

ROWAN COMPANIES PLC  
Form DEF 14A  
March 13, 2013  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

**(Amendment No.    )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only** (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

**Rowan Companies plc**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)



2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

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**Rowan Companies plc**

**Mitre House, 160 Aldersgate Street, London EC1A 4DD**

**Registered Company No. 07805263**

March 13, 2013

Dear Shareholder:

You are cordially invited to attend the 2013 annual general meeting of shareholders of Rowan Companies plc (the Meeting ) on Friday, April 26, 2013, at 8:00 a.m., London time (3:00 a.m., New York time), at the Four Seasons Hotel, Hamilton Place, Park Lane, London, United Kingdom W1J 7DR in the Halcyon Room.

At the Meeting, you will be asked to consider and vote on the following:

1. An ordinary resolution to elect William T. Fox III as a Class I Director for a term to expire at the annual general meeting of shareholders to be held in 2014;
2. An ordinary resolution to elect Sir Graham Hearne as a Class I Director for a term to expire at the annual general meeting of shareholders to be held in 2014;
3. An ordinary resolution to elect H. E. Lentz as a Class I Director for a term to expire at the annual general meeting of shareholders to be held in 2014;
4. An ordinary resolution to ratify the Audit Committee's appointment of Deloitte & Touche LLP as our U.S. independent registered public accounting firm for 2013;
5. An ordinary resolution to re-appoint Deloitte LLP as our U.K. statutory auditors under the U.K. Companies Act 2006 (to hold office until the conclusion of the next annual general meeting at which accounts are laid before Rowan Companies plc);
6. An ordinary resolution to authorize the Audit Committee to determine our U.K. statutory auditors' remuneration;
7. An ordinary resolution to approve our 2013 Rowan Companies plc Incentive Plan;
8. An ordinary resolution of a non-binding advisory nature to approve Rowan Companies plc's U.K. statutory Directors' Remuneration Report for the year ended December 31, 2012; and
9. A non-binding advisory vote to approve Rowan Companies plc's executive compensation as reported in this proxy statement.

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Please refer to this proxy statement for detailed information on each of these proposals. Pursuant to our Articles of Association, no matters other than proposals 1 - 9 above may be brought at this Meeting.

During the Meeting, our Board of Directors will lay before the Company our U.K. statutory Accounts, the U.K. statutory Directors Report and the statutory Auditors Report for the year ended December 31, 2012. Our Board of Directors will also provide an opportunity for shareholders to raise questions in relation to the accounts and reports.

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It is very important that your shares are represented and voted at the Meeting. If you are a shareholder of record, your shares may be voted by telephone, via the Internet, or by returning a proxy card. Your proxy will not be used if you are present and prefer to vote in person or if you revoke your proxy. If you hold shares through a bank or broker, or indirectly in our savings plan, please refer to *Questions and Answers About Voting* in the proxy statement for further information about voting your shares.

We appreciate the continuing interest of our shareholders in the business of Rowan Companies plc, and we hope you will be able to attend the Meeting. Please contact our Company Secretary if you plan to attend the Meeting in person.

Sincerely,

*Chairman of the Board of Directors*

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**Rowan Companies plc**

**Mitre House, 160 Aldersgate Street, London EC1A 4DD**

**Registered Company No. 07805263**

**Notice of 2013 Annual General Meeting of Shareholders to be held April 26, 2013**

Rowan Companies plc, a public limited company incorporated under English law (the Company), will hold its 2013 annual general meeting of shareholders (the Meeting) on Friday, April 26, 2013, at 8:00 a.m., London time (3:00 a.m., New York time), at the Four Seasons Hotel, Hamilton Place, Park Lane, London, United Kingdom W1J 7DR in the Halcyon Room. The items of business are to consider and vote on the following:

1. An ordinary resolution to elect William T. Fox III as a Class I Director for a term to expire at the annual general meeting of shareholders to be held in 2014;
2. An ordinary resolution to elect Sir Graham Hearne as a Class I Director for a term to expire at the annual general meeting of shareholders to be held in 2014;
3. An ordinary resolution to elect H. E. Lentz as a Class I Director for a term to expire at the annual general meeting of shareholders to be held in 2014;
4. An ordinary resolution to ratify the Audit Committee's appointment of Deloitte & Touche LLP as our U.S. independent registered public accounting firm for 2013;
5. An ordinary resolution to re-appoint Deloitte LLP as our U.K. statutory auditors under the U.K. Companies Act 2006 (to hold office until the conclusion of the next annual general meeting at which accounts are laid before the Company);
6. An ordinary resolution to authorize the Audit Committee to determine our U.K. statutory auditors' remuneration;
7. An ordinary resolution to approve our 2013 Rowan Companies plc Incentive Plan;
8. An ordinary resolution of a non-binding advisory nature to approve Rowan Companies plc's U.K. statutory Directors' Remuneration Report for the year ended December 31, 2012; and
9. A non-binding advisory vote to approve Rowan Companies plc's executive compensation as reported in this proxy statement. Pursuant to our Articles of Association, no matters other than proposals 1 - 9 above may be brought at this Meeting.

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Resolutions in proposals 1 - 8 will be proposed as ordinary resolutions, which means that, assuming a quorum is present, each such resolution will be approved if a majority of votes cast for or against a resolution are cast in favor of the resolution. Further, under the NYSE rules, the total number of votes cast on proposal 7 (excluding abstentions) must exceed 50% of the total Class A Ordinary Shares outstanding, and a majority of the votes cast must be in favor for the proposal to be approved. With respect to the non-binding ordinary resolution in proposal 8 regarding approving the Company's U.K. statutory Directors' Remuneration Report for the year ended December 31, 2012 and the non-binding advisory vote in proposal 9 regarding the Company's executive compensation as reported in this proxy statement, the result of the vote for each proposal will not require the Board of Directors or any committee thereof to take any action. Our Board of Directors values the opinions of our shareholders as expressed through advisory votes and other communications. The Board of Directors will carefully consider the outcome of the advisory vote on each proposal.

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During the Meeting, our Board of Directors will lay before the Company our U.K. statutory Accounts, the U.K. statutory Directors Report and the statutory Auditors Report for the year ended December 31, 2012. Our Board of Directors will also provide an opportunity for shareholders to raise questions in relation to the accounts and reports.

Only shareholders of record of Class A Ordinary Shares as of the close of business in New York City on Monday, March 4, 2013 are entitled to notice of and to vote at the Meeting and at any adjournment or postponement of the Meeting. A list of the shareholders entitled to vote at the Meeting is available at the Company's Houston, Texas office. In accordance with the provisions in the U.K. Companies Act 2006 and in accordance with our Articles of Association, a shareholder of record is entitled to appoint another person as his or her proxy to exercise all or any of his or her rights to attend and to speak and vote at the Meeting and to appoint more than one proxy in relation to the Meeting (provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him or her). Such proxy need not be a shareholder of record.

Melanie M. Trent

Company Secretary

March 13, 2013

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**Important Notice Regarding the Availability of**

**Proxy Materials for the Shareholder**

**Meeting to be Held on April 26, 2013**

This proxy statement and our annual report, including consolidated financial statements for the year ended December 31, 2012, and the means to vote by Internet, are available at [www.proxyvote.com](http://www.proxyvote.com).

**Your Vote is Important**

Your vote is very important, regardless of the number of shares you own. Whether or not you are able to attend the Meeting in person, it is important that your shares be represented. Please vote as promptly as possible by telephone or via the Internet or by signing, dating and returning the proxy card mailed to those who receive paper copies of this proxy statement. Voting promptly, regardless of the number of shares you hold, will aid us in reducing the expense of an extended proxy solicitation. For specific information regarding the voting of your Class A Ordinary Shares, please refer to the section entitled *Questions and Answers About Voting*.

If you hold Rowan Companies plc Class A Ordinary Shares with a broker or bank, you may also be eligible to vote by telephone or via the Internet. If you hold Rowan Companies plc Class A Ordinary Shares indirectly in our Company savings plan, you have the right to direct the trustee of the plan how to vote as described on the separate voting instruction card sent to you by the trustee.

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**PROXY STATEMENT FOR THE 2013 ANNUAL GENERAL MEETING OF SHAREHOLDERS OF  
ROWAN COMPANIES PLC**

This proxy statement relates to the solicitation of proxies by the Board of Directors of Rowan Companies plc (the *Company*) for use at the 2013 annual general meeting of shareholders (the *Meeting*) to be held on April 26, 2013, at 8:00 a.m., London time (3:00 a.m., New York time), at the Four Seasons Hotel, Hamilton Place, Park Lane, London, United Kingdom W1J 7DR in the Halcyon Room, and at any adjournment or postponement of the Meeting.

**The proxy is solicited by the Board of Directors of the Company (the *Board of Directors* or the *Board*) and is revocable by the shareholder any time before it is voted.** This proxy statement, form of proxy and voting instructions are being made available to shareholders on or about March 13, 2013 at [www.proxyvote.com](http://www.proxyvote.com). You may also request a printed copy of this proxy statement and the form of proxy by any of the following methods: (a) telephone at +1-800-579-1639; (b) Internet at [www.proxyvote.com](http://www.proxyvote.com); or (c) e-mail at [sendmaterial@proxyvote.com](mailto:sendmaterial@proxyvote.com). Our annual report on Form 10-K, including consolidated financial statements for the year ended December 31, 2012 ( *annual report* ), is being made available at the same time and by the same methods. The annual report is not to be considered as a part of the proxy solicitation material or as having been incorporated by reference.

Our registered office is located at Mitre House, 160 Aldersgate Street, London EC1A 4DD and our principal executive office is located at 2800 Post Oak Blvd., Suite 5450, Houston, Texas 77056, our telephone number in our Houston office is +1-713-621-7800 and our website address is [www.rowancompanies.com](http://www.rowancompanies.com). Information contained on our website, including information referred to in this proxy statement, is not to be considered as part of the proxy solicitation material and is not incorporated into this proxy statement.

On May 4, 2012, we completed the reorganization of Rowan Companies, Inc., a Delaware corporation ( *Rowan Delaware* ), pursuant to which Rowan Companies plc became the publicly held parent company of Rowan Delaware and its subsidiaries. We refer to this transaction as the *redomestication*. In connection with the redomestication, holders of the common stock of Rowan Delaware ( *common stock* ) received Class A Ordinary Shares of Rowan Companies plc, par value U.S. \$0.125 per share, in lieu of their common stock. Our Class A Ordinary Shares trade on the New York Stock Exchange ( *NYSE* ) under the symbol *RDC*.

As a result of the redomestication, unless the context indicates otherwise, in this proxy statement all references to *shares* relating to a date prior to May 4, 2012 refer to common stock of Rowan Delaware, while all references to *shares* relating to a date on or after May 4, 2012 refer to Class A Ordinary Shares. Similarly, in this proxy statement, we refer to Rowan Companies plc as *the Company*, *Rowan*, *we*, *our* or *us*. How similar references for any date or period prior to May 4, 2012 refer to Rowan Delaware, as the context may require.

**QUESTIONS AND ANSWERS ABOUT VOTING**

**Who is soliciting my proxy to vote my shares?**

Our Board of Directors is soliciting your proxy or your authorization for our representatives to vote your shares. Your proxy will be effective for the Meeting and at any adjournment or postponement of that Meeting.

**Who is entitled to vote?**

Only shareholders of record as of the close of business on Monday, March 4, 2013 (the *record date* ), are entitled to vote at the Meeting or any adjournment or postponement thereof. As of the record date, there were approximately 124,226,687 outstanding shares entitled to vote at the Meeting. Subject to disenfranchisement in accordance with applicable law and/or our Articles of Association, each share is entitled to one vote on each matter properly brought before the Meeting. No other class of securities will be entitled to vote at the Meeting. Pursuant to our Articles of Association, cumulative voting rights are prohibited.

A complete list of shareholders of record entitled to vote will be open to the examination of any shareholder for any purpose germane to the Meeting for a period of ten days prior to the Meeting at the *Company's* offices in Houston, Texas during ordinary business hours. Such list shall also be open to the examination of any shareholder present at the Meeting.

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If you hold shares in street name through a broker or bank, you may also be eligible to vote by telephone or via the Internet.

If you hold your shares indirectly in our Company savings plan (the Savings Plan), you have the right to direct the trustee of the plan how to vote as described on the separate instruction card sent to you by the trustee.

