Common Stock otherwise issuable upon such conversion. Such conversion shall be deemed to have been effected immediately prior to the close of business on the date (herein called the "Date of Conversion") on which such Security shall have been surrendered as aforesaid, and the person or persons in whose name or names any certificate or certificates for shares of Common Stock shall be issuable upon such conversion shall be deemed to have become on the Date of Conversion the holder or holders of record of the shares represented thereby; provided, however, that any such surrender on any date when the stock transfer books of the Company shall be closed shall cause the person or persons in whose name or names the certificate or certificates for such shares are to be issued to be deemed to have become the recordholder or holders thereof for all purposes at the opening of business on the next succeeding day on which such stock transfer books are open but such conversion shall nevertheless be at the Conversion Price in effect at the close of business on the date when such Security shall have been so surrendered with the conversion notice. In the case of conversion of a portion, but less than all, of a Security, the Company shall as promptly as practicable execute, and the Trustee shall authenticate and deliver to the Holder thereof, at the expense of the Company, a Security or Securities in the aggregate principal amount of the unconverted portion of the Security surrendered. Except as otherwise expressly provided in this Indenture, no payment or adjustment shall be made for interest accrued on any Security (or portion thereof) converted or for dividends or distributions on any Common Stock issued upon conversion of any Security.

SECTION 12.3. Fractional Interests.

No fractions of shares or scrip representing fractions of shares shall be issued upon conversion of Securities. If more than one Security shall be surrendered for conversion at one time by the same holder, the number of full shares which shall be issuable upon conversion thereof shall be computed on the basis of the aggregate principal amount of the Securities so surrendered. If any fraction of a share of Common Stock would, except for the foregoing provisions of this Section 12.3, be issuable on the conversion of any Security or Securities, the Company shall make payment in lieu thereof in an amount of Cash equal to the value of such fraction computed on the basis of the last sale price of the Common Stock as reported on the New York Stock Exchange (or if not listed for trading thereon, then on the principal national securities exchange on which the Common Stock is listed

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or admitted to trading) at the close of business on the Date of Conversion or if no such sale takes place on such day, the last sale price for such day shall be the average of the closing bid and asked prices regular way on the New York Stock Exchange (or if not listed for trading thereon, on the principal national securities exchange on which the Common Stock is listed or admitted to trading) for such day (any such last sale price being hereinafter referred to as the "Last Sale Price"). If on such Trading Day the Common Stock is not quoted by any such organization, the fair value of such Common Stock on such day, as reasonably determined in good faith by the Board of Directors of the Company, shall be used.

SECTION 12.4. Conversion Price.

The Conversion Price per share of Common Stock issuable upon conversion of the Securities shall initially be \$_____ (or \$_____ in principal amount of Securities for each such share of Common Stock).

SECTION 12.5. Adjustment of Conversion Price.

The Conversion Price (herein called the "Conversion Price") shall be

subject to adjustment from time to time as follows:

(a) In case the Company shall (1) make or pay a dividend (or other distribution) in shares of Common Stock on any class of Capital Stock of the Company, (2) subdivide its outstanding shares of Common Stock into a greater number of shares or (3) combine or reclassify its outstanding shares of Common Stock into a smaller number of shares, the Conversion Price in effect immediately prior to such action shall be adjusted so that the Holder of any Security thereafter surrendered for conversion shall be entitled to receive the number of shares of Common Stock that he would have owned immediately following such action had such Security been converted immediately prior thereto. An adjustment made pursuant to this subsection (a) shall become effective immediately, except as provided in subsection (h) below, after the record date in the case of a dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision or combination.

(b) In case the Company shall issue rights, options or warrants to all holders of Common Stock entitling them to subscribe for or purchase shares of Common Stock at a price per share less than the then current market price per share of the Common Stock (as determined pursuant to subsection (f) below) on the record date mentioned below, the Conversion Price shall be adjusted to a price, computed to the nearest cent, so that the same shall equal the price determined by multiplying:

(i) the Conversion Price in effect immediately prior to the date of issuance of such rights or warrants by a fraction, of which

(ii) the numerator shall be (A) the number of shares of Common Stock outstanding on the date of issuance of such rights, options or warrants, immediately prior to such issuance, plus (B) the number of shares which the aggregate offering price of the total number of shares so offered for

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subscription or purchase would purchase at such current market price (determined by multiplying such total number of shares by the exercise price of such rights, options or warrants and dividing the product so obtained by such current market price), and of which

(iii) the denominator shall be (A) the number of shares of Common Stock outstanding on the date of issuance of such rights, options or warrants, immediately prior to such issuance, plus (B) the number of additional shares of Common Stock which are so offered for subscription or purchase.

Such adjustment shall become effective immediately, except as provided in subsection (h) below, after the record date for the determination of holders entitled to receive such rights, options or warrants; provided, however, that if any such rights, options or warrants issued by the Company as described in this subsection (b) are only exercisable upon the occurrence of certain triggering events relating to control and provided for in shareholder rights plans, then the Conversion Price will not be adjusted as provided in this subsection (b) until such triggering events occur.

(c) In case the Company or any Subsidiary of the Company shall distribute to all holders of Common Stock, evidences of indebtedness, shares of Capital Stock other than Common Stock, cash or other assets (including securities, but other than (x) regular dividends or distributions paid exclusively in cash or (y) any dividend or distribution for which an adjustment is required to be made in accordance with subsection (a) or (b) above), then in each such case the Conversion Price shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Price in effect immediately prior to the date of such distribution by a fraction of which the numerator shall be the then current market price per share of the Common Stock (determined as provided in subsection (f) below) on the record date mentioned below less the then fair market value (as reasonably determined in good faith by the Board of Directors of the Company) of the portion of the assets so distributed applicable to one share of Common Stock, and of which the denominator shall be such current market price per share of the Common Stock. Such adjustment shall become effective immediately, except as provided in subsection (h) below, after the record date for the determination of stockholders entitled to receive such distribution. Notwithstanding the foregoing, in the event that the fair market value of the assets, evidences of indebtedness or other securities so distributed applicable to one share of Common Stock equals or exceeds such current market price per share of Common Stock, or such current market price exceeds such fair market value by less than \$0.10 per share, the Conversion Price shall not be adjusted pursuant to this subsection (c) and, to the extent applicable, the provisions of subsection (k) shall apply to such distribution.

(d) In case the Company or any Subsidiary of the Company shall make any distribution consisting exclusively of cash (excluding any cash

portion of distributions for which an adjustment is required to be made in accordance with (c) above, or cash

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distributed upon a merger or consolidation to which Section 12.6 applies) to all holders of Common Stock in an aggregate amount that, combined together with (i) all other such all-cash distributions made within the then preceding 12 months in respect of which no adjustment has been made and (ii) any cash and the fair market value of other consideration paid or payable in respect of any tender offer by the Company or any of its Subsidiaries for Common Stock concluded within the preceding 12 months in respect of which no adjustment has been made, exceeds 15% of the Company's market capitalization (defined as being the product of the then current market price of the Common Stock (determined as provided in subsection (f) below) times the number of shares of Common Stock then outstanding) on the record date of such distribution, then in each such case the Conversion Price shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Price in effect immediately prior to the date of such distribution by a fraction of which the numerator shall be the then current market price per share of the Common Stock on such record date less the amount of the cash so distributed applicable to one share of Common Stock, and of which the denominator shall be such current market price per share of the Common Stock. Such adjustment shall become effective immediately, except as provided in subsection (h) below, after the record date for the determination of stockholders entitled to receive such distribution. Notwithstanding the foregoing, in the event that the cash so distributed applicable to one share of Common Stock equals or exceeds such current market price per share of Common Stock, or such current market price exceeds such amount of cash by less than \$0.10 per share, the Conversion Price shall not be adjusted pursuant to this subsection (d), and, to the extent applicable, the provisions of subsection (k) shall apply to such distribution.