**What is the difference between holding shares in street name and as a shareholder of record ?**

If you are registered on the register of members of the Company in respect of shares, you are considered, with respect to those shares, a shareholder of record, and these proxy materials are being made available or sent directly to you by Rowan.

If your shares are held in a stock brokerage account or by a broker, bank or other nominee, you are considered to hold shares in street name, and these proxy materials are being made available or forwarded to you by your broker, bank or other nominee who is considered, with respect to those shares, the shareholder of record. If you hold shares in street name, you have the right to direct your broker, bank or other nominee on how to vote your shares by following the instructions for voting on the proxy card.

**What are the requirements to elect the directors and approve each of the proposals?**

You may cast your vote for or against the resolutions considered in proposals 1 through 9 or abstain from voting your shares on one or more of these resolutions.

Resolutions in proposals 1 - 8 will be proposed as ordinary resolutions, which means that, assuming a quorum is present, each resolution considered in proposals 1 - 8 will be approved if a majority of the votes cast for or against a resolution are cast in favor of the resolution. For instance, in regard to the election of directors at the Meeting, a nominee for director will be elected to the Board if the votes cast for such nominee's election exceed the votes cast against such nominee's election. Under our Articles of Association, when a quorum is present, a nominee seeking election to a directorship shall be elected if a majority of the votes cast for or against are cast in favor of the resolution to re-elect the director. Further, under the NYSE rules, the total number of votes cast on proposal 7 (excluding abstentions) must exceed 50% of the total shares outstanding, and a majority of the votes cast must be in favor for the proposal to be approved.

With respect to the non-binding ordinary resolution in proposal 8 regarding approving the Company's U.K. statutory Directors Remuneration Report for the year ended December 31, 2012 ( U.K. Directors Remuneration Report ), and the non-binding advisory vote in proposal 9 regarding the compensation of our named executive officers ( NEOs ) as reported in this proxy statement, the result of the vote for each proposal will not require the Board of Directors or any committee thereof to take any action. Our Board of Directors values the opinions of our shareholders as expressed through advisory votes and other communications. The Board of Directors will carefully consider the outcome of the advisory vote on each proposal.

**What are the Board of Directors voting recommendations regarding the election of directors and other proposals?**

The Board of Directors recommends that you vote as follows:

	<b>Proposal to be Voted Upon</b>	<b>Recommendation</b>
Proposal No. 1	Election of William T. Fox as a Class I nominee to the Board of Directors	FOR
Proposal No. 2	Election of Sir Graham Hearne as a Class I nominee to the Board of Directors	FOR
Proposal No. 3	Election of H. E. Lentz as a Class I nominee to the Board of Directors	FOR
Proposal No. 4	Ratification of the appointment of the Company's U.S. independent registered public accounting firm for 2013	FOR

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Proposal No. 5	Approval of the re-appointment of the Company's U.K. statutory auditors	FOR
Proposal No. 6	Authorization for the Audit Committee to determine the Company's U.K. statutory auditors' remuneration	FOR
Proposal No. 7	Approval of our 2013 Rowan Companies plc Incentive Plan	FOR
Proposal No. 8	Approval by Advisory Vote of the Company's U.K. Statutory Directors' Remuneration Report for the year ended December 31, 2012	FOR
Proposal No. 9	Advisory vote to approve the Company's NEO compensation as reported in this proxy statement	FOR

**What constitutes a quorum?**

For the purposes of the Meeting, the shareholders present in person or by proxy who represent at least a majority of our shares entitled to vote at the Meeting will constitute a quorum.

**How do I vote my shares?**

*If you hold shares in street name,* you should follow the directions provided by your broker, bank or other nominee. You may submit instructions by telephone or via the Internet to your broker, bank or other nominee, or request and return a paper proxy card to your broker, bank or other nominee. We will distribute written ballots to anyone who wants to vote in person at the Meeting. If you hold shares in street name, you must obtain a legal proxy from your broker, bank or other nominee and present it to the inspector of election with your ballot to be able to vote at the Meeting.

*If you are a current or former Rowan employee who holds shares in the Savings Plan,* you will receive voting instructions from the trustee of the plan for shares allocated to your account. If you fail to give voting instructions to the trustee, your shares will be voted by the trustee in the same proportion and direction as shares held by the trustee for which voting instructions were received. To allow sufficient time for voting by the trustee and administrator of the Savings Plan, your voting instructions for shares held in the plan must be received by 11:59 p.m. (New York time) on April 18, 2013.

*If you are a shareholder of record,* you may appoint a proxy to vote on your behalf using any of the following methods:

By telephone using the toll-free telephone number shown on the proxy card;

Via the Internet as instructed on the proxy card;

By completing and signing the proxy card and returning it in the prepaid envelope provided; or

By written ballot at the Meeting.

Telephone and Internet proxy appointment facilities for shareholders of record will be available 24 hours a day. If you give instructions as to your proxy appointment by telephone or via the Internet, such instructions must be received by 11:59 p.m. (New York time) on April 24, 2013. If you properly give instructions as to your proxy appointment by telephone, via the Internet or by executing and returning a paper proxy card, and your proxy appointment is not subsequently revoked, your shares will be voted in accordance with your instructions.

**How will my shares be voted if I do not specify how they should be voted?**

If your proxy does not indicate how you want your shares to be voted, your shares will be voted by the persons appointed as proxies in accordance with the recommendations of the Board.

**Can I change my vote?**

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*If you hold shares in street name,* you may submit new voting instructions by contacting your broker, bank or other nominee. You may also vote in person at the Meeting if you obtain a legal proxy as described above under *How do I vote my shares?* See also *What if I plan to attend the Meeting?*

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*If you are a current or former Rowan employee who holds shares in the Savings Plan, you can change your voting instructions to the trustee by following the instructions separately provided to you by the trustee prior to the applicable voting cutoff time set by Fidelity.*

*If you are a shareholder of record, you can change your vote or revoke your proxy at any time before the Meeting by:*

Entering a later-dated proxy by telephone or via the Internet;

Delivering a valid, later-dated proxy card;

Sending written notice to the Office of the Company Secretary; or

Voting by ballot in person at the Meeting.

All shares that have been properly voted and not revoked will be voted at the Meeting. Attending the Meeting without taking further action will not automatically revoke your prior telephone or Internet vote or your proxy.

### **If you hold shares in street name through a broker, will my broker vote my shares for me?**

NYSE rules determine whether resolutions presented at shareholder meetings are discretionary or non-discretionary with respect to broker voting. If a resolution is discretionary, a broker may vote on the resolution without voting instructions from the owner. If determined to be discretionary by the NYSE under NYSE rules, the resolutions to ratify the appointment of Deloitte & Touche LLP as our U.S. independent registered public accounting firm for 2013 (Proposal 4), to re-appoint Deloitte LLP as our U.K. statutory auditors under the U.K. Companies Act 2006 (Proposal 5), and to authorize the Audit Committee to determine our U.K. statutory auditors remuneration (Proposal 6) are considered discretionary. This means that brokerage firms may vote in their discretion on these resolutions on behalf of clients who have not furnished voting instructions at least 10 days before the date of the Meeting.

In contrast, if determined by the NYSE, all of the other proposals, including the resolutions to re-elect directors (Proposals 1 - 3), to approve our 2013 Rowan Companies plc Incentive Plan (Proposal 7), to approve by advisory vote the U.K. Directors Remuneration Report (Proposal 8), and to submit an advisory vote on NEO compensation (Proposal 9) are non-discretionary items. This means brokerage firms that have not received voting instructions from their clients on these proposals may not vote on them. These so-called broker non-votes will be included in the calculation of the number of votes considered to be present at the Meeting for purposes of determining a quorum, but will not be considered in determining the number of votes necessary for approval.

We will post preliminary results of voting at the Meeting on our website promptly after the Meeting.

### **What happens if I abstain or withhold my vote on any proposal?**

Abstentions are counted as present in determining whether the quorum requirement is satisfied. In determining the number of votes cast in respect of any resolution, shares that abstain from voting or shares not voted will not be treated as votes cast and will not be taken into account in determining the outcome of any of the proposals.

### **Does Rowan offer electronic delivery of proxy materials?**

Yes. As permitted by Securities and Exchange Commission (the SEC) rules, we are making this proxy statement and our annual report available to shareholders electronically via the Internet on the Company's website and [www.rowancompanies.com](http://www.rowancompanies.com) under *Investor Relations*. On or about March 13, 2013, we began mailing to our shareholders a notice containing instructions on how to access this proxy statement and our annual report and how to vote online. If you received that notice, you will not receive a printed copy of the proxy materials unless you specifically request it by following the instructions contained on the notice or as set forth in the following paragraph. The notice is not a form for voting.

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If you received a paper copy of this proxy statement by mail and you wish to receive a notice of the availability of future proxy statements either in paper form or electronically via e-mail, you can elect to receive a paper notice of availability by mail or an e-mail message that will provide a link to these documents on our website. By opting to receive the notice of availability and accessing your proxy materials online, you will save the Company the cost of producing and mailing documents to you, reduce the amount of mail you receive and help preserve environmental resources. To sign up for electronic delivery, please follow the instructions on your proxy card to vote by Internet at [www.proxyvote.com](http://www.proxyvote.com) and, when prompted, indicate that you agree to receive or access shareholder communications electronically in future years.

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### **What is householding?**

SEC rules now allow us to deliver a single copy of an annual report and proxy statement to any household at which two or more shareholders reside, if we believe the shareholders are members of the same family. This rule benefits both you and the Company. We believe it eliminates irritating duplicate mailings that shareholders living at the same address receive and it reduces our printing and mailing costs. This rule applies to any annual report or proxy statement. Each shareholder will continue to receive a separate proxy card or voting instruction card.

Your household may have received a single set of proxy materials this year. If you prefer to receive your own copy, or if you have received multiple copies and prefer a single set, please make your request by calling +1-800-579-1639, using the website [www.proxyvote.com](http://www.proxyvote.com), or by e-mail at [sendmaterial@proxyvote.com](mailto:sendmaterial@proxyvote.com), or in writing to Rowan Companies plc, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

If a broker or other nominee holds your shares, you may continue to receive some duplicate mailings. Certain brokers will eliminate duplicate account mailings by allowing shareholders to consent to such elimination, or through implied consent if a shareholder does not request continuation of duplicate mailings. Since not all brokers and nominees may offer shareholders the opportunity this year to eliminate duplicate mailings, you may need to contact your broker or nominee directly to discontinue duplicate mailings to your household.

### **What if I plan to attend the Meeting?**

Attendance at the Meeting will be limited to shareholders as of the record date. Each shareholder may be asked to present valid picture identification, such as a driver's license or passport. Shareholders holding shares in street name through brokerage accounts or by a bank or other nominee are required to show a brokerage statement or account statement reflecting share ownership as of the record date in order to obtain admittance to the Meeting. Cameras, recording devices and other electronic devices will not be permitted at the Meeting.

### **How does the Company solicit proxies?**

We solicit the proxies and will bear the entire cost of this solicitation. The initial solicitation of proxies may be supplemented by additional mail communications and by telephone, fax, e-mail, Internet and personal solicitation by our directors, officers or other employees, or our proxy solicitor. No additional compensation for soliciting proxies will be paid to our directors, officers or other employees for their proxy solicitation efforts. We have retained Innisfree M&A Incorporated to assist in the solicitation of proxies at a cost of \$18,500 plus reasonable out-of-pocket expenses. We also reimburse brokerage firms and other custodians, nominees and fiduciaries for their expenses in sending these materials to you.

### **What do I do if I receive more than one notice or proxy card?**

If you hold your shares in more than one account, you will receive a notice or proxy card for each account. To ensure that all of your shares are voted, please sign, date and return all proxy cards or use each proxy card or notice to vote by telephone or via the Internet. Please be sure to vote all of your shares.

### **Will there be any other business conducted at the Meeting?**

No. Pursuant to our Articles of Association, no matters other than proposals 1 - 9 may be brought at this Meeting. The Company has not been notified of, and our Board of Directors is not aware of, any other matters to be presented for action at the Meeting.

### **Who is the transfer agent?**

Our transfer agent is Computershare Trust Company, N.A. All communications concerning shareholder of record accounts, including address changes, name changes, share transfer requirements and similar issues can be handled by contacting Computershare Trust Company, N.A. at +1-888-868-8111 (within the U.S., U.S. Territories and Canada), +1-732-491-4324 (outside the U.S., U.S. Territories and Canada), or in writing at 250 Royall Street, Canton, MA 02021, USA.

**If you have any further questions about voting or attending the Meeting, please contact our proxy solicitor, Innisfree M&A Incorporated; Shareholders call toll-free at: +1-888-750-5834 (within the U.S.) or +44-20-7710-9960 (within the U.K.); Banks and Brokers call collect at: +1-212-750-5833; Email: [info@innisfreema.com](mailto:info@innisfreema.com).**



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**CORPORATE GOVERNANCE**

**Recent Corporate Governance Actions**

Our Board of Directors has been very proactive in recent years, taking decisive actions including: implementing our strategic plan, effecting numerous corporate governance improvements, engaging closely with shareholders, recruiting new talent for the management team and the Board of Directors, and improving processes and procedures throughout the Company. Specific examples include:

Approving (by vote of our shareholders on April 16, 2012) the elimination of a classified Board; the phased-in declassification of our Board begins with the election of directors at the Meeting, and all our directors will be elected for one-year terms beginning at our annual general meeting in 2015;

Changing our place of incorporation to England, a country with a stable and well-developed legal system that we believe encourages high standards of corporate governance and provides shareholders with substantial rights;

Continuing to engage in a process to refresh the Board by reducing the Board size from 12 to ten members in 2012, adding three new independent directors (Messrs. Quicke and Hix and Ms. Nimocks) and continuing to review the skills, experience and tenure of each of our Board members to ensure appropriate membership for the future;

Eliminating all supermajority voting provisions in our charter documents in April 2010 (note however that as a U.K. domiciled company, we are subject to the U.K. Companies Act 2006 which requires shareholder approval representing a 75% majority in certain circumstances including, but not limited to, amendments to the Company's Articles of Association, disapplication of statutory pre-emption rights of existing shareholders, and mergers or divisions entered into by the Company; these provisions are mandatory under the U.K. Companies Act 2006 and cannot be waived by our shareholders);

Terminating our shareholder rights plan in November 2009;

Appointing in 2009 a new President & CEO from outside of the Company, W. Matt Ralls;

Separating the roles of CEO and Chairman of the Board in 2009;

Creating a Board of Directors comprised completely of independent members, other than our CEO, Mr. Ralls; and

Effecting numerous changes to our Corporate Governance Guidelines ( Guidelines ), Nominating & Corporate Governance Committee charter and constituent documents to provide better corporate governance.

**Corporate Governance Guidelines**

Our Board has adopted Guidelines that, along with the charters of the Board committees, provide the framework for the governance of the Company. The Board's Nominating & Corporate Governance Committee is responsible for overseeing and reviewing the Guidelines at least annually, and recommending any proposed changes to the Board for approval. The Guidelines are available on our website at [www.rowancompanies.com](http://www.rowancompanies.com) under *Investor Relations Governance*.

**Separation of Roles of Chairman and CEO**

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Effective January 1, 2009, the Board of Directors separated the roles of Chairman and CEO. Mr. Lentz serves as Chairman of our Board and Mr. Ralls serves as our CEO.

Our Guidelines provide that the non-executive Chairman shall have the following responsibilities:

To be available to discuss with any director, strategic issues facing the Company and any concerns that a director may have regarding the Board, the Company, or management;

To facilitate information flow and communication between the Board and management, and to ensure that written information communicated by management to any director is readily available to all Board members;

To consult with the CEO with regard to the agenda and items to be discussed at Board meetings, and the scheduling of time available for discussion of all agenda items;

To be available to the CEO for advice and counsel on issues of significance to the Company;

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To make determinations regarding the engagement of outside consultants and advisors who report directly to the Board of Directors;

To preside over meetings of shareholders; and

To oversee the process for shareholder communications with the Board and to be available for consultation and direct communication with major shareholders upon shareholder request or upon request of the Board or the CEO.

In addition, the non-executive Chairman presides at all meetings of the Board of Directors, including executive sessions; may attend all meetings of Board committees, other than executive sessions; and has authority to call meetings of the independent directors.

**Executive Sessions of the Board**

During each of our Board of Directors regularly scheduled meetings, the non-executive directors meet in executive session with our non-executive Chairman presiding.

**Specific Experience, Qualifications and Skills of the Members of Our Board of Directors**

Our Board of Directors is comprised of highly qualified individuals with unique and special skills that assist in effective management of the Company for the benefit of our shareholders. Each of our directors possesses certain experience, qualifications, attributes and skills, as further described below, that led to our conclusion that he or she should serve as a member of our Board of Directors. In addition to the biographical information with respect to each of our directors under the heading *Election of Directors Our Nominees for Class I Director* and *Election of Directors Our Continuing Directors*, the following table shows additional experience and qualifications of our individual directors:

<b>Director</b>	<b>Specific Qualifications and Skills</b>
Robert G. Croyle	<p>Over 39 years of experience in the oil services industry</p> <p>In-depth knowledge of the Company, having served as an attorney, General Counsel, Vice President, Executive Vice President and Vice Chairman</p> <p>Expertise in compensation and health, safety and environmental matters</p> <p>Service on other boards including as presiding director and member of audit, nominating and corporate governance, and compensation committees</p>
William T. Fox III	<p>Financial expertise</p> <p>Over 30 years in commercial banking, lending to energy companies</p> <p>Service as chairman of a compensation committee and member of an audit committee on another board</p>
Sir Graham Hearne	<p>CEO or Chairman of independent exploration and production company for 18 years, with extensive international operations</p> <p>CFO of major U.K. public company for three years</p> <p>Over 40 years of experience as an independent director of a number of public and private enterprises; significant experience as a member of compensation, audit and governance committees</p> <p>Extensive investment banking and legal experience</p>
Thomas R. Hix	<p>Many years of financial and mergers and acquisitions experience, including as CFO of a public oil and gas services company for 17 years</p>

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Board member of public exploration and production company and public board service for 14 years

Significant management experience in offshore contract drilling

Former Certified Public Accountant (CPA)

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H. E. Lentz	<p>Significant investment banking experience for 40 years</p> <p>Financial expertise</p> <p>Service on public companies including audit, compensation and nominating committee experience</p>
Lord Moynihan	<p>Former Minister of Energy, United Kingdom; significant government experience related to energy policy</p> <p>Executive positions and consulting in oil and gas industry; significant international energy experience.</p> <p>Service on public companies including audit committee experience</p> <p>Significant health, safety and environment expertise; Minister responsible for implementing world leading offshore safety regulations</p> <p>Political experience as Member of the British House of Commons for 10 years and current Member of the House of Lords</p>
Suzanne P. Nimocks	<p>Over 20 years experience in a global management consulting firm, focusing on international energy clients, strategic planning and risk management</p> <p>Significant management expertise gained from managing a large office of an international consulting firm</p> <p>Service on compensation, audit and corporate governance committees of publicly traded companies, including as chairperson of compensation committee</p>
P. Dexter Peacock	<p>Experience managing a large law firm; expertise in mergers, acquisitions and securities law; 35 years as a practicing attorney</p> <p>Advisor to boards of directors of public companies for over 30 years</p> <p>Extensive international transactional experience</p> <p>Service on the boards of international and domestic companies</p>
John J. Quicke	<p>Board service on eight public companies over 15 years</p> <p>Significant operating experience for over 20 years</p> <p>Financial and accounting expertise, including as a Certified Public Accountant (CPA)</p>
W. Matt Ralls	<p>Significant drilling industry experience including service as COO and CFO of a publicly traded international drilling company for over 10 years</p> <p>Extensive experience as commercial lender to energy industry</p> <p>Service on boards and committees of publicly traded companies</p>

**Director Independence**

The Board, through the Nominating & Corporate Governance Committee, undertakes its annual review of director independence in the first quarter of each year. During the review, the Board considers transactions, charitable contributions and relationships between each director or any member of his or her immediate family and the Company and its subsidiaries and affiliates. The purpose of this review is to determine whether any transactions, contributions or relationships existed that were inconsistent with a determination that the director is independent. Certain of our directors serve on boards of directors of, or own minor interests in, companies we do business with, either as a customer or vendor. Further, the Company made a charitable donation to an entity on which one of our directors serves as a board member. The Board reviewed the types of transactions, dollar amounts and significance to the Company of each relationship. The Board affirmatively determined that the transactions between the Company and those entities were not material to either party. As a result of this review, the Board affirmatively determined that all

of the directors are independent of the Company and its management, with the exception of Mr. Ralls, our CEO.

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Mr. Peacock, a director of the Company, is Of Counsel to, and his son was a partner of, Andrews Kurth LLP, a law firm from which Mr. Peacock retired as a partner in 1997. Mr. Peacock's son left the firm in August 2012. The Company seeks legal advice from many different law firms and sometimes relies on Andrews Kurth for corporate and securities law matters. During 2012, Andrews Kurth LLP billed approximately \$755,000 in legal fees, which the Company believes reflected market rates for services rendered. During 2012, the Company received legal services from over 35 law firms around the world. By fees paid, Andrews Kurth ranked approximately fourth among such firms. In addition, the Company believes such fees represented less than one-fourth of one percent (1/4 of 1%) of the law firm's 2012 revenues. The engagement of Andrews Kurth was approved by the Board of Directors. Mr. Peacock is paid a fixed amount of \$100,000 in an annual stipend as Of Counsel to the firm. Mr. Peacock does not actively practice law or participate in the earnings of the firm, and is not eligible for bonuses or other incentive payments from the firm. Mr. Peacock is not a member of the Audit, Compensation or Nominating & Corporate Governance Committees, but does serve on the HSE Committee.

### **Role of the Board in Risk Oversight**

The Board of Directors requires that an annual assessment of risk be performed and has delegated to the Audit Committee oversight of that process. The enterprise risk management assessment is designed to take a portfolio view of risk and to identify potential events that may affect the Company, manage risks to be within the Company's risk profile and to provide reasonable assurance regarding the achievement of Company objectives.

Each year, the management team of the Company meets to conduct a thorough assessment of potential risks facing the Company. Risks are rated as to severity and likelihood of threat, and management discusses the efforts in place to mitigate each risk. To the extent the management team believes that mitigation efforts are not sufficient with respect to a significant risk, an initiative to address such risk is identified and assigned to the appropriate management representative. In 2012, management conducted such an assessment and in January 2013, management presented the complete risk assessment to the Audit Committee. The Audit Committee reviewed the report and asked for modifications where it deemed necessary, and then provided a complete report to the Board of Directors.

The Compensation Committee is responsible for risks relating to employment policies and the Company's compensation and benefits systems, and performs a review of such risks, typically in January of each year. To assist it in satisfying these oversight responsibilities, the Compensation Committee has retained its own compensation consultants and meets regularly with management to understand the financial, human resources and shareholder implications of compensation decisions being made.

### **Director Selection Process**

The Nominating & Corporate Governance Committee of the Board of Directors is responsible for, among other things, the selection and recommendation to the Board of Directors of nominees for election as directors. Working closely with the full Board, the Nominating & Corporate Governance Committee develops criteria for open Board positions, taking into account such factors as it deems appropriate, which may include: the current composition of the Board; the range of talents, experiences, skills and diversity that would best complement those already represented on the Board; the desire for a substantial majority of independent directors; and the need for financial, industry, international or other specialized expertise. Applying these criteria, the Nominating & Corporate Governance Committee considers candidates for Board membership suggested by its members and other Board members, as well as management and shareholders. From time to time, the Nominating & Corporate Governance Committee also retains executive search firms to identify and review candidates.

Once the Nominating & Corporate Governance Committee has identified a prospective nominee (including prospective nominees recommended by shareholders), it makes an initial determination as to whether to conduct a full evaluation. In making this determination, the Nominating & Corporate Governance Committee takes into account the information provided to the Nominating & Corporate Governance Committee with the recommendation of the candidate, as well as the Nominating & Corporate Governance Committee's own knowledge and information obtained through inquiries to third parties to the extent the Nominating & Corporate Governance Committee deems appropriate. The preliminary determination is based primarily on the need for additional Board members and the likelihood that the prospective nominee can satisfy the criteria that the Nominating & Corporate Governance Committee has established. If the Nominating & Corporate Governance Committee determines, in consultation with the Chairman of the Board and other directors as appropriate, that additional consideration is warranted, it may gather additional information about the prospective nominee's background and experience and report its findings to the Nominating & Corporate Governance Committee.