(e) In case there shall be completed a tender or exchange offer made by the Company or any Subsidiary of the Company for all or any portion of the Common Stock (any such tender or exchange offer being referred to as an "Offer") that involves an aggregate consideration having a fair market value as of the expiration of such Offer (the "Expiration Time") that, together with (i) any cash and the fair market value of any other consideration payable in respect of any other Offer, as of the expiration of such other Offer, expiring within the 12 months preceding the expiration of such Offer and in respect for which no Conversion Price adjustment pursuant to this subsection (e) has been made and (ii) the aggregate amount of any all-cash distributions referred to in subsection (d) of this Section 12.5 to all holders of Common Stock within the 12 months preceding the expiration of such Offer for which no Conversion Price adjustment pursuant to such subsection (d) has been made, exceeds 15% of the product of the then current market price per share (determined as provided in subsection (f) below) of the Common Stock on the Expiration Time times the number of shares of Common Stock outstanding (including any tendered shares) on the

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Expiration Time, the Conversion Price shall be reduced by multiplying such Conversion Price in effect immediately prior to the Expiration Time by a fraction of which the numerator shall be (i) the product of the then current market price per share (determined as provided in subsection (f) below) of the Common Stock on the Expiration Time times the number of shares of Common Stock outstanding (including any tendered shares) on the Expiration Time minus (ii) the fair market value of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the Offer) of all shares validly tendered and not withdrawn as of the Expiration Time (the shares deemed so accepted being referred to as the "Purchased Shares") and the denominator shall be the product of (i) such current market price per share on the Expiration Time times (ii) such number of outstanding shares on the Expiration Time less the number of Purchased Shares, such reduction to become effective immediately prior to the opening of business on the day following the Expiration Time.

For purposes of this subsection (e), the fair market value of any consideration with respect to an Offer shall be reasonably determined in good faith by the Board of Directors of the Company and described in a Board Resolution.

(f) For the purpose of any computation under subsections (b), (c), (d) and (e) above, the current market price per share of Common Stock on any date shall be deemed to be the average of the Last Sale Prices of a share of Common Stock for the five consecutive Trading Days selected by the Company commencing not more than 20 Trading Days before, and ending not later than, the earlier of the date in question and the date before the "ex date," with respect to the issuance, distribution or Offer requiring such computation. If on any such Trading Day the Common Stock is not quoted by any organization referred to in the definition of Last Sale Price in Section 12.3 hereof, the fair value of the Common Stock on such day, as reasonably determined in good

faith by the Board of Directors of the Company, shall be used. For purposes of this paragraph, the term "ex date," when used with respect to any issuance, distribution or payments with respect to an Offer, means the first date on which the Common Stock trades regular way on the New York Stock Exchange (or if not listed or admitted to trading thereon, then on the principal national securities exchange on which the Common Stock is listed or admitted to trading) without the right to receive such issuance, distribution or Offer.

(g) In addition the foregoing adjustments in subsections (a), (b), (c), (d) and (e) above, the Company will be permitted to make such reductions in the Conversion Price as it considers to be advisable in order that any event treated for Federal income tax purposes as a dividend of stock or stock rights will not be taxable to the holders of the shares of Common Stock.

In the event the Company elects to make such a reduction in the Conversion Price, the Company will comply with the requirements of Rule 14e-1 of the Exchange Act and any other Federal and state laws and regulations thereunder if and to the extent that such laws and regulations are applicable in connection with the reduction of the Conversion Price of the Notes; provided, however, that any provisions of this Indenture which conflict with such laws shall be deemed to be superseded by the provisions of such laws.

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(h) In any case in which this Section 12.5 shall require that an adjustment (including by reason of the last sentence of subsection (a) or (c) above) be made immediately following a record date, the Company may elect to defer the effectiveness of such adjustment (but in no event until a date later than the effective time of the event giving rise to such adjustment), in which case the Company shall, with respect to any Security converted after such record date and on and before such adjustment shall have become effective (i) defer paying any Cash payment pursuant to Section 12.3 hereof or issuing to the Holder of such Security the number of shares of Common Stock and other Capital Stock of the Company (or other assets or securities) issuable upon such conversion in excess of the number of shares of Common Stock and other Capital Stock of the Company issuable thereupon only on the basis of the Conversion Price prior to adjustment, and (ii) not later than five Business Days after such adjustment shall have become effective, pay to such Holder the appropriate Cash payment pursuant to Section 12.3 hereof and issue to such Holder the additional shares of Common Stock and other Capital Stock of the Company (or other assets or securities) issuable on such conversion.

(i) No adjustment in the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1.0% of the Conversion Price; provided, however, that any adjustments which by reason of this subsection (i) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Article XII shall be made to the nearest cent or to the nearest one-hundredth of a share, as the case may be.

(j) Whenever the Conversion Price is adjusted as herein provided, the Company shall promptly (i) file with the Trustee and each conversion agent an Officers' Certificate setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment, which certificate shall be conclusive evidence of the correctness of such adjustment, and (ii) mail or cause to be mailed a notice of such adjustment to each holder of Securities at his address as the same appears on the registry books of the Company.

(k) In the event that the Company distributes rights (including rights to distributions referred to by paragraphs (c) and (d) of this Section 12.5 to the extent this paragraph (k) applies thereto) or warrants (other than those referred to in subsection (b) above) pro rata to holders of Common Stock, so long as any such rights or warrants have not expired or been redeemed by the Company, the Company shall make proper provision so that the Holder of any Note surrendered for conversion will be entitled to receive upon such conversion, in addition to the shares of Common Stock issuable upon such conversion (the "Conversion Shares"), a number of rights or warrants to be determined as follows: (i) if such conversion occurs on or prior to the date for the distribution to the holders of rights or warrants of separate certificates evidencing such rights or warrants (the "Distribution Date"), the same number of rights or warrants to which a holder of a number of shares of Common Stock equal to the number of Conversion Shares is entitled at the time of such

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conversion in accordance with the terms and provisions of and applicable to the rights or warrants, and (ii) if such conversion occurs after such Distribution Date, the same number of rights or warrants to which a holder of the number of shares of Common Stock into which the principal amount of such Note so converted was convertible immediately prior to such Distribution Date would have been entitled on such Distribution Date in accordance with the terms and

provisions of and applicable to the rights or warrants.

SECTION 12.6. Continuation of Conversion Privilege in Case of Reclassification, Change, Merger, Consolidation or Sale of Assets.

If any of the following shall occur, namely: (a) any reclassification or change of outstanding shares of Common Stock issuable upon conversion of the Securities (other than a change in par value, or from par value to no par value, or from no par value, to par value, or as a result of a subdivision or combination), (b) any consolidation or merger of the Company with or into any other Person, or the merger of any other Person with or into the Company (other than a merger which does not result in any reclassification, change, conversion, exchange or cancellation of outstanding shares of Common Stock) or (c) any sale, transfer or conveyance of all or substantially all of the assets of the Company (computed on a consolidated basis), then the Company, or such successor or purchasing entity, as the case may be, shall, as a condition precedent to such reclassification, change, consolidation, merger, sale or conveyance, execute and deliver to the Trustee a supplemental indenture providing that the Holder of each Security then outstanding shall have the right to convert such Security only into the kind and amount of shares of stock and other securities and property (including cash) receivable upon such reclassification, change, consolidation, merger, sale, transfer or conveyance by a holder of the number of shares of Common Stock issuable upon conversion of such Security immediately prior to such reclassification, change, consolidation, merger, sale, transfer or conveyance assuming such holder of Common Stock of the Company failed to exercise his rights of an election, if any, as to the kind or amount of securities, cash and other property receivable upon such reclassification, change, consolidation, merger, sale, transfer or conveyance (provided that if the kind or amount of securities, cash, and other property receivable upon such reclassification, change, consolidation, merger, sale, transfer or conveyance is not the same for each share of Common Stock of the Company held immediately prior to such reclassification, change, consolidation, merger, sale, transfer or conveyance in respect of which such rights of election shall not have been exercised ("non-electing share"), then for the purpose of this Section 12.6 the kind and amount of securities, cash and other property receivable upon such reclassification, change, consolidation, merger, sale, transfer or conveyance by each non-electing share shall be deemed to be the kind and amount so receivable per share by a plurality of the non-electing shares). Such supplemental indenture shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article XII. If, in the case of any such consolidation, merger, sale or conveyance, the stock or other securities and property (including cash) receivable thereupon by a holder of shares of Common Stock includes shares of stock or

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other securities and property (including cash) of a corporation other than the successor or purchasing corporation, as the case may be, in such consolidation, merger, sale or conveyance, then such supplemental indenture shall also be executed by such other corporation and shall contain such additional provisions to protect the interests of the Holders of the Securities as the Board of Directors of the Company shall reasonably consider necessary by reason of the foregoing. The provisions of this Section 12.6 shall similarly apply to successive consolidations, mergers, sales or conveyances.

Notice of the execution of each such supplemental indenture shall be mailed to each Holder of Securities at his address as the same appears on the registry books of the Company.

Neither the Trustee nor any conversion agent shall be under any responsibility to determine the correctness of any provisions contained in any such supplemental indenture relating either to the kind or amount of shares of stock or securities or property (including cash) receivable by Holders of Securities upon the conversion of their Securities after any such reclassification, change, consolidation, merger, sale or conveyance or to any adjustment to be made with respect thereto, but, subject to the provisions of Article VIII hereof, may accept as conclusive evidence of the correctness of any such provisions, and shall be protected in relying upon, the Officers' Certificate (which the Company shall be obligated to file with the Trustee prior to the execution of any such supplemental indenture) with respect thereto.

SECTION 12.7. Notice of Certain Events.

In case:

(a) the Company shall declare a dividend (or any other distribution) payable to the holders of Common Stock (other than cash dividends);

(b) the Company shall authorize the granting to all of the holders of Common Stock of rights, warrants or options to subscribe for or purchase any shares of stock of any class or of any other rights;

(c) the Company shall authorize any reclassification or

change of the Common Stock (including a subdivision or combination of its outstanding shares of Common Stock), or any consolidation or merger to which the Company is a party and for which approval of any stockholders of the Company is required under the laws of the state of incorporation of the Company, or the sale or conveyance of all or substantially all the property or business of the Company;

(d) there shall be proposed any voluntary or involuntary dissolution, liquidation or winding-up of the Company; or

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(e) the Company or any of its Subsidiaries shall complete an Offer;

then, the Company shall cause to be filed at the office or agency maintained for the purpose of conversion of the Securities as provided in Section 4.2 hereof, and shall cause to be mailed to each Holder of Securities, at his address as it shall appear on the registry books of the Company, at least 20 days before the date hereinafter specified (or the earlier of the dates hereinafter specified, in the event that more than one date is specified), a notice stating the date on which (1) a record is expected to be taken for the purpose of such dividend, distribution, rights, warrants or options or Offer, or if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution, rights, warrants or options or to participate in such Offer are to be determined, or (2) such reclassification, change, consolidation, merger, sale, conveyance, dissolution, liquidation or winding-up is expected to become effective and the date, if any is to be fixed, as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property deliverable upon such reclassification, change, consolidation, merger, sale, conveyance, dissolution, liquidation or winding-up.

SECTION 12.8. Taxes on Conversion.

The Company will pay any and all documentary, stamp or similar taxes payable to the United States of America or any political subdivision or taxing authority thereof or therein in respect of the issue or delivery of shares of Common Stock on conversion of Securities pursuant thereto; provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issue or delivery of shares of Common Stock in a name other than that of the Holder of the Securities to be converted and no such issue or delivery shall be made unless and until the person requesting such issue or delivery has paid to the Company the amount of any such tax or has established, to the satisfaction of the Company, that such tax has been paid. The Company extends no protection with respect to any other taxes imposed in connection with conversion of Securities.

SECTION 12.9. Company to Provide Stock.

The Company shall reserve, free from preemptive rights, out of its authorized but unissued shares, sufficient shares to provide for the conversion of the Securities from time to time as such Securities are presented for conversion; provided, however, that nothing contained herein shall be construed to preclude the Company from satisfying its obligations in respect of the conversion of Securities by delivery of repurchased shares of Common Stock which are held in the treasury of the Company.

If any shares of Common Stock to be reserved for the purpose of conversion of Securities hereunder require registration with or approval of any governmental authority

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under any Federal or state law before such shares may be validly issued or delivered upon conversion, then the Company covenants that it will in good faith and as expeditiously as possible use its best efforts to secure such registration or approval, as the case may be; provided, however, that nothing in this Section 12.9 shall be deemed to limit in any way the obligations of the Company provided in this Article XII.

Before taking any action which would cause an adjustment reducing the Conversion Price below the then par value, if any, of the Common Stock, the Company will take all corporate action which may, in the Opinion of Counsel, be necessary in order that the Company may validly and legally issue fully paid and non-assessable shares of Common Stock at such adjusted Conversion Price.

The Company covenants that all shares of Common Stock which may be issued upon conversion of Securities will upon issue be fully paid and non-assessable by the Company and free of preemptive rights.

SECTION 12.10. Disclaimer of Responsibility for Certain Matters.

Neither the Trustee nor any agent of the Trustee shall at any time be under any duty or responsibility to any Holder of Securities to determine whether any facts exist which may require any adjustment of the Conversion Price, or with respect to the Officers' Certificate referred to in Section 12.5 hereof, or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed, or herein or in any supplemental indenture provided to be employed, in making the same. Neither the Trustee nor any agent of the Trustee shall be accountable with respect to the validity or value (or the kind or amount) of any shares of Common Stock, or of any securities or property (including cash), which may at any time be issued or delivered upon the conversion of any Security; and neither the Trustee nor any conversion agent makes any representation with respect thereto. Neither the Trustee nor any agent of the Trustee shall be responsible for any failure of the Company to issue, register the transfer of or deliver any shares of Common Stock or stock certificates or other securities or property (including cash) upon the surrender of any Security for the purpose of conversion or, subject to Article VII hereof, to comply with any of the covenants of the Company contained in this Article XII.

SECTION 12.11. Return of Funds Deposited for Redemption of Converted Securities.

Any funds which at any time shall have been deposited by the Company or on its behalf with the Trustee or any other Paying Agent for the purpose of paying the principal of and interest on any of the Securities and which shall not be required for such purposes because of the conversion of such Securities, as provided in this Article XII, shall after such conversion be repaid to the Company by the Trustee or such other Paying Agent.

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ARTICLE XIII
MISCELLANEOUS

SECTION 13.1. TIA Controls.

If any provision of this Indenture limits, qualifies, or conflicts with the duties imposed by operation of the TIA, the imposed duties, upon qualification of this Indenture under the TIA, shall control.

SECTION 13.2. Notices.

Any notices or other communications to the Company or the Trustee required or permitted hereunder shall be in writing, and shall be sufficiently given if made by hand delivery, by telecopier or registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

if to the Company:

Parker Drilling Company
8 East Third Street
Tulsa, Oklahoma 74013
Attention: Chief Financial Officer
Telecopy: (918) 631-1253

if to the Trustee:

For payment, registration of transfer, exchange, conversion and tender of Notes:

By hand:

Texas Commerce Bank National Association
One Main Place
1201 Main Street, 18th Floor
Dallas, Texas 75202
Telephone: (214) 871-9393 or (800) 275-2048
Attention: Registered Bond Events

By mail:

Texas Commerce Bank National Association
P. O. Box 2320
Dallas, Texas 75221-2320
Attention: Registered Bond Events

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For all other communications relating to the Notes:

Texas Commerce Bank National Association
600 Travis Street, 8th Floor
Houston, Texas 77002
Telephone: (713) 216-4648

Any party by notice to each other party may designate additional or different addresses as shall be furnished in writing by such party. Any notice or communication to any party shall be deemed to have been given or made as of the date so delivered, if personally delivered; when receipt is acknowledged, if telecopied; and five Business Days after mailing if sent by registered or certified mail, postage prepaid (except that a notice of change of address shall not be deemed to have been given until actually received by the addressee).