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If the Nominating & Corporate Governance Committee decides, on the basis of its preliminary review, to proceed with further consideration, members of the Nominating & Corporate Governance Committee, as well as other members of the Board as appropriate, interview the nominee. After completing this evaluation and interview, the Nominating & Corporate Governance Committee makes a recommendation to the full Board, which makes the final determination whether to nominate or appoint the new director after considering the Nominating & Corporate Governance Committee's report.

A shareholder who wishes to recommend a prospective nominee for the Board should notify the Company Secretary or any member of the Nominating & Corporate Governance Committee in writing with whatever supporting material the shareholder considers appropriate. The Nominating & Corporate Governance Committee will also consider whether to nominate any person nominated by a shareholder pursuant to the provisions of our Articles of Association relating to shareholder nominations as described in *Shareholder Nominations for Director* below.

### **Shareholder Nominations for Director**

Shareholders of record, whose interest in shares, individually or in the aggregate, represents at least 5% of the Company's paid-up share capital, may nominate candidates for election as directors if they follow the procedures and comply with the deadlines specified in our Articles of Association, as may be amended from time to time. A copy of our Articles of Association is available to any shareholder who makes a written request to the Company Secretary. Qualifying shareholders may submit in writing recommendations for consideration by the Nominating & Corporate Governance Committee to our Company Secretary at 2800 Post Oak Blvd., Suite 5450, Houston, Texas 77056.

Recommendations should contain a detailed discussion of the qualifications of each recommended candidate and any other material information the shareholder wants the Nominating & Corporate Governance Committee to consider. Director nominees should have the highest professional and personal integrity, values and ethics, and must be committed to representing the interests of all shareholders of the Company. They must also meet the criteria set by the Nominating & Corporate Governance Committee. Director nominees must have sufficient time to carry out their duties effectively. They must have mature judgment developed through business experience and/or educational background and must meet criteria of independence and expertise that satisfy applicable NYSE rules and legal regulations. Each individual nominee must have the potential to contribute to the effective functioning of the Board of Directors as a whole.

### **Shareholder Proposals**

Shareholder proposals intended for inclusion in our proxy materials for an annual general meeting of shareholders must be provided to us on a timely basis and satisfy the conditions set forth in Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the Exchange Act). A shareholder proposal intended for inclusion in our proxy materials for the 2014 annual general meeting of shareholders must be submitted in writing before December 27, 2013 to the Company Secretary at 2800 Post Oak Blvd., Suite 5450, Houston, Texas 77056. In addition, our Articles of Association require that proposals of shareholders made outside of Rule 14a-8 under the Exchange Act and nominations for the election of directors at the 2014 annual general meeting of shareholders must be submitted, in accordance with the requirements of our Articles of Association, not earlier than December 27, 2013 or later than January 27, 2014. Shareholders are also advised to review our Articles of Association, which contain additional requirements about advance notice of shareholder proposals and director nominations.

### **Communication with Directors**

The Board of Directors has adopted the following process for shareholders and other interested parties to send communications to members of the Board. Shareholders and other interested parties may communicate with the Chairman, the chairs of the Audit, Compensation, and Nominating & Corporate Governance Committees of the Board, or with any of our other independent directors, by sending a letter to the following address: Rowan Companies plc, c/o Company Secretary, 2800 Post Oak Blvd., Suite 5450, Houston, Texas 77056.

### **Business Conduct Policies**

We have a Code of Business Conduct and Ethics that applies to all of our employees and directors and we have a Code of Ethics for Senior Financial Officers of the Company that applies to our CEO, CFO and chief accounting officer; both policies are available on our website [www.rowancompanies.com](http://www.rowancompanies.com) under *Investor Relations Governance*.

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### **Related Party Transaction Policy**

All transactions with related parties must be made in compliance with the Sarbanes-Oxley Act and our Code of Business Conduct and Ethics. Such transactions must have a legitimate business purpose, and must be on terms no less favorable to us than could be obtained from unrelated third parties. Each year, directors, officers and certain employees are required to complete a questionnaire regarding conflicts of interest, including related party transactions, and to provide such information to our Company Secretary and/or Compliance Officer. In addition, pursuant to our Code of Business Conduct and Ethics policy, all directors, officers and employees must report any actual or potential conflicts of interest to our Company Secretary and/or Compliance Officer. Our Company Secretary and/or Compliance Officer reports such matters to our Audit Committee for further review, with consultation with the Board if warranted. Each of the transactions discussed below was reviewed by the Audit Committee and approved by the Board of Directors.

The Company employs an individual who is related to one of our NEOs. Since October 2008, Mr. Matt G. Keller, who is the brother of Mr. Mark A. Keller, our Executive Vice President Business Development, has served as a sales and marketing manager. Matt G. Keller previously served as the manager of certain of our properties used for business entertainment (from August 2006 until October 2008) and as a vice president of one of our manufacturing subsidiaries (from January 2002 to August 2006). In 2012, he received approximately \$198,000 in cash compensation (including approximately \$158,500 in base salary, \$18,480 in bonus and a car and moving allowance) plus a grant of restricted shares valued at approximately \$87,500 on the 2012 grant date.

From time to time, the Company has purchased equipment and related services in the ordinary course of business from S&N Pump Co. ( S&N ). Prior to the sale of S&N in 2010, the company was owned and operated by the family of the brother-in-law of Mr. Buvens, our Executive Vice President, Legal. The sister and brother-in-law of Mr. Buvens are currently employees of the parent company of S&N. Mr. Buvens had no role in purchases by the Company from S&N. The Company believes the amounts paid to S&N and its affiliates for equipment and services purchased were reasonable and reflected prices comparable to those charged by S&N to third parties for similar equipment and services. In 2012, S&N and its affiliates sold equipment to the Company totaling approximately \$1.6 million (approximately 4.57% of S&N's worldwide sales).

### **Hedging and Pledging Policy**

Company insiders, which includes our directors, Section 16 officers and other officers and employees designated as insiders as a result of their position and responsibilities, are not permitted to (i) enter into a 10b5-1 plan or pledge or hedge our securities (including a forward sale or similar transaction) without pre-clearance from the General Counsel, (ii) engage in short sales of our securities, directly or indirectly, or (iii) buy or sell put options, call options or other derivatives of our securities, directly or indirectly.

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Historically, our Board of Directors has been divided into three classes with one class standing for election each year for a three-year term. On April 16, 2012, our shareholders approved the Company's U.K. Articles of Association, which call for the declassification of the Board over a three-year period beginning in 2013. As a result, the Class I directors standing for re-election at this year's Meeting are being nominated to serve for a one-year term expiring at the 2014 annual general meeting of shareholders. Declassification of our Board will be complete by the time the annual general meeting is held in 2015.

The Class II directors were elected at our 2011 annual general meeting to serve for three-year terms, which will expire in 2014, and the Class III directors were elected at our 2012 general meeting to serve for three-year terms, which will expire in 2015. Accordingly, declassification is being phased in as set forth below:

<b>Scheduled</b>	<b>Action</b>	<b>Individuals Anticipated to be Serving in Relevant Director Class</b>
<b>Meeting</b> 2012 General Meeting	Individuals nominated as <b>Class III directors</b> were elected for a <u>three-year term</u> expiring in 2015	<u>Class III:</u>  Thomas R. Hix  Suzanne P. Nimocks  P. Dexter Peacock
2013 Annual General Meeting	Individuals nominated as <b>Class I directors</b> (whose terms expire at the 2013 annual general meeting) stand for election for a <u>one-year term</u>	<u>Class I:</u>  William T. Fox III  Sir Graham Hearne  H. E. Lentz
2014 Annual General Meeting	Individuals originally nominated as <b>Class I directors</b> (nominees previously elected for a one-year term at the 2013 annual general meeting or individuals newly designated as nominees) and individuals nominated as <b>Class II directors</b> (whose terms expire at the 2014 annual general meeting) stand for election for a <u>one-year term</u>	<u>Class I:</u>  William T. Fox III  Sir Graham Hearne  H. E. Lentz  <u>Class II:</u>  R. G. Croyle  Lord Moynihan  W. Matt Ralls  John J. Quicke

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2015 Annual General Meeting and **All directors** stand for election for No Classes  
thereafter one-year terms

The three nominees for Class I director standing for election at the Meeting are: William T. Fox III, Sir Graham Hearne and H. E. Lentz. Information with respect to the nominees for Class I director and our continuing directors is set forth below. It is the intention of the proxies, unless otherwise instructed, to vote in favor of each of the ordinary resolutions to elect the Class I director nominees. The Board of Directors has no reason to believe that any nominee named herein will be unable to serve if elected.

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**Nominees for Class I Director**

**William T. Fox III** Mr. Fox was formerly a Managing Director at Citigroup responsible for the global energy and mining businesses from 1994 until his retirement in 2003. Mr. Fox also serves on the Board of Cloud Peak Energy Inc.

Age 67

Director since 2001

Class I

**Sir Graham Hearne** Sir Graham Hearne was formerly Chairman of Enterprise Oil plc, an oil and gas exploration and production company from 1991 until his retirement in 2002 when it was acquired by Shell, and CEO from 1984 to 1991. Sir Graham also serves as the non-executive chairman of Braemar Shipping Services Group plc, and a non-executive director of Bumi plc, a FTSE listed thermal coal group, and Genel Energy plc, an Anglo-Turkish exploration and production company listed on the LSE. He was formerly the non-executive Chairman of Catlin Group Limited, a global specialty property and casualty insurance company, from 2003 until his retirement in 2012 and also served as a director of N.M. Rothschild & Sons Ltd., Vetco International, Stratic Energy Corporation and Wellstream Holdings plc.

Age 75

Director since 2004

Class I

**H. E. Lentz** Mr. Lentz is Chairman of the Board of Directors of the Company. Formerly, he was Managing Director of Lazard Frères & Co., an investment banking firm, from June 2009 until his retirement in May 2011. Mr. Lentz was also Managing Director of Barclays Capital, an investment banking firm and successor to Lehman Brothers, from September 2008 to March 2009 and an Advisory Director of Lehman Brothers from 2004 to September 2008. Mr. Lentz also serves as a director of Peabody Energy Corp., Macquarie Infrastructure Company, WPX Energy and CARBO Ceramics, Inc.

Age 68

Director since 1990

Class I

**Recommendation of the Board**

**The Nominating & Corporate Governance Committee has recommended to the Board, and the Board also recommends, that the shareholders vote FOR each of the ordinary resolutions to elect the Class I director nominees at the Meeting to serve until the 2014 annual general meeting of shareholders and until their successors are duly elected and qualified.**

**Continuing Directors**

**Thomas R. Hix** Mr. Hix has been an independent business consultant since January 2003. He was Senior Vice President of Finance and CFO of Cameron International Corporation, an oil and gas products and services company, from 1995 to 2003. Mr. Hix also serves as a director of Health Care Service Corporation and Western Gas Equity Partners LP, and previously served as a director of TODCO and El Paso Corporation.

Age 65

Director since 2009

Class III

**Suzanne P. Nimocks** Ms. Nimocks was a director (senior partner) with McKinsey & Company, a global management consulting firm, from June 1999 to March 2010, and was with the firm in various other capacities since 1989, including as a leader of the firm's Global Petroleum Practice, Electrical Power & Natural Gas Practice, Organization Practice and Risk Management Practice. Ms. Nimocks served as a member of the firm's worldwide personnel committees for many years and as the Manager of the Houston office for eight years. Ms. Nimocks also serves on the Boards of Encana Corporation, Arcelor Mittal and Owens Corning.

Age 54

Director since 2010

Class III

**P. Dexter Peacock** Mr. Peacock was the Managing Partner of Andrews Kurth LLP, a law firm, and a Partner at the firm until he retired in 1997. Mr. Peacock has been Of Counsel to Andrews Kurth since 1997. Mr. Peacock also serves on the Board of Cabot

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Age 71

Oil & Gas Corporation.