Any notice or communication mailed to a Securityholder shall be mailed to him by first class mail or other equivalent means at his address as it appears on the registration books of the Registrar and shall be sufficiently given to him if so mailed within the time prescribed.

Failure to mail a notice or communication to a Securityholder or any defect in it shall not affect its sufficiency with respect to other Securityholders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

SECTION 13.3. Communications by Holders with Other Holders.

Securityholders may communicate pursuant to TIA Section 312(b) with other Securityholders with respect to their rights under this Indenture or the Securities. The Company, the Trustee, the Registrar and any other Person shall have the protection of TIA Section 312 (c).

SECTION 13.4. Certificate and Opinion as to Conditions Precedent.

Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee:

(1) an Officers' Certificate (in form and substance reasonably satisfactory to the Trustee) stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with; and

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(2) an Opinion of Counsel (in form and substance reasonably satisfactory to the Trustee) stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

SECTION 13.5. Statements Required in Certificate or Opinion.

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(1) a statement that the Person making such certificate or opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such Person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether or not, in the opinion of each such Person, such condition or covenant has been complied with; provided, however, that with respect to matters of fact an Opinion of Counsel may rely on an Officers' Certificate or certificates of public officials.

SECTION 13.6. Rules by Trustee, Paying Agent, Registrar.

The Trustee may make reasonable rules for action by or at a meeting of Securityholders. The Paying Agent or Registrar may make reasonable rules for its functions.

SECTION 13.7. Legal Holidays.

A "Legal Holiday" is a Saturday, a Sunday or a day on which banking institutions in Houston, Texas or New York, New York are authorized or obligated by law or executive order to close. If a payment date is a Legal Holiday at such place, payment may be made at such place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period.

SECTION 13.8. Governing Law.

THIS INDENTURE AND THE SECURITIES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, AS APPLIED TO CONTRACTS

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THE COMPANY HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY NEW YORK STATE COURT SITTING IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK OR ANY FEDERAL COURT SITTING IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK IN RESPECT OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE AND THE SECURITIES, AND IRREVOCABLY ACCEPTS FOR ITSELF AND IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, JURISDICTION OF THE AFORESAID COURTS. THE COMPANY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO UNDER APPLICABLE LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT AND ANY CLAIM THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. NOTHING HEREIN SHALL AFFECT THE RIGHT OF THE TRUSTEE OR ANY SECURITYHOLDER TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST THE COMPANY IN ANY OTHER JURISDICTION.

SECTION 13.9. No Adverse Interpretation of Other Agreements.

This Indenture may not be used to interpret another indenture, loan or debt agreement of the Company or any of its Subsidiaries. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

SECTION 13.10. No Recourse Against Others.

No direct or indirect partner, employee, stockholder, director or officer, as such, past, present or future of the Company or any successor corporation or any Subsidiary or any of the Company's other Affiliates, shall have any personal liability in respect of the obligations of the Company under the Securities or this Indenture by reason of his, her or its status as such partner, stockholder, employee, director or officer. Each Securityholder by accepting a Security waives and releases all such liability. Such waiver and release are part of the consideration for the issuance of the Securities.

SECTION 13.11. Successors.

All agreements of the Company in this Indenture and the Securities shall bind its successor. All agreements of the Trustee in this Indenture shall bind its successor.

SECTION 13.12. Duplicate Originals.

All parties may sign any number of copies or counterparts of this Indenture. Each signed copy or counterpart shall be an original, but all of them together shall represent the same agreement.

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SECTION 13.13. Severability.

In case any one or more of the provisions in this Indenture or in the Securities shall be held invalid, illegal or unenforceable, in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions shall not in any way be affected or impaired thereby, it being intended that all of the provisions hereof shall be enforceable to the full extent permitted by law.

SECTION 13.14. Table of Contents, Headings, Etc.

The Table of Contents, Cross Reference Table and headings of the Articles and the Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part hereof and shall in no way modify or restrict any of the terms or provisions hereof.

SECTION 13.15. Qualification of Indenture.

The Company shall qualify this Indenture under the TIA and shall pay all reasonable costs and expenses (including reasonable attorneys' fees for the Company and the Trustee) incurred in connection therewith, including, but not limited to, reasonable costs and expenses of qualification of the Indenture and the Securities and printing this Indenture and the Securities. The Trustee shall be entitled to receive from the Company any such Officers' Certificates, Opinions of Counsel or other documentation as it may reasonably request in connection with any such qualification of this Indenture under the TIA.

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SIGNATURES

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

PARKER DRILLING COMPANY,
a Delaware corporation

By: _____
Name: _____
Title: _____

TEXAS COMMERCE BANK NATIONAL
ASSOCIATION,
a national banking association,
as Trustee

By: _____
Name: _____
Title: _____

Exhibit A

[FORM OF SECURITY]

PARKER DRILLING COMPANY

_____% CONVERTIBLE SUBORDINATED NOTE
DUE 2004

No. _____ CUSIP No. _____
\$ _____

Parker Drilling Company, a Delaware corporation (hereinafter called the "Company") which term includes any successors under the Indenture hereinafter referred to), for value received, hereby promises to pay to _____ or registered assigns, the principal sum of _____ Dollars, on _____, 2004.

Interest Payment Dates: _____ and _____; commencing _____, 1998.

Record Dates: _____ and _____.

Reference is made to the further provisions of this Security set forth below, which will, for all purposes, have the same effect as if set forth at this place.

IN WITNESS WHEREOF, the Company has caused this Instrument to be duly executed under its corporate seal.

PARKER DRILLING COMPANY,
a Delaware corporation

By: _____
Name: _____
Title: _____

Attest: _____
Secretary

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION)

This is one of the Securities described in the within-mentioned Indenture.

TEXAS COMMERCE BANK
NATIONAL ASSOCIATION,
a national banking association,
as Trustee

By: _____
Authorized Signatory

PARKER DRILLING COMPANY

___% CONVERTIBLE SUBORDINATED NOTE
DUE 2004

Unless and until it is exchanged in whole or in part for Securities in definitive form, this Security may not be transferred except as a whole by the Depository to a nominee of the Depository or by a nominee of the Depository to the Depository or another nominee of the Depository or by the Depository or any such nominee to a successor Depository or a nominee of such successor Depository. Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Company or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.(1)

1. Interest.

Parker Drilling Company, a Delaware corporation (hereinafter called the "Company," which term includes any successors under the Indenture hereinafter referred to), promises to pay interest on the principal amount of this Security at the rate of ___% per annum. To the extent it is lawful, the Company promises to pay interest on any interest payment due but unpaid on such principal amount at a rate of ___% per annum compounded semi-annually.

The Company will pay interest semi-annually on _____ and _____ of each year (each, an "Interest Payment Date"), commencing _____, 1998. Interest on the Securities will accrue from the most recent date to which interest has been paid or, if no interest has been paid on the Securities, from _____, 1997. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months.

2. Method of Payment.

The Company shall pay interest on the Securities (except Defaulted Interest) to the persons who are the registered Holders at the close of business on the Record Date immediately preceding the Interest Payment Date. Holders must surrender Securities to a

(1) This paragraph should only be added if the Security is issued in global form.

Paying Agent to collect principal payments. Any such interest not so punctually paid, and Defaulted Interest relating thereto, may be paid to the persons who are registered Holders at the close of business on a Special Record Date for the payment of such Defaulted Interest, as more fully provided in the Indenture referred to below. The Company shall pay principal and interest in such coin or currency of the United States of America as at the time of payment shall be legal tender for payment of public and private debts ("U.S. Legal Tender"). The Securities will be payable as to principal, premium and interest at the office or agency of the Company maintained for such purpose in the Borough of Manhattan, the City and State of New York, or at the option of the Company, payment of interest may be made by check mailed to the Holders at their addresses set forth in the registry of Holders, and provided that payment by wire transfer of immediately available funds will be required with respect to principal of and premium, if any, and interest on Global Securities.

3. Paying Agent and Registrar.

Initially, Texas Commerce Bank National Association (the "Trustee") will act as Paying Agent and Registrar. The Company may change any Paying Agent, Registrar or co-Registrar without notice to the Holders. The Company or any of its Subsidiaries may, subject to certain exceptions, act as Paying Agent, Registrar or co-Registrar.

4. Indenture.

The Company issued the Securities under an Indenture, dated as of _____, 1997 (the "Indenture"), between the Company and the Trustee. Capitalized terms herein are used as defined in the Indenture unless otherwise defined herein. The terms of the Securities include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act, as in effect on the date of the Indenture. The Securities are subject to all such terms, and Holders of Securities are referred to the Indenture and said Act for a statement of them. The Securities are general unsecured obligations of the Company limited in aggregate principal amount to \$125,000,000 (\$143,750,000 if the Underwriters' over-allotment option is exercised in full).

5. Redemption.

The Securities will not be subject to redemption prior to _____, 2000. On or after _____, 2000, upon not less than 30 nor more than 60 days notice to each Holder of Notes, the Securities will be redeemable for cash at the option of the Company, in whole or in part, at the Redemption Price (expressed as a percentage of principal amount) set forth below with respect to the indicated Redemption Date, in each case (subject to the right of Holders, as provided in Section 3.5 of the Indenture, to receive interest on an Interest Payment Date that is on or prior to such Redemption Date) together with any accrued but unpaid interest to the Redemption Date.

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<TABLE>

<CAPTION>

If redeemed during the 12-month period beginning	Redemption Price
-----	-----
<S>	<C>
2000	
2001	
2002	
2003 and thereafter	

</TABLE>

Any such redemption will comply with Article III of the Indenture.

6. Notice of Redemption.

Notice of redemption will be sent by first class mail, at least 30 days and not more than 60 days prior to the Redemption Date to the Holder of each Security to be redeemed at such Holder's last address as then shown upon the registry books of the Registrar. Securities may be redeemed in part in multiples of \$1,000 only.

Except as set forth in the Indenture, from and after any Redemption Date, if monies for the redemption of the Securities called for redemption shall have been deposited with the Paying Agent on such Redemption Date and payment of the Securities called for redemption is not prohibited under Article XI of the Indenture, the Securities called for redemption will cease to bear interest and the only right of the Holders of such Securities will be to receive payment of the Redemption Price, plus any accrued and unpaid interest to the Redemption Date.

7. Denominations; Transfer; Exchange.

The Securities are in registered form, without coupons, in denominations of \$1,000 and integral multiples of \$1,000. A Holder may register the transfer of, or exchange Securities in accordance with, the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Registrar need not register the transfer of or exchange any Securities selected for redemption.

8. Persons Deemed Owners.

The registered Holder of a Security may be treated as the owner of it for all purposes.

9. Unclaimed Money.

If money for the payment of principal or interest remains unclaimed for two years, the Trustee and the Paying Agent(s) will pay the money back to the Company at its written request. After that, all liability of the Trustee and such Paying Agent(s) with respect to such money shall cease and the Holder of such Security shall thereafter look only to the Company for payment of such money.

10. Amendment; Supplement; Waiver.

Subject to certain exceptions, the Indenture or the Securities may be amended or supplemented, and any existing Default or Event of Default or compliance with any provision may be waived, with the written consent of the Holders of a majority in aggregate principal amount of the Securities then outstanding. Without notice to or consent of any Holder, the parties thereto may amend or supplement the Indenture or the Securities to, among other things, cure any ambiguity, defect or inconsistency, or make any other change that does not adversely affect the rights of any Holder of a Security.

11. Conversion Rights.

Subject to the provisions of the Indenture, the Holders have the right to convert the principal amount of the Securities into fully paid and nonassessable shares of Common Stock of the Company at the initial Conversion Price per share of Common Stock of \$_____ (or \$_____ in principal amount of Securities for each such share of Common Stock), or at the adjusted Conversion Price then in effect, if adjustment has been made as provided in the Indenture, upon surrender of the Security to the Company, together with a fully executed notice in substantially the form attached hereto and, if required by the Indenture, an amount equal to accrued interest payable on such Security.

12. Subordination.

Payment of principal of and premium, if any, and interest on the Securities is subordinated, in the manner and to the extent set forth in the Indenture, to the prior payment in full of all Senior Indebtedness.

13. Repurchase at Option of Holder Upon a Change of Control.

If there is a Change of Control, the Company shall be required to offer to purchase on the Repurchase Date all outstanding Securities at a purchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the Repurchase Date. Holders of Securities will receive a Repurchase Offer from the Company prior to any related Repurchase Date and may elect to have such Securities purchased by completing the form entitled "Option of Holder to Elect Purchase" appearing below.

14. Successors.

When a successor assumes all the obligations of its predecessor under the Securities and the Indenture, the predecessor will be released from those obligations (except with respect to any obligations that arise from or as a result of such transaction).

15. Defaults and Remedies.

If an Event of Default occurs and is continuing (other than an Event of Default relating to certain events of bankruptcy, insolvency or reorganization), then in every such case, unless the principal of all of the securities shall have already become due and payable, either the Trustee or the Holders of 25% in aggregate principal amount of Securities then outstanding may declare all the Securities to be due and payable immediately in the manner and with the effect provided in the Indenture. Holders of Securities may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee may require indemnity satisfactory to it before it enforces the Indenture or the Securities. Subject to certain limitations, Holders of a majority in aggregate principal amount of the Securities then outstanding may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders of Securities notice of any continuing Default or Event of Default (except a Default in payment of principal or interest), if it determines that withholding notice is in their interest.

16. Trustee Dealings with Company.

The Trustee under the Indenture, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its Affiliates or any subsidiary of the Company's Affiliates, and may otherwise deal with the Company or its Affiliates as if it were not the Trustee.

17. No Recourse Against Others.

No director or indirect partner, employee, stockholder or

officer, as such, past, present or future, of the Company or any successor corporation or any Subsidiary or any of the Company's Affiliates shall have any personal liability in respect of the obligations of the Company under the Securities or the Indenture by reason of his, her or its status as such partner, stockholder, director, officer or employee. Each Holder of a Security by accepting a Security waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Securities.

18. Authentication.

This Security shall not be valid until the Trustee or authenticating agent signs the certificate of authentication on the other side of this Security.

19. Abbreviations and Defined Terms.

-7-

Customary abbreviations may be used in the name of a Holder of a Security or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

20. CUSIP Numbers.

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company will cause CUSIP numbers to be printed on the Securities as a convenience to the Holders of the Securities. No representation is made as to the accuracy of such numbers as printed on the Securities and reliance may be placed only on the other identification numbers printed hereon.

-9-

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Security purchased by the Company pursuant to Article X of the Indenture, check the box: []

If you want to elect to have only part of this Security purchased by the Company pursuant to Article X of the Indenture, state the amount you want to be purchased: \$

Date: _____ Signature: _____

(Sign exactly as your name appears on the other side of this Security)

-10-

SCHEDULE OF EXCHANGES OF DEFINITIVE SECURITIES²

The following exchanges of a part of this Global Security for Definitive Securities have been made:

<S>	<C>	<C>	<C>	<C>
Date of Exchange	Amount of decrease in Principal Amount of this Global Security	Amount of increase in Principal Amount of this Global Security	Principal Amount of this Global Security following such decrease (or increase)	Signature of this Global Security authorized officer of Trustee or Securities Custodian

</TABLE>

(2) This schedule should only be added if the Security is issued in global form.

I or we assign this Security to

(Print or type name, address and zip code of assignee.)

(Please insert Social Security or other identifying number of assignee.)

and irrevocably appoint _____ agent to transfer this Security on the books of the Company. The agent may substitute another to act for him.