Director since 2004

Class III

**Robert G. Croyle**

Mr. Croyle was Vice Chairman and Chief Administrative Officer of the Company from August 2002 until his retirement in December 2006. Mr. Croyle also serves on the Board of Magellan Midstream Partners, L.P. and Chairman of the Board of Memorial Hermann Health System, and previously served as a director of Boots & Coots, Inc. and Magellan Midstream Holdings GP, LLC.

Age 70

Director since 1998

Class II

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**Lord Moynihan** Lord Moynihan was Executive Chairman of Pelamis Wave Energy from August 2005 to 2011 and has been a Senior Partner of London-based CMA, an energy advisory firm, since 1993. Lord Moynihan currently serves as Non-Executive Chairman of Hydrodec Group, a U.K. energy related company publicly traded on the LSE. Lord Moynihan previously served as Executive Director of Clipper Windpower Inc. and Chairman of Clipper Windpower Europe Limited, wind turbine technology companies. Lord Moynihan has been an active member of the House of Lords since 1997 and served as Chairman of the British Olympic Association until 2012.

Age 57

Director since 1996

Class II

**W. Matt Ralls** Mr. Ralls has been CEO of the Company since January 2009 and also served as President until March 2013. Mr. Ralls was Executive Vice President and COO of GlobalSantaFe Corporation, an international contract drilling company, from June 2005 until his retirement in November 2007. Prior to that time, Mr. Ralls served as Senior Vice President and CFO of GlobalSantaFe. Mr. Ralls also serves as director of Cabot Oil & Gas Corporation and Superior Energy Services, Inc. Mr. Ralls has previously served as a director of El Paso Partners, Enterprise Products Partners L.P., Enterprise Products, G.P. and Complete Production before its acquisition by Superior Energy Services, Inc.

Age 63

Director since 2009

Class II

**John J. Quicke** Mr. Quicke has served as Managing Director and an operating partner of Steel Partners LLC, a global management firm, since 2005. Mr. Quicke is currently interim President and CEO and a director of Steel Excel, Inc. Mr. Quicke previously served as President, CEO and a director of DGT Holdings Corp. and a director of Angelica Corporation, Layne Christensen Company, NOVTE Corporation and Handy & Harman Ltd. Previously, Mr. Quicke also served in various capacities at Sequa Corporation, a diversified manufacturer, including Vice Chairman and Executive Officer, and as a director of the company.

Age 63

Director since 2009

Class II

**COMMITTEES OF THE BOARD OF DIRECTORS**

The Board of Directors has five standing committees:

Audit

Compensation

Health, Safety & Environment

Nominating & Corporate Governance

Executive

Information regarding these committees is provided below. The charters of the Audit, Compensation, and Nominating & Corporate Governance Committees are available on the Company's website, [www.rowancompanies.com](http://www.rowancompanies.com) under *Investor Relations Governance* and in print to any shareholder who requests them from the Company Secretary.

**Audit Committee:**

The members of the **Audit Committee** are:

William T. Fox III, Chair

Robert G. Croyle

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Thomas R. Hix

John J. Quicke

The Audit Committee is directly responsible for the engagement, compensation and oversight of both the U.S. independent registered public accounting firm engaged to issue an audit report on the Company's consolidated financial statements and the independent U.K. auditor firm engaged to act as the Company's U.K. statutory auditors. In addition, the committee oversees our financial and accounting processes, certain compliance matters, performance of our internal audit function and our enterprise risk management assessment. The Audit Committee met six times during 2012. All of the members of the Audit Committee are independent within the meaning of the SEC regulations and the NYSE rules. The Board has determined that each of Messrs. Fox, Hix and Quicke are qualified as audit committee financial experts within the meaning of SEC regulations, and that they have accounting and related financial management expertise within the meaning of the NYSE rules. Mr. Fox and Mr. Hix both served on the Audit Committee during all of 2012. Mr. Quicke was appointed to the Audit Committee to replace Mr. Kramek who retired from the Board, effective as of April 16, 2012. On April 27, 2012, Mr. Croyle was also appointed to the Audit Committee.

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### **Compensation Committee:**

The members of the **Compensation Committee** are:

Thomas R. Hix, Chair

Sir Graham Hearne

H.E. Lentz

John J. Quicke

Suzanne P. Nimocks

The Compensation Committee is responsible for, among other things:

reviewing and approving corporate goals and objectives relevant to the compensation of our CEO,

evaluating the performance of the CEO in light of these corporate goals and objectives,

either as a committee or together with the other independent members of the Board, determining and approving the compensation level for the CEO, and

making recommendations regarding executive officer compensation, incentive compensation plans and equity-based plans. The responsibility for approving these arrangements has been delegated to the Compensation Committee from the Board.

In addition, the Compensation Committee advises on director compensation, including retainers for the Chairman and chairmen of the committees of the Board, administers the Company's equity-based and employee benefit plans, and performs the duties outlined under those plans, including making grants and awards. Pursuant to its charter, the Compensation Committee has sole authority to retain and terminate any compensation consultant, outside counsel or any other advisors engaged to assist in the evaluation of compensation of directors or executive officers, including sole authority to approve the consultant's fees and its terms. The Compensation Committee will consider appropriate standards in selecting its compensation consultants consistent with SEC rules and requirements under the Dodd-Frank Act.

Additional information on the roles and responsibilities of the Compensation Committee is provided in the Compensation Committee's charter available on our website and under the heading *Compensation Discussion and Analysis* below.

In 2012, the Compensation Committee met six times. All of the members of the Compensation Committee are independent within the meaning of the NYSE rules. On January 31, 2012, Mr. Peacock, who had previously served as the Chairman of the Compensation Committee, stepped down from the Compensation Committee. Upon Mr. Peacock's departure from the Compensation Committee, Mr. Hix was appointed to serve as Chairman of the Compensation Committee on January 31, 2012.

### **Health, Safety & Environment Committee:**

The members of the **Health, Safety & Environment Committee** are:

Lord Moynihan, Chair

Robert G. Croyle

Suzanne P. Nimocks

P. Dexter Peacock

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The Health, Safety & Environment Committee reviews our performance and policies with respect to health, safety and environmental matters and makes recommendations to the Board regarding such matters. In 2012, the Health, Safety & Environment Committee met four times. Lord Moynihan and Mr. Croyle both served on the Health, Safety & Environment Committee during all of 2012. Mr. Kramek served on the Health, Safety & Environment Committee until he retired from the Board effective as of April 16, 2012. On April 27, 2012, Mr. Peacock and Ms. Nimocks were also appointed to the Health, Safety & Environment Committee.

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**Nominating & Corporate Governance Committee:**

The members of the **Nominating & Corporate Governance Committee** are:

Sir Graham Hearne, Chair

William T. Fox III

H.E. Lentz

Lord Moynihan

The Nominating & Corporate Governance Committee is responsible for developing and implementing policies and practices relating to corporate governance, including reviewing and monitoring implementation of the Company's Guidelines. In addition, the Nominating & Corporate Governance Committee assists the Board in developing criteria for open Board positions, reviews background information on potential candidates and makes recommendations to the Board regarding such candidates. The Nominating & Corporate Governance Committee also supervises the Board's annual review of director independence and the Board's annual self-evaluation, makes recommendations to the Board with respect to committee assignments and oversees the Board's director education practices. The Nominating & Corporate Governance Committee met five times during 2012. All of the members of the Nominating & Corporate Governance Committee are independent within the meaning of the NYSE rules. Mr. Lausen served on the Nominating & Corporate Governance Committee in 2012, but retired from the Board effective as of April 16, 2012, prior to the completion of our redomestication to the U.K. in May 2012.

**Executive Committee:**

The members of the **Executive Committee** are:

W. Matt Ralls, Chair

William T. Fox

Sir Graham Hearne

H.E. Lentz

Thomas R. Hix

The Executive Committee serves primarily as a means for taking action on matters requiring Board approval between regularly scheduled meetings of the Board. The Executive Committee is authorized to act for the full Board on matters other than those specifically reserved under the U.K. Companies Act 2006 to the Board. In practice, the Executive Committee's actions are generally limited to matters such as the authorization of transactions including corporate credit facilities and borrowings. The Executive Committee did not meet in 2012. On January 31, 2012, Mr. Peacock stepped down from the Executive Committee in conjunction with his departure from the Compensation Committee, and Mr. Hix replaced Mr. Peacock on the Executive Committee on January 31, 2012.

**Table of Contents****DIRECTOR COMPENSATION AND ATTENDANCE**

In July 2012, the Compensation Committee recommended, and the Board approved, the following 2012 annual compensation for our non-executive directors, plus reimbursement for reasonable expenses:

	<b>2012 Cash Annual Retainer (\$)</b>
Board of Directors	80,000 (a)
Chairman (additional retainer)	150,000
HSE and NCG Committee Chairs	10,000
Audit and Compensation Committee Chairs	15,000

(a) Effective October 1, 2012, the annual cash retainer increased from \$70,000 to \$80,000.

In addition, in July 2012, the Board approved an increase from \$140,000 to \$200,000 in the aggregate value of annual equity awards made to the non-executive directors. On the date of our last general meeting of shareholders in 2012, each director received restricted share units ( RSUs ) under our 2009 incentive plan (the 2009 Incentive Plan ) equal in value to approximately \$200,000. Consistent with past practice, such RSUs will vest in full on the earlier of the date of the annual meeting subsequent to the grant date (in this case, April 26, 2013) or the first anniversary date of the grant, but will be settled upon termination of service from the Board. Newly elected non-executive directors receive RSUs with a value of approximately \$25,000 upon election. Directors do not receive meeting fees.

All of our incumbent directors attended 75% or more of the meetings of the Board and committees upon which they served during 2012. The Board of Directors held nine meetings in 2012 (five in-person meetings and four telephonic meetings). Directors are strongly encouraged to attend our annual general meetings of shareholders, and all of our directors attended our general meeting of shareholders in 2012.

In 2012, our non-executive directors received the compensation shown below, plus reimbursement for reasonable travel expenses. Mr. Ralls is an employee of the Company and does not receive any additional compensation for serving as a director.

**Director Compensation for Fiscal Year 2012**

<b>Name</b>	<b>Fees Earned in Cash (\$ ) (c)</b>	<b>Share Awards (\$) (d) (e)</b>	<b>Total (\$)</b>
Robert G. Croyle	72,500	199,978	272,478
William T. Fox III	87,500	199,978	287,478
Sir Graham Hearne	82,500	199,978	282,478
Thomas R. Hix (a)	87,500	199,978	287,478
H. E. Lentz	222,500	199,978	422,478
Lord Moynihan	82,500	199,978	282,478
Suzanne P. Nimocks	72,500	199,978	272,478
P. Dexter Peacock	76,250	199,978	276,228
John J. Quicke	72,500	199,978	272,478
Robert E. Kramek (b)	23,333	590,805	614,138
Frederick R. Lausen (b)	23,333	815,355	838,688

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- (a) Mr. Hix was appointed Chairman of the Compensation Committee in January 2012 and his retainer was paid for the whole first quarter.
- (b) As a result of the decision to reduce the size of the Board from 12 to ten members, Messrs. Kramek and Lausen retired from the Board effective April 16, 2012 and RSUs previously earned for service were settled as of the retirement date. This settlement is reflected under Share Awards. Mr. Kramek's RSUs were settled in cash. Mr. Lausen received 25,057 shares in settlement of his RSUs. The amount reported is based on the volume weighted average price of \$32.54 on the settlement date.

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- (c) Reflects retainers earned for Board service in 2012 which includes retainers for Messrs. Peacock and Hix for their service as Chairman of the Compensation Committee during the first quarter.
- (d) Reflects the aggregate grant date fair value related to the 2012 grants based upon the number of RSUs awarded and the fair market value of the Company's shares on the grant date calculated in accordance with FASB ASC Topic 718. We account for RSU awards as a liability award under FASB ASC 718. A discussion of the assumptions used in calculating the grant date fair value is set forth in Note 8 of the Notes to Consolidated Financial Statements included in the Company's Form 10-K for the year ended December 31, 2012. The aggregate number of RSUs held by each director is shown in *Security Ownership of Certain Beneficial Owners and Management* below.
- (e) No amounts were expensed in 2012 in connection with share option awards. We have not issued share options to non-executive directors since 2004 and all outstanding options are fully vested. The aggregate number of share options held by each director is shown in *Security Ownership of Certain Beneficial Owners and Management* below.

**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table shows the beneficial ownership of outstanding shares as of March 1, 2013 for the following persons:

Each director or nominee;

Our principal executive officer, our principal financial officer and the other three highest paid officers of the Company, in addition to our former CFO, who retired from his position as CFO of the Company on September 7, 2012; and

All of our directors and executive officers as a group.

As of March 1, 2013, none of the shares shown below were pledged. Unless otherwise indicated, each individual has sole voting and dispositive power with respect to the shares shown below. None of the officers or directors owns one percent or more of our shares.

	Restricted Shares (a)	RSUs (b)	Shares	Savings Plan (c)	Options/SARs (d)	Aggregate Beneficial Ownership	Percent of Class (e)
<i>Directors:</i>							
Robert G. Croyle		23,928	10,000			33,928	*
William T. Fox III		30,970	9,000		6,000	45,970	*
Sir Graham Hearne		27,803	1,000		10,000	38,803	*
Thomas R. Hix		17,801				17,801	*
H. E. Lentz		30,970	45,000			75,970	*
Lord Moynihan (f)		30,970	7,000		6,000	43,970	*
Suzanne P. Nimocks		10,070				10,070	*
P. Dexter Peacock		27,803	5,505		5,000	38,308	*
John J. Quicke		17,801	2,000			19,801	*
W. Matt Ralls (NEO)	127,320		117,478		198,314	443,112	*
<i>Other NEOs:</i>							
Thomas P. Burke	29,736		15,707			45,443	*
Mark A. Keller	35,223		131,541	4,439	117,564	288,767	*
J. Kevin Bartol	23,548		26,672		12,130	62,350	*
John L. Buvens	26,626		72,617		100,462	199,705	*
<i>All Directors and Executive Officers, including NEOs, as a group (16 persons)</i>							
	273,999	218,116	483,594	6,838	470,035	1,452,582	1.2%
<i>William H. Wells (g)</i>			71,719	13,201	67,448	230,970	*

\* Ownership of less than 1 percent of the shares issued and outstanding.

- (a) Reflects restricted shares over which such officer currently has voting power but not dispositive power.
- (b) For each of our non-executive directors, reflects RSUs granted annually, which are settled upon termination of service from the Board. For executive officers, reflects RSUs granted annually that generally vest in one-third increments annually.
- (c) As of February 28, 2013. Savings Plan participants have sole voting power and limited dispositive power over such shares.
- (d) Includes shares that could be acquired through April 30, 2013 by the exercise of share options or share appreciation rights ( SARs ). The number of shares issuable under SARs is based on the volume weighted average price on March 1, 2013 of \$34.77.
- (e) Based upon 124,226,687 issued and outstanding shares on March 4, 2013, which excludes for these purposes 513,720 shares held by an affiliated employee benefit trust.
- (f) Shares held by Lord Moynihan include 3,000 shares held indirectly through a pension trust.

(g) Mr. Wells is our former CFO. His information is as of September 7, 2012.

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As of March 1, 2013, the Company did not know of any person who beneficially owned in excess of 5% of the Company's outstanding shares, except as set forth in the table below:

Name and Address of Beneficial Owner	Shares Beneficially Owned	Percent of Class
FMR LLC (a) 82 Devonshire Street Boston, Massachusetts 02109	10,731,399	8.6
The Vanguard Group, Inc. (b) 100 Vanguard Boulevard Malvern, PA 19355	7,464,452	6.0
First Pacific Advisors, LLC (c) 11400 West Olympic Boulevard, Suite 1200 Los Angeles, CA 90064	7,279,276	5.9
State Street Corporation (d) State Street Financial Center One Lincoln Street Boston, MA 02111	6,339,212	5.1
BlackRock, Inc. (e) 40 East 52nd Street New York, NY 10022	10,041,135	8.1

- (a) As reported on Schedule 13G (filed with the SEC on February 14, 2012) by FMR LLC, a parent holding company. FMR LLC is the beneficial owner of all 8,575,730 shares, has sole dispositive power over 8,575,730 shares and has sole voting power over 1,928,990 shares. Edward C. Johnson III serves as Chairman of FMR LLC. Members of the Edward C. Johnson III family own shares representing approximately 49 percent of the voting power of FMR LLC. Mr. Johnson and members of his family may be deemed to form a controlling group with respect to the common voting stock of FMR LLC. Of these 8,575,730 shares, 6,638,140 shares are beneficially owned by Fidelity Management & Research Company, an investment advisor and a wholly owned subsidiary of FMR LLC; 40,217 shares are beneficially owned by Fidelity Management Trust Company, a bank as defined in Section 3(a)(6) of the Exchange Act and wholly owned subsidiary of FMR LLC; 4,340 shares are beneficially owned by Strategic Advisers, Inc., an investment advisor and wholly owned subsidiary of FMR LLC; 23,610 shares are beneficially owned by Pyramis Global Advisors, LLC, an investment advisor and indirect wholly owned subsidiary of FMR LLC; and 1,177,990 shares are beneficially owned by Pyramis Global Advisors Trust Company, a bank as defined in Section 3(a)(6) of the Exchange Act. FIL Limited ( "FIL" ), Pembroke Hall, 42 Crow Lane, Hamilton, Bermuda, and various foreign-based subsidiaries provide investment advisory and management services to a number of non-U.S. investment companies and certain institutional investors. FIL, which is a qualified institution under Section 13(d)(1) of the Exchange Act, is the beneficial owner of 691,433 shares. Partnerships controlled predominantly by members of the family of Edward C. Johnson 3d, Chairman of FMR LLC and FIL, or trusts for their benefit, own shares of FIL voting stock. While the percentage of total voting power represented by these shares may fluctuate as a result of changes in the total number of shares of FIL voting stock outstanding from time to time, it normally represents more than 25 percent and less than 50 percent of the total votes which may be cast by all holders of FIL voting stock. FMR LLC and FIL are separate and independent corporate entities, and their Boards of Directors are generally composed of different individuals. FMR LLC and FIL are of the view that they are not acting as a group for purposes of Section 13(d) of the Exchange Act.
- (b) As reported on Schedule 13G (filed with the SEC on February 12, 2013) by The Vanguard Group, Inc. and certain of its subsidiaries ( "Vanguard" ). Vanguard reports sole voting power over 213,741 shares, sole dispositive power over 7,257,911 shares and shared dispositive power over 206,541 shares.
- (c) As reported on Schedule 13G (filed with the SEC on February 12, 2013) by First Pacific Advisors, LLC ( "FPA" ), Robert L. Rodriguez, Managing Member of FPA, J. Richard Atwood, Managing Member of FPA and Steven T. Romick, Managing Member of FPA. FPA, in its capacity as investment advisor to its various clients, may be deemed to be the beneficial owner of the shares reported above, as in its capacity as investment advisor it has shared voting power over 2,885,400 shares and the power to dispose or direct the disposition of all shares of the issuer owned by its clients. Each of Messrs. Rodriguez, Atwood and Romick, as part-owners and Managing Members of FPA, is a controlling person of FPA and may be deemed to beneficially own such shares, and each disclaims beneficial ownership of such shares.

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- (d) As reported on Schedule 13G/A (filed with the SEC on February 12, 2013) by State Street Corporation, acting in various fiduciary capacities. The reporting person has shared voting and dispositive power of the shares reported above, and disclaims beneficial ownership of such shares.

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- (e) As reported on Schedule 13G (filed with the SEC on January 30, 2013) by BlackRock, Inc. ( BlackRock ). BlackRock is the beneficial owner of these shares through various of its subsidiaries: BlackRock Advisors, LLC, BlackRock Capital Management, Inc., BlackRock Financial Management, Inc., BlackRock Investment Management, LLC, BlackRock Investment Management (Australia) Limited, BlackRock (Luxembourg) S.A., BlackRock (Netherlands) B.V., BlackRock Fund Managers Limited, BlackRock Life Limited, BlackRock Asset Management Australia Limited, BlackRock Asset Management Canada Limited, BlackRock Asset Management Ireland Limited, BlackRock (Singapore) Limited, BlackRock Advisors (UK) Limited, BlackRock Fund Advisors, BlackRock International Limited, BlackRock Institutional Trust Company, N.A., BlackRock Japan Co. Ltd., and BlackRock Investment Management (UK) Limited. BlackRock has sole dispositive and voting power.

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**COMPENSATION COMMITTEE REPORT**

The Compensation Committee has reviewed and discussed the *Compensation Discussion and Analysis*, as provided below, with management. Based on its review and discussions, the Compensation Committee recommended to the Board that the *Compensation Discussion and Analysis* be included in this proxy statement.

*The Compensation Committee of the Board of Directors*

Thomas R. Hix, Chairman

Sir Graham Hearne

H. E. Lentz

John J. Quicke

Suzanne P. Nimocks

March 5, 2013

**COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

During the year ended December 31, 2012, the Compensation Committee included Messrs. Hix, Hearne, Lentz, Nimocks, Peacock and Quicke, all of whom were independent non-executive directors. On January 31, 2012, Mr. Peacock, who had previously served as the Chairman of the Compensation Committee, stepped down from the Compensation Committee and Mr. Hix was appointed to such position. None of the Compensation Committee members has served as an officer or employee of the Company, and none of the Company's executive officers has served as a member of a compensation committee or board of directors of any other entity which has an executive officer serving as a member of the Company's Board of Directors.

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**COMPENSATION DISCUSSION AND ANALYSIS**

**AND**

**ROWAN COMPANIES PLC U.K. STATUTORY DIRECTORS REMUNERATION REPORT - PART I**

Rowan Companies plc is subject to disclosure regimes in the U.S. and U.K. While some of the disclosure requirements in these jurisdictions overlap or are otherwise similar, some differ and require distinct disclosures. As a result, you will find our U.K. Directors Remuneration Report required by English law in two parts: (i) the information included in this Part I (also known as *Compensation Discussion and Analysis*), which includes disclosure required by the SEC as well as English law and (ii) the information included in Part II (beginning on page B-1, and labeled Annex B), which includes additional disclosure required under English law. Part II shown in Annex B should be read in conjunction with Part I. Pursuant to English law, the U.K. Directors Remuneration Report also forms part of the statutory Annual Accounts and Reports of Rowan Companies plc for the year ended December 31, 2012.

**Introduction**

**Company Highlights and Strategic Repositioning into the Ultra-Deepwater Drilling Market**

In early 2009, in order to enhance long-term shareholder value, our management team and Board approved a new strategic positioning for the Company: to grow and balance our offshore drilling fleet. In order to fund the anticipated growth of our jackup fleet and expand into the ultra-deepwater market, the strategic plan envisioned a sale of the Company's onshore drilling and manufacturing divisions when favorable market conditions permitted.

Over the next three years, the Company took the following strategic actions to achieve our plan:

Selling our manufacturing division in June 2011 for approximately \$1.1 billion in cash.

Selling our land drilling division in September 2011 for approximately \$520 million in cash (including working capital).

Enhancing long-term shareholder value by divesting of lower margin assets in manufacturing and land drilling and investing those proceeds in significantly higher margin jackup and ultra-deepwater assets through:

Completion of a jackup newbuild program, by investing \$3 billion in construction and delivery of 11 new high specification jackup rigs, including the acquisition of three harsh environment N-Class rigs from Skeie Drilling & Production.

Entrance into the ultra-deepwater market with contracts to build four new drillships for \$3 billion. These drillships are expected to be delivered in late 2013 and 2014, with the first drillship already under a three year contract at a very attractive dayrate. In order to ensure our success in these efforts, we built an industry-leading management team to oversee our deepwater division.

Completing the redomestication of the Company to enhance shareholder value by becoming more competitive in our industry for the long-term, increasing our flexibility in terms of markets in which we operate and furthering our global business efforts. In addition, we were able to maintain our listing within the S&P 500 index.

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Achieving in 2012 our best safety and environmental record through an intense focus on our safety and environmental culture and increased programs and compliance efforts.

Increasing our contract backlog to \$3.5 billion as of December 31, 2013, with a more diverse geographic and customer reach than ever before.

Raising an aggregate \$1.1 billion in cash in public offerings of debt securities at attractive rates to fund capital expenditures and the completion of our expansion into deepwater while maintaining investment grade ratings and stable outlook from the ratings agencies.