Date: _____ Signed: _____

(Sign exactly as name appears on the other side of this Security)

Signature Guarantee. *

*Participant in a recognized Signature Guarantee Medallion Program (or other signature acceptable to the Trustee).

-12-
FORM OF CONVERSION NOTICE

To: Parker Drilling Company
_____% Convertible Subordinated Notes due 2004

The undersigned owner of this Security hereby:

- (i) irrevocably exercises the option to convert this Security, or the portion hereof below designated, for shares of Common Stock of Parker Drilling Company in accordance with the terms of the Indenture referred to in this Security and
- (ii) directs that such shares of Common Stock deliverable upon the conversion, together with any check in payment for fractional shares and any Security(ies) representing any unconverted principal amount hereof, be issued and delivered to the registered holder hereof unless a different name has been indicated below. If shares are to be delivered registered in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto. Any amount required to be paid by the undersigned on account of interest accompanies this Security.

Dated _____

Signature

Fill in for registration of shares if to be delivered, and of Securities if to be issued, otherwise than to and in the name of the registered holder.

Social Security or other
Taxpayer Identifying Number

(Name)

(Street Address)

(City, State and Zip Code)
(Please print name and address)

Principal amount to be converted: (if less than all)

\$ _____

Signature Guarantee. *

*Participant in a recognized Signature Guarantee Medallion Program (or other signature acceptable to the Trustee).

EXHIBIT 5.1

VINSON & ELKINS L.L.P.
2300 FIRST CITY TOWER
1001 FANNIN STREET
HOUSTON, TEXAS 77002-6760

July 2, 1997

Parker Drilling Company
8 East Third Street
Tulsa, Oklahoma 74103

Ladies and Gentlemen:

We have acted as counsel for Parker Drilling Company, a Delaware corporation (the "Company"), with respect to certain legal matters in connection with the registration by the Company under the Securities Act of 1933, as amended (the "Securities Act"), of the offer and sale by the Company of up to \$143,750,000 aggregate principal amount of its Convertible Subordinated Notes due 2004 (the "Notes") pursuant to an indenture (the "Indenture") between the Company and Texas Commerce Bank National Association, as Trustee. In connection therewith, we, as your counsel, have examined such certificates, instruments and documents and reviewed such questions of law as we have considered necessary or appropriate for the purposes of this opinion.

Based on the foregoing, we are of the opinion that:

(1) the Notes proposed to be sold by the Company pursuant to an underwriting agreement between the Company and the underwriters named therein (the "Underwriting Agreement"), have been duly authorized for issuance and, when (a) the Form S-3 Registration Statement relating to the Notes (the "Registration Statement") shall have become effective under the Securities Act and the Indenture shall have been qualified under the Trust Indenture Act of 1939, as amended, (b) the Indenture shall have been duly executed and delivered, (c) the Notes shall have been duly executed, authenticated and delivered in accordance with the terms of the Indenture, and (d) the Company shall have received the purchase price for the Notes in accordance with the terms set forth in the Underwriting Agreement, the Notes will constitute valid and legally binding obligations of the Company; and

(2) the shares of Common Stock of the Company initially issuable upon conversion of the Notes have been duly authorized for issuance and, when so issued upon conversion of the Notes in accordance with the terms of the Indenture, will be validly issued, fully paid and nonassessable shares of Common Stock of the Company.

The foregoing opinion is limited to the laws of the United States of America and to the General Corporation Law of the State of Delaware.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the use of our name in the Prospectus forming a part of the Registration Statement under the caption "Legal Matters." In giving this consent, we do not admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act and the rules and regulations thereunder.

Very truly yours,

VINSON & ELKINS L.L.P.

EXHIBIT 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in this registration statement on Form S-3 (File No.) of our report dated October 14, 1996, on our audits of the financial statements and financial statement schedule of Parker Drilling Company. We also consent to the reference to our firm under the caption "Independent Public Accountants."

COOPERS & LYBRAND L.L.P.

Tulsa, Oklahoma
July 2, 1997

EXHIBIT 23.2

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: Parker Drilling Company
Registration on Form S-3

We are aware that our reports dated January 13, 1997, April 14, 1997 and June 27, 1997 on our reviews of interim financial information of Parker Drilling Company for the period ended November 30, 1996 and 1995, February 28, 1997 and 1996, and May 31, 1997 and 1996 and included in the Company's quarterly reports on Form 10-Q for the quarters then ended are incorporated by reference in this registration statement. Pursuant to Rule 436(c) under the Securities Act of 1933, these reports should not be considered part of the registration statement prepared or certified by us within the meaning of Sections 7 and 11 of that Act.

COOPERS & LYBRAND L.L.P.

EXHIBIT 23.3

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this Form S-3 to be filed on or about July 2, 1997 of our reports dated June 27, 1997 on the financial statements of the Predecessor Company for the four months ended April 30, 1996, of Hercules Offshore Corporation as of and for the eight months ended December 31, 1996 and of Hercules Rig Corp. as of December 31, 1996 and 1995, and for the period from inception, April 6, 1994, through December 31, 1994, and for each of the two year periods ended December 31, 1996, and to all references to our Firm included in this Registration Statement.

ARTHUR ANDERSEN LLP

Houston, Texas
July 2, 1997

EXHIBIT 23.4

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this Form S-3 (File No. 333-) of our report dated October 7, 1996 on the combined financial statements of the Mallard Bay Drilling division of Energy Ventures, Inc. as of December 31, 1995 and 1994, and for each of the three years in the period ended December 31, 1995, and to all references to our Firm included in this Registration Statement.

ARTHUR ANDERSEN LLP

Houston, Texas
July 2, 1997

EXHIBIT 23.5

The Board of Directors
Parker Drilling Company:

We consent to the incorporation by reference in the Registration Statement on Form S-3 of Parker Drilling Company (No. 333-) of our report dated September 27, 1996, with respect to the balance sheets of Quail Tools, Inc. as of December 31, 1995 and 1994, and the related statements of earnings and retained earnings, and cash flows for each of the years in the three-year period ended December 31, 1995, which report appears in the Form 8-K/A of Parker Drilling Company dated January 6, 1997. Our report refers to the adoption in 1994 of the method of accounting for certain investments in debt and equity securities prescribed by Statement of Financial Accounting Standards No. 115.

We also consent to the reference to our firm under the heading "Experts" in the prospectus.

KPMG PEAT MARWICK LLP

New Orleans, Louisiana
June 30, 1997

EXHIBIT NO. 23.6

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Prospectus constituting part of this Registration Statement on Form S-3 of our report dated September 11, 1996 appearing in Form 8-K for the year ended December 31, 1995. We also consent to the references to us under the headings "Experts" in such Prospectus.

/s/ PRICE WATERHOUSE LLP
Price Waterhouse LLP
July 2, 1997

EXHIBIT 24.1

LIMITED POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that, the undersigned director or officer of Parker Drilling Company, a Delaware corporation, does hereby make, constitute and appoint ROBERT L. PARKER JR. and JAMES J. DAVIS, and each of them acting individually, his true and lawful attorney with power to act without the other and with full power of substitution, to execute, deliver and file with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Act"), for and on his behalf, and in his name and in his capacity or capacities as aforesaid, (i) a Registration Statement on Form S-3 with respect to an offering of Convertible Subordinated Notes of Parker Drilling Company, (ii) a second Registration Statement on Form S-3 with respect to additional Convertible Subordinated Notes pursuant to Rule 462 under the Act and (iii) any and all amendments thereto or other documents in support thereof or supplemental thereto, hereby granting to said attorneys and each of them full power and authority to do and perform each and every act and thing whatsoever as said attorney or attorneys may deem necessary or advisable to carry out fully the intent of the foregoing as the undersigned might or could do personally or in the capacity or capacities as aforesaid, hereby ratifying and confirming all acts and things which said attorney or attorneys may do or cause to be done by virtue of these presents.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this 2nd day of July, 1997.

/s/ ROBERT L. PARKER

Robert L. Parker

/s/ ROBERT L. PARKER JR.