Increasing our revolving credit facility from \$500 million to \$750 million.

Executing \$125 million of a \$150 million share buyback program.

Each of these strategic accomplishments listed above further strengthen and support our strategy to reposition the Company as a global offshore driller with ultra-deepwater capabilities.

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### **Executive Summary of Compensation Philosophy and Goals**

We operate in a highly competitive global offshore drilling market with relatively few publicly traded peers. The offshore drilling environment is strongly influenced by the factors shown below that significantly affect strategic decision making and company performance over time. Recruiting, hiring and retaining executives who understand and can evaluate this environment is also key to our success. These factors include:

Complex technical expertise;

Overarching effect of world oil markets;

Large capital investments with long payback horizons;

Cyclical nature of oil and gas demand and pricing;

Stringent and evolving customer demands; and

Impact of laws, regulations, customs, safety and environmental considerations around the world.

These factors also influence how we design and administer our executive pay programs to ensure they are competitive and drive superior company performance. The design of our executive compensation programs and the definition of our peer group are key to our success and the return for our shareholders over time. Most notably, these influences are seen in the following:

Our annual incentive plan design which includes strategic financial and operational measures;

Our mix of long-term incentive compensation vehicles, including restricted shares and RSUs, SARs and PUs linked to performance-based and/or time-based vesting conditions;

Our process for benchmarking executive compensation against a small group of primary offshore drilling peer companies of varying sizes. This is necessary because:

our business requires executives with highly specialized industry experience;

there are a limited number of truly comparable companies from which to recruit this specialized executive talent; and

compensation levels and practices in the offshore drilling industry are not driven by company size but rather by highly specialized offshore drilling industry expertise

We ensure our executive compensation programs are closely aligned with our shareholders by including:

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Executive share ownership guidelines;

A commitment not to enter into new change in control, severance or other agreements that include excise tax gross ups for executives;

A claw back provision that applies to awards made under our incentive plan;

The use of independent compensation consultants;

Incentive compensation awards that are performance-based with overlapping performance periods (for example, performance units ( PUs ) based on relative total shareholder return ( TSR ) and SARs);

For 2012, the redesign of our annual incentive plan that is intended to qualify for deductibility under Section 162(m) of the U.S. Internal Revenue Code (the Code );

The use of executive compensation tally sheets that are reviewed annually by the Compensation Committee (referred to in this section as the Committee ); and

An annual risk assessment of our executive compensation programs.

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**Named Executive Officers**

Our NEOs and their titles in 2012 were:

W. Matt Ralls President, CEO and Director

Thomas P. Burke Chief Operating Officer

Mark A. Keller Executive Vice President, Business Development

J. Kevin Bartol Executive Vice President, Chief Financial Officer and Treasurer

John L. Buvens Executive Vice President, Legal

William H. Wells Former Senior Vice President, Chief Financial Officer and Treasurer who retired in September 2012

**Executive Compensation Program Objectives**

Our compensation philosophy is to offer pay programs that motivate executive management to make decisions leading to the long-term creation of shareholder value. In order to do this, the program must reflect the complexities and nuances of the offshore drilling industry. We take a long range view of the market, and reward tactical, strategic, and financial performance. We also attempt to balance the incentive leverage of our programs so they motivate management to take appropriate risks, while responding to year over year changes in company performance. Our philosophy also deemphasizes indirect elements of compensation such as perquisites.

To reward both short- and long-term performance and to further our compensation objectives, the Committee has structured our executive compensation program by focusing on the following key objectives:

**Objectives**

**Attract and retain knowledgeable, experienced and high performing talent**

**How We Meet Our Objectives**

Provide a competitive total pay package taking into account base salary, incentives and benefits in order to attract, retain and motivate our employees.

Regularly evaluate our pay programs against the competitive market of our offshore drilling peer group, comparing both fixed and variable, at-risk compensation that is tied to short and long-term performance. We use the results of this analysis as context in making pay adjustments.

Compete effectively for the highest quality people who will determine our long-term success.

**Pay for performance and reward the creation of long-term shareholder value**

Provide a significant portion of each NEO's potential total direct compensation in the form of variable compensation.

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Align our executive compensation with short-term and long-term performance of the Company.

Administer plans to include three-year performance cycles on long-term incentive plan awards, three-year vesting schedules on equity incentives, and competitive total benefit programs.

Tie payment on our performance units to total shareholder return against our offshore drilling peer group.

Reward employees for implementing strategic objectives that further long-term shareholder value.

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**Drive and reward performance that supports the Company's core values**

Annual incentive program includes specific targets related to health, safety and the environment.

Uphold the highest level of integrity by decreasing executive perquisites and maintaining a clawback policy for incentive awards.

Create a culture of continuous improvement by using incentives to increase earnings and improve cost effectiveness.

Emphasize financial and operational performance measures that contribute to value creation over the longer term.

Allow limited discretion in application of incentive awards to ensure solid individual performance is rewarded and to reduce awards if objectives are not met.

**Address the complexities in managing a highly complex and cyclical global business that is subject to world demand for oil and gas**

Annual incentive program includes five distinct metrics that drive company performance and reward managers for achievements.

Long term incentive plan utilizes a combination of share growth and full-value awards, balancing retention and appreciation through the business cycles.

The cash-based performance unit component of the long-term incentive plan measures relative total shareholder return to ensure close alignment with our shareholders.

**Provide a significant percentage of total compensation that is variable and at risk**

Annual and long-term incentive compensation comprises, on average, more than 80% of total direct compensation for NEOs.

**Motivate management to take prudent but not excessive risks**

Pay programs emphasize long-term incentive compensation with time-based vesting schedules and three year cliff vesting on performance units.

Share ownership guidelines motivate alignment between long-term shareholder value and management decisions.

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Utilize multiple performance measures for short-term and long-term incentives, as well as peer comparisons.

### **Align executive and shareholder interests**

Share ownership guidelines for executive officers and directors.

### **Pay for Performance**

Tie significant value of our annual equity grants to share price performance.

The two charts below illustrate the relationship between the Company's pay and total shareholder return. The chart on the left compares the CEO's three-year target total direct compensation to both the three-year realized total direct compensation and the median realized total direct compensation of the peer group. Target total direct compensation consists of the following compensation elements for the past three years:

Base salary paid;

Target bonus; and

Grant date value of restricted shares and share appreciation rights, and target value of performance units.

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Realized total direct compensation consists of the following compensation elements for the past three years:

Base salary paid;

Actual bonus paid;

Value of restricted shares granted over the past three years using the December 31, 2012 closing share price;

Black Scholes value of share appreciation rights using the December 31, 2012 closing share price and the current estimated life of the share appreciation rights, but holding the original exercise price constant; and

Actual performance unit cash payouts for the performance periods ending in 2012 (as discussed below, no amounts were earned or paid with respect to performance units in 2012).

The chart on the right compares the Company's three-year total shareholder return as of December 31, 2012 to the peer group's 25<sup>th</sup>, median, and 75<sup>th</sup> percentile total shareholder return over the same period.

Over the past three years, the CEO realized less total direct compensation than was originally targeted. Over this same period, the Company's TSR was above the 75<sup>th</sup> percentile of the peer group.

The chart below compares the Company's relative three-year realized pay percentile ranking (compared to peers) to the Company's relative three-year total shareholder return percentile ranking (compared to peers).

As the chart above illustrates, the Company's three-year total shareholder return and CEO realized total direct compensation have been aligned.

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**Comparative Information Utilized by the Committee**

The Committee compares executive pay of the Company to other offshore drilling companies and uses this information in evaluating the competitiveness of compensation and in setting executive pay levels for the Company's executives. In 2012, the Committee compared executive compensation to that of the following offshore drilling peers, with whom we compete for talent and customers:

**Offshore Drilling Peer Group**

Atwood Oceanics

Diamond Offshore Drilling, Inc.

Ensco plc

Hercules Offshore

Noble Corp.

Seadrill Ltd (a)

Transocean Ltd.

(a) Seadrill was not used in the Committee's analysis since compensation data was not available but is considered part of the Company's offshore drilling peer group.

The offshore drilling peer companies shown above are our primary competitors in the markets in which we operate, both for customers and employees. Most of these companies also use us as a peer company for compensation analysis. The Committee believes that this direct offshore drilling peer group is the most appropriate information to review in setting executive compensation levels given:

Our world class offshore drilling business and expansion into ultra-deepwater drilling;

Our global operations;

The technical complexity of our business;

The large-scale capital decisions involved in our offshore drilling operations;

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The long-lead times associated with market cycles and asset deployment decisions in our business and industry; and

Our diverse international customer base, including integrated and national oil companies.

In the offshore drilling industry, the quality and competency of employees is a key defining difference in performance among peer companies. We must therefore offer competitive compensation in order to successfully attract, hire and retain top offshore drilling talent in this highly competitive market place. Based on this offshore drilling peer group, we believe our NEOs' total compensation is in line with market practices.

The Committee takes into account the varying sizes of companies in the offshore drilling peer group when making pay decisions. Targets for annual and long-term incentive compensation are set based on market comparisons with a view to having a significant percentage of variable compensation dependent on individual and company performance. The Committee also reviews the peer group annually to update as appropriate given current market conditions. The Committee's independent compensation consultant, Frederic W. Cook & Co., Inc. (Cook & Co.), formerly Cogent Compensation Partners, gathers the competitive information from public company filings. FIT Remuneration Consultants LLP (FIT), the Company's U.K. compensation consultant, also advises the Company on U.K. compensation issues.

The Committee reviews the comparative information for each component of compensation (including base salary, annual incentive and total cash compensation, and long-term incentive compensation and other benefits). The Committee has deliberately not set a percentile target for compensation but rather subjectively considers each individual situation, including experience, tenure in current position and individual performance.

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The Committee also reviews other sources of compensation information that provide broader context for understanding market trends, pay practices, and compensation levels of similarly-situated executives. For 2012, Cook & Co. reviewed published compensation surveys from the energy industry as well as data from a reference group of land drillers and oilfield service companies shown below. The Committee did not base any compensation decisions with reference to this group and, due to the differences in global scale, complexity and competition for talent, the Committee determined to discontinue use of the reference group in 2013 and beyond.

**Land Drillers and Oilfield Service Companies**

Bristow Group, Inc.

Dresser-Rand Group, Inc.

Helmerich & Payne

Oceaneering International

Oil States Intl Inc.

Patterson-UTI Energy Inc.

SEACOR Holdings, Inc.

Superior Energy Services, Inc.

Tidewater Inc.

Unit Corp.

Willbros Group Inc.

**Elements of Executive Compensation**

Our NEO compensation consists of:

Base salary paid in cash;

Annual incentive paid in cash;

Annual awards under our long-term incentive plan;

Limited perquisites; and

Health, welfare and retirement benefits.

The balance among these components is established annually by the Committee and is designed to recognize past performance, retain key employees and encourage future performance. When conducting its annual deliberations, the Committee reviews each component against both historical and recent comparative statistics as well as anticipated trends in compensation with comparisons to the peer group. The Committee also considers pay and employment conditions of other employees within the Company in determining executive compensation. The Committee believes that the design of the Company's compensation program is appropriate and competitive.

The portion of our NEOs' salary and bonus in proportion to total compensation ranged from 26% to 39% for 2012. In deriving this figure, we consider our NEOs' total compensation pay to include salary, bonus, annual incentive, long-term equity and other (including perquisites), as set forth in our *Summary Compensation Table*. We do not include in this calculation the increase in actuarial value of a historic pension plan shown in that table, because that figure is based on pension plan accounting and is not indicative of any change in compensation that the NEOs have or may ultimately realize.

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Note: The CEO's perquisites make up less than 1% of his total compensation.

**Base Salary**

The base salaries for our NEOs are reviewed annually by the Committee. For each NEO, the Committee reviews pay information for such position among our offshore drilling peer companies to ensure that NEO salaries remain competitive. The Committee does not target a specific percentile of the market data, but instead takes into consideration the competitive conditions and the circumstances of the individual, such as tenure in the position, level of expertise and responsibilities of the position, as well as subjective judgment of the individual's performance. There is no specific weighting given to each factor.