Robert L. Parker Jr.

James W. Linn

/s/ BERNARD DUROC-DANNER

Bernard Duroc-Danner

/s/ DAVID L. FIST

David L. Fist

Earnest F. Gloyna

/s/ R. RUDOLPH REINFRANK

R. Rudolph Reinfrank

/s/ JAMES J. DAVIS

James J. Davis

EXHIBIT 25.1

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY UNDER THE
TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY
OF A TRUSTEE PURSUANT TO SECTION 305(b)(2) _____

TEXAS COMMERCE BANK NATIONAL ASSOCIATION
(Exact name of trustee as specified in its charter)

74-0800980
(I.R.S. Employer Identification Number)

712 MAIN STREET, HOUSTON, TEXAS 77002
(Address of principal executive offices) (Zip code)

LEE BOOCKER, 712 MAIN STREET, 26TH FLOOR
HOUSTON, TEXAS 77002 (713) 216-2448
(Name, address and telephone number of agent for service)

PARKER DRILLING COMPANY
(Exact name of obligor as specified in its charter)

DELAWARE 73-0618660
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification Number)

8 EAST THIRD STREET, TULSA, OKLAHOMA 74103
(Address of principal executive offices) (Zip code)

___% CONVERTIBLE SUBORDINATED NOTES DUE 2004
(Title of indenture securities)

=====

ITEM 1. GENERAL INFORMATION.

FURNISH THE FOLLOWING INFORMATION AS TO THE TRUSTEE:

- (a) NAME AND ADDRESS OF EACH EXAMINING OR SUPERVISING
AUTHORITY TO WHICH IT IS SUBJECT.

Comptroller of the Currency, Washington, D.C.
Federal Deposit Insurance Corporation, Washington, D.C.
Board of Governors of the Federal Reserve System, Washington,
D.C.

- (b) WHETHER IT IS AUTHORIZED TO EXERCISE CORPORATE TRUST POWERS.

The trustee is authorized to exercise corporate trust powers.

ITEM 2. AFFILIATIONS WITH THE OBLIGOR.

IF THE OBLIGOR IS AN AFFILIATE OF THE TRUSTEE, DESCRIBE EACH
SUCH AFFILIATION.

The obligor is not an affiliate of the trustee. (See Note on

ITEM 3. VOTING SECURITIES OF THE TRUSTEE.

FURNISH THE FOLLOWING INFORMATION AS TO EACH CLASS OF VOTING SECURITIES OF THE TRUSTEE.

<TABLE>

<CAPTION>

COL. A TITLE OF CLASS ----- <S>	COL. B AMOUNT OUTSTANDING ----- <C>
--	--

</TABLE>

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

ITEM 4. TRUSTEESHIPS UNDER OTHER INDENTURES.

IF THE TRUSTEE IS A TRUSTEE UNDER ANOTHER INDENTURE UNDER WHICH ANY OTHER SECURITIES, OR CERTIFICATES OF INTEREST OR PARTICIPATION IN ANY OTHER SECURITIES, OF THE OBLIGOR ARE OUTSTANDING, FURNISH THE FOLLOWING INFORMATION:

(a) TITLE OF THE SECURITIES OUTSTANDING UNDER EACH SUCH OTHER INDENTURE.

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

1

ITEM 4. (CONTINUED)

(b) A BRIEF STATEMENT OF THE FACTS RELIED UPON AS A BASIS FOR THE CLAIM THAT NO CONFLICTING INTEREST WITHIN THE MEANING OF SECTION 310(b)(1) OF THE ACT ARISES AS A RESULT OF THE TRUSTEESHIP UNDER ANY SUCH OTHER INDENTURE, INCLUDING A STATEMENT AS TO HOW THE INDENTURE SECURITIES WILL RANK AS COMPARED WITH THE SECURITIES ISSUED UNDER SUCH OTHER INDENTURE.

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

ITEM 5. INTERLOCKING DIRECTORATES AND SIMILAR RELATIONSHIPS WITH OBLIGOR OR UNDERWRITERS.

IF THE TRUSTEE OR ANY OF THE DIRECTORS OR EXECUTIVE OFFICER OF THE TRUSTEE IS A DIRECTOR, OFFICER, PARTNER, EMPLOYEE, APPOINTEE, OR REPRESENTATIVE OF THE OBLIGOR OR OF ANY UNDERWRITER FOR THE OBLIGOR, IDENTIFY EACH SUCH PERSON HAVING ANY SUCH CONNECTION AND STATE THE NATURE OF EACH SUCH CONNECTION.

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

ITEM 6. VOTING SECURITIES OF THE TRUSTEE OWNED BY THE OBLIGOR OR ITS OFFICIALS.

FURNISH THE FOLLOWING INFORMATION AS TO THE VOTING SECURITIES OF THE TRUSTEE OWNED BENEFICIALLY BY THE OBLIGOR AND EACH DIRECTOR, PARTNER AND EXECUTIVE OFFICER OF THE OBLIGOR.

<TABLE>

<CAPTION>

COL. A	COL. B	COL. C PERCENTAGE OF VOTING SECURITIES REPRESENTED BY	COL. D AMOUNT OWNED	AMOUNT GIVEN IN
--------	--------	--	------------------------	-----------------

NAME OF OWNER	TITLE OF CLASS	BENEFICIALLY	COL. C
<S>	<C>	<C>	<C>

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

2

ITEM 7. VOTING SECURITIES OF THE TRUSTEE OWNED BY UNDERWRITERS OR THEIR OFFICIALS.

FURNISH THE FOLLOWING INFORMATION AS TO THE VOTING SECURITIES OF THE TRUSTEE OWNED BENEFICIALLY BY EACH UNDERWRITER FOR THE OBLIGOR AND EACH DIRECTOR, PARTNER AND EXECUTIVE OFFICER OF EACH SUCH UNDERWRITER.

COL. A	COL. B	COL. C	COL. D
NAME OF OWNER	TITLE OF CLASS	PERCENTAGE OF VOTING SECURITIES REPRESENTED BY AMOUNT OWNED BENEFICIALLY	AMOUNT GIVEN IN COL. C
<S>	<C>	<C>	<C>

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

ITEM 8. SECURITIES OF THE OBLIGOR OWNED OR HELD BY THE TRUSTEE.

FURNISH THE FOLLOWING INFORMATION AS TO THE SECURITIES OF THE OBLIGOR OWNED BENEFICIALLY OR HELD AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT BY THE TRUSTEE.

COL. A	COL. B	COL. C	COL. D
TITLE OF CLASS	AMOUNT OWNED	WHETHER THE SECURITIES ARE VOTING OR NONVOTING	BENEFICIALLY OR HELD AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT
	SECURITIES	PERCENT OF CLASS REPRESENTED BY AMOUNT GIVEN	IN COL. C
<S>	<C>	<C>	<C>

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

3

ITEM 9. SECURITIES OF UNDERWRITERS OWNED OR HELD BY THE TRUSTEE.

IF THE TRUSTEE OWNS BENEFICIALLY OR HOLDS AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT ANY SECURITIES OF AN UNDERWRITER FOR THE OBLIGOR, FURNISH THE FOLLOWING INFORMATION AS TO EACH CLASS OF SECURITIES OF SUCH UNDERWRITER ANY OF WHICH ARE SO OWNED OR HELD BY THE TRUSTEE.

COL. A	COL. B	COL. C	COL. D
TITLE OF ISSUER AND AMOUNT	AMOUNT OWNED	BENEFICIALLY OR HELD AS COLLATERAL SECURITY FOR OBLIGATIONS IN	PERCENT OF CLASS REPRESENTED BY AMOUNT GIVEN

TITLE OF CLASS	OUTSTANDING	DEFAULT BY TRUSTEE	IN COL. C
<S>	<C>	<C>	<C>

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

ITEM 10. OWNERSHIP OR HOLDINGS BY THE TRUSTEE OF VOTING SECURITIES OF CERTAIN AFFILIATES OR SECURITY HOLDERS OF THE OBLIGOR.

IF THE TRUSTEE OWNS BENEFICIALLY OR HOLDS AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT VOTING SECURITIES OF A PERSON WHO, TO THE KNOWLEDGE OF THE TRUSTEE (1) OWNS 10% OR MORE OF THE VOTING SECURITIES OF THE OBLIGOR OR (2) IS AN AFFILIATE, OTHER THAN A SUBSIDIARY, OF THE OBLIGOR, FURNISH THE FOLLOWING INFORMATION AS TO THE VOTING SECURITIES OF SUCH PERSON.

COL. A	COL. B	COL. C	COL. D
TITLE OF ISSUER AND AMOUNT	AMOUNT OWNED BENEFICIALLY OR HELD AS COLLATERAL	SECURITY FOR OBLIGATIONS IN	PERCENT OF CLASS REPRESENTED BY AMOUNT GIVEN
TITLE OF CLASS	OUTSTANDING	DEFAULT BY TRUSTEE	IN COL. C
<S>	<C>	<C>	<C>

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

4

ITEM 11. OWNERSHIP OR HOLDINGS BY THE TRUSTEE OF ANY SECURITIES OF A PERSON OWNING 50% OR MORE OF THE VOTING SECURITIES OF THE OBLIGOR.

IF THE TRUSTEE OWNS BENEFICIALLY OR HOLDS AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT ANY SECURITIES OF A PERSON WHO, TO THE KNOWLEDGE OF THE TRUSTEE, OWNS 50% OR MORE OF THE VOTING SECURITIES OF THE OBLIGOR, FURNISH THE FOLLOWING INFORMATION AS TO EACH CLASS OF SECURITIES OR SUCH PERSON ANY OF WHICH ARE SO OWNED OR HELD BY THE TRUSTEE.

COL. A	COL. B	COL. C	COL. D
TITLE OF ISSUER AND AMOUNT	AMOUNT OWNED BENEFICIALLY OR HELD AS COLLATERAL	SECURITY FOR OBLIGATIONS IN	PERCENT OF CLASS REPRESENTED BY AMOUNT GIVEN
TITLE OF CLASS	OUTSTANDING	DEFAULT BY TRUSTEE	IN COL. C
<S>	<C>	<C>	<C>

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

ITEM 12. INDEBTEDNESS OF THE OBLIGOR TO THE TRUSTEE.

EXCEPT AS NOTED IN THE INSTRUCTIONS, IF THE OBLIGOR IS INDEBTED TO THE TRUSTEE, FURNISH THE FOLLOWING INFORMATION:

COL. A	COL. B	COL. C
--------	--------	--------

NATURE OF INDEBTEDNESS	AMOUNT OUTSTANDING	DATE DUE
<S>	<C>	<C>

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

ITEM 13. DEFAULTS BY THE OBLIGOR.

(a) STATE WHETHER THERE IS OR HAS BEEN A DEFAULT WITH RESPECT TO THE SECURITIES UNDER THIS INDENTURE. EXPLAIN THE NATURE OF ANY SUCH DEFAULT.

There is not, nor has there been, a default with respect to the securities under this indenture. (See Note on Page 7.)

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ITEM 13. (CONTINUED)

(b) IF THE TRUSTEE IS A TRUSTEE UNDER ANOTHER INDENTURE UNDER WHICH ANY SECURITIES, OR CERTIFICATES OF INTEREST OR PARTICIPATION IN ANY OTHER SECURITIES, OF THE OBLIGOR ARE OUTSTANDING, OR IS TRUSTEE FOR MORE THAN ONE OUTSTANDING SERIES OF SECURITIES UNDER THE INDENTURE, STATE WHETHER THERE HAS BEEN A DEFAULT UNDER ANY SUCH INDENTURE OR SERIES, IDENTIFY THE INDENTURE OR SERIES AFFECTED, AND EXPLAIN THE NATURE OF ANY SUCH DEFAULT.

There has not been a default under any such indenture or series. (See Note on Page 7.)

ITEM 14. AFFILIATIONS WITH THE UNDERWRITERS.

IF ANY UNDERWRITER IS AN AFFILIATE OF THE TRUSTEE, DESCRIBE EACH SUCH AFFILIATION.

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

ITEM 15. FOREIGN TRUSTEE.

IDENTIFY THE ORDER OR RULE PURSUANT TO WHICH THE FOREIGN TRUSTEE IS AUTHORIZED TO ACT AS SOLE TRUSTEE UNDER INDENTURES QUALIFIED OR TO BE QUALIFIED UNDER THE ACT.

Not applicable.

ITEM 16. LIST OF EXHIBITS.

LIST BELOW ALL EXHIBITS FILED AS PART OF THIS STATEMENT OF ELIGIBILITY.

o 1. A copy of the articles of association of the trustee now in effect.

** 2. A copy of the certificate of authority of the trustee to commence business.

* 3. A copy of the certificate of authorization of the trustee to exercise corporate trust powers issued by the Board of Governors of the Federal Reserve System under date of January 21, 1948.

+ 4. A copy of the existing bylaws of the trustee.

5. Not applicable.

6. The consent of United States institutional trustees required by Section 321(b) of the Act.

[] 7. A copy of the latest report of condition of the trustee published pursuant to law or the requirements of its supervising or examining authority.

8. Not applicable.

9. Not applicable.

o Incorporated by reference to exhibit bearing the same designation and previously filed with the Securities and Exchange Commission as exhibits to the Form S-3 File No. 33-56195.

** Incorporated by reference to exhibit bearing the same designation and previously filed with the Securities and Exchange Commission as exhibits to the Form S-3 File No. 33-42814.

* Incorporated by reference to exhibit bearing the same designation and previously filed with the Securities and Exchange Commission as exhibits to the Form S-11 File No. 33-25132.

+ Incorporated by reference to exhibit bearing the same designation and previously filed with the Securities and Exchange Commission as exhibits to the Form S-3 File No. 33-65055.

[] Incorporated by reference to exhibit bearing the same designation and previously filed with the Securities and Exchange Commission as exhibits to the Form S-3 File No. 333-26519.

NOTE

Inasmuch as this Form T-1 is filed prior to the ascertainment by the trustee of all facts on which to base responsive answers to Items 2 and 13, the answers to said Items are based on incomplete information. Such Items may, however, be considered as correct unless amended by an amendment to this Form T-1.

7
SIGNATURE

PURSUANT TO THE REQUIREMENTS OF THE TRUST INDENTURE ACT OF 1939 THE TRUSTEE, TEXAS COMMERCE BANK NATIONAL ASSOCIATION, A NATIONAL BANKING ASSOCIATION ORGANIZED AND EXISTING UNDER THE LAWS OF THE UNITED STATES OF AMERICA, HAS DULY CAUSED THIS STATEMENT OF ELIGIBILITY TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, ALL IN THE CITY OF HOUSTON, AND STATE OF TEXAS, ON THE 2nd DAY OF JULY, 1997.

TEXAS COMMERCE BANK NATIONAL ASSOCIATION
(Trustee)

By: /s/ Mauri J. Cowen

Mauri J. Cowen
Vice President and Trust Officer

EXHIBIT 6

Securities and Exchange Commission
Washington, D.C. 20549

Gentlemen:

The undersigned is trustee under an indenture dated as of July __, 1997, between Parker Drilling Company, a Delaware corporation, and Texas Commerce Bank National Association, as Trustee, entered into in connection with the issuance of their __ % Convertible Subordinated Notes Due 2004 __.

In accordance with Section 321(b) of the Trust Indenture Act of 1939, the undersigned hereby consents that reports of examinations of the undersigned, made by Federal or State authorities authorized to make such examinations, may be furnished by such authorities to the Securities and Exchange Commission upon its request therefor.

Very truly yours,

TEXAS COMMERCE BANK
NATIONAL ASSOCIATION

By: /s/ Mauri J. Cowen

Mauri J. Cowen
Vice President and Trust Officer