For our NEOs other than the CEO, the Committee also annually receives a recommendation from the CEO as to suggested salary adjustments, if any. The Committee reviews the performance of all of the NEOs and considers the recommendations of the CEO. In determining base salaries, the Committee also considers the comparative data related to the Company's peer group provided by Cook & Co. and the Company's continuing achievement of its short- and long-term goals, including:

the financial performance of the Company;

the effective execution of the Company's strategy, as approved by the Board; and

the development of human resource capability.

In March 2012, the Committee reviewed the compensation of our NEOs and approved base salaries as detailed in the chart below. The new 2012 salaries became effective as of April 1, 2012.

Executive	2011 Base Salary (\$)	% Increase	2012 Base Salary (\$)
Ralls (a)	950,000	0%	950,000
Burke	500,000	5%	525,000
Keller	415,000	6%	440,000
Bartol (b)	340,000	18%	400,000
Buvens	360,000	4%	375,000
Wells (c)	360,000	4%	375,000

- (a) At the request of Mr. Ralls, no increase was made to his 2012 base salary or incentive targets from 2011 levels.
- (b) In April 2012, Mr. Bartol received a 10% increase in base salary to \$375,000. In July 2012, Mr. Bartol was promoted to Executive Vice President and his base salary was adjusted to \$400,000 in connection with this promotion. Effective September 2, 2012, Mr. Bartol was also elected as Chief Financial Officer upon the retirement of Mr. Wells, and did not receive any additional increase in compensation.

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(c) Effective September 7, 2012, Mr. Wells retired from his position as CFO. The benefits received by Mr. Wells in connection with his retirement are discussed under the heading *Retirement Agreement with William H. Wells*.

**Annual Incentive Compensation**

In 2012, the NEOs participated in a targeted cash incentive plan (the 2012 AIP), which has approximately 400 participants. Each participant in the 2012 AIP has an incentive target that is denominated as a percentage of base salary. For 2012, the NEOs were eligible to receive incentive target payments at the following percentages:

Executive	% Increase from 2011	2012 Target (as a % of base salary)
Ralls	0%	100%
Burke	0%	75%
Keller	0%	65%
Bartol	0%	60%
Buvens	0%	60%
Wells	0%	60%

The target bonus levels for each executive were originally set based on a review of target bonus levels of our offshore drilling peers and the executive's relative position, responsibilities and title within the Company. In 2012, the Committee determined that no target adjustments were necessary for any of the NEOs.

The 2012 AIP requires the Company to have either more than \$100 million of 2012 EBITDA or net income of \$1 million, in order for any awards to be paid. If this threshold performance hurdle is met, then a bonus pool under the 2012 AIP for all 2012 bonus awards is funded at the maximum bonus opportunity. This threshold performance hurdle is designed to ensure all bonus payouts within the 2012 AIP are deductible under Section 162(m) and does not reflect the operational or financial metrics contained in the 2012 AIP.

Once the bonus pool is funded, the Committee will determine the actual bonus payout by using its discretion and assessing the Company's performance against the financial and operational metrics shown below.

**2012 AIP**

The Company met its initial funding hurdle and the 2012 AIP was funded at maximum potential. The Committee then determined the actual bonus payout by:

Assessing the Company's performance against the financial and operational metrics shown below for 75% of the target bonus value, with payout of this portion of the bonus ranging from 0% to 150%; and

Assessing other achievements in 2012 and using its discretion with respect to the remaining 25% of the target bonus value, with payout of this portion of the bonus ranging from 0% to 50%.

For 2012, achievement of the financial and operational metrics was as follows:

Metric	Weighting	Percent of Threshold Achieved in 2012	Payout Percentage
Achievement of budgeted EBITDA for 2012 (a)	25%	94.4%	18%
Actual costs compared to 2012 budget (b)	25%	108.7%	3.35%

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Safety performance (c)	20%	200%	40%
Contracted non-productive time (d)	20%	99%	19.8%
Newbuild capital projects (e)	10%	100%	10%
<b>Total:</b>	<b>100%</b>		<b>91.2%</b>

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- (a) Our 2012 adjusted EBITDA was 94.4% of our budget, which resulted in an achievement of 72% of the allocation of this metric. Adjusted EBITDA removes the impact of the EXL I collision and geographic relocation. The Committee believes the adjustment to EBITDA is appropriate in light of the longer-term benefits of relocating the EXL I to Southeast Asia from the U.S. Gulf of Mexico.
- (b) Actual costs are operating plus selling, general and administrative costs, excluding insurance costs and reimbursables. Our 2012 actual costs adjusted for the impact of the EXL I were 108.7% of budget, which resulted in an achievement of 13% of the allocation of this metric.
- (c) Safety performance is derived from the Company's internal incident reporting by comparing the trailing total recordable incident rate ( TRIR ) with Company goals. The target metric for safety was set at a 1.2 TRIR. In 2012, our actual TRIR was 0.96 which resulted in an achievement of 200% of the allocation of this metric.
- (d) Contracted non-productive time refers to any period when one of our rigs is on location and under contract but not operational due to equipment failure or other unplanned stoppage. For 2012, this metric was set at 3.42%. Actual non-productive time was 3.43%, which resulted in an achievement of 99% of the allocation of this metric.
  
- (e) Our newbuild capital projects metric is based on our rig construction projects remaining on time and on budget. During 2012, our newbuild projects remained on budget and on schedule, which resulted in an achievement of 100% of the allocation of this metric. For the discretionary component, the Committee considered the Company's significant 2012 achievements, including:

Re-entry into the Southeast Asia market and growing the Company's presence in the region.

Enhancing the Company's reputation in the North Sea market, including starting up drilling operations in Norway.

Increasing 2012 EBITDA to \$541 million, a 58% increase over 2011 EBITDA and the contract backlog to approximately \$3.5 billion as of year-end 2012, a 59.1% increase over 2011 year-end backlog.

Adding key deepwater executive team to gain deepwater credibility with major operators.

Contracting first ultra deepwater drillship at good rates and terms.

Successfully completing two public debt offerings raising approximately \$1.1 billion to fund capital expenditures and the construction of the ultra deepwater drillships, while retaining the Company's investment grade ratings and stable outlook.

Increasing the Company's revolving credit capacity to \$750 million and strengthening the lending group.

Completing the Company's redomestication on schedule and retaining the Company's listing in the S&P 500 index.

Achieving record safety performance.

Continuing the Company's efficient tax planning.

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In light of these achievements, the Committee determined to pay out the 25% discretionary portion of the bonus plan at 36% resulting in a total payout under the 2012 AIP of 104%.

The CEO then allocated the 2012 AIP pool among the Company's operating and corporate groups (other than himself), and the resulting payout to participants was equal to or less than 104% depending on individual performance.

**Table of Contents****Long-Term Incentive Compensation**

The Company's long-term incentive program allows our NEOs to earn compensation over a number of years as a result of share price performance and/or sustained financial performance over multiple years. Consistent with our at-risk pay philosophy, long-term incentives comprise a significant portion of our NEOs' compensation package.

For 2012, the long-term compensation program was composed of restricted share awards, SARs and a new incentive award, PUs described below. A primary objective of the long-term incentive plan is to align the interests of NEOs with those of our shareholders and further the Company's strategic goals.

<b>Incentive Award</b>	<b>Company Goals</b>	<b>Future Value Dependent On</b>
<b>Restricted Share Awards</b>	Retain executives; drive share performance	Share price appreciation
<b>SARs</b>	Retain executives; drive share performance	Share price appreciation
<b>PU</b>	Motivate differential financial performance	Total shareholder return relative to peers

**Restricted Share Awards and RSUs**

Restricted share awards (sometimes referred to as RS ) and RSUs provide our NEOs the opportunity for capital accumulation and a more predictable long-term incentive value than is provided by SARs or PUs. These are performance based awards since as share price increases, the NEOs reward increases as does the shareholders reward. Additionally, restricted share awards and RSUs are intended to aid in the retention of NEOs through the use of a vesting schedule (generally one-third increments annually after the original award date).

**SARs**

An important objective of the long-term incentives is to strengthen the relationship between the long-term value of our share price and the potential financial gain for employees. SARs provide NEOs with the opportunity to purchase our shares at a price that is fixed on the grant date regardless of future market price. If the Company's share price does not increase, then these SARs will have little to no economic value. SARs generally vest and become exercisable in one-third increments annually after the original award date.

Our practice is that the exercise price for each SAR is the volume weighted average price of a share of on the NYSE on the grant date.

**Performance Units**

PUs are units of potential value that are payable in cash after the end of a specified performance period. Our PUs cliff vest three years after the grant date, with amounts payable based on TSR relative to our peer group. At the end of the first year, second year and third year, 25% of the PU value is determined based on our ranking in relative TSR during each one year period. The remaining 25% is determined by relative TSR ranking over the entire three year period. This method of multiple measurement points combined with overlapping grants, provides our NEOs with a meaningful incentive to provide superior sustainable returns to shareholders over the long-term.

There is no vesting or payout with respect to the PUs until the third anniversary of the award, but the Company will calculate the annual measurement amounts and inform holders of anticipated achievement annually. This design feature was included to provide a better line of sight for participants during the three year period compared to some plan designs. Depending on relative TSR performance, the PU payout will range from 0% to 200% of its initial value of \$100 per unit. An employee who terminates employment with the Company prior to the third anniversary will not receive any payout of PUs unless approved by the Committee. The PUs will be settled in cash at the end of the three year vesting period.

The peer group selected by the Committee for relative TSR with respect to the PUs consists of: (a)

Atwood Oceanics

Diamond Offshore Drilling

EnSCO

Noble

Seadrill

Transocean

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- (a) The Compensation Committee determined to omit Hercules Offshore from the relative TSR peer group with respect to the PUs because the share price of Hercules Offshore is generally driven by different factors than the Company's. Unlike the Company, Hercules Offshore's operations are substantially located in the U.S. Gulf of Mexico and our assets are generally high-specification drilling units. Depending on the Company's relative TSR ranking compared to the peer group companies above, the units will be valued as follows:

Performance Rank	7th	6th	5th	4th	3rd	2nd	1st
Unit Value	\$ 0	\$ 33	\$ 67	\$ 100	\$ 133	\$ 167	\$ 200

Each of the NEOs was awarded PUs in March 2012.

**2012 Long Term Incentive Targets Multiples**

The Committee determined the total value of all restricted share awards and SARs granted to NEOs (based on grant date fair value) and cash-based PUs awarded to NEOs (based on target value) as a multiple of base salary based on comparative marked data provided by the Committee's compensation consultant. The 2012 multiples for each NEO were the same as those in 2011 as follows:

Executive	% Increase from 2011	2012 Target Multiple (% of Base Salary)
Ralls	0%	525%
Burke	0%	375%
Keller	0%	325%
Bartol	0%	275%
Buvens	0%	275%
Wells	0%	275%

Our NEOs receive all three equity vehicles in the following percentages, based on their target multiples:

	2012 (a)	2013 / Beyond
NEOs	50% RS	40% RSUs
	25% SARs	30% SARs
	25% PUs	30% PUs

- (a) 2012 was treated as a transition year, with the restricted share awards percentage remaining the same as in prior years and the remaining award was equally divided between PUs and SARs.

**Table of Contents****2012 Long-Term Incentive Awards**

In March 2012, the Committee made long-term equity incentive awards to our NEOs with the following grant-date fair values for the restricted shares, SARs, and PUs computed in accordance with FASB ASC Topic 718:

<b>Executive</b>	<b>Restricted Shares (\$) (a)</b>	<b>SARS (\$)</b>	<b>PUs (\$)</b>
Ralls	3,117,175	1,278,361	1,037,047
Burke	1,054,736	480,573	389,901
Keller	842,980	345,719	280,449
Bartol	584,404	239,644	194,451
Buvens	618,774	253,735	205,846
Wells	618,774	253,735	205,846

- (a) 125% of the target value of restricted shares was granted to the NEOs based on the Company's annual performance against the following five strategic objectives:

Grow and diversify the fleet

Grow the earnings power of the fleet

Enhance leadership development

Increase shareholder value from the manufacturing division

Enhance tone at the top

In March 2012, the Committee determined that the Company had achieved exceptional progress on these strategic objectives and determined to make grants at a 125% award level. In its assessment, the Committee considered the achievement of the following strategic objectives and priorities:

Completed multi-year jackup construction program on schedule and within budget, with delivery of four high-specification rigs during 2011

Acquired three harsh environment N-Class rigs from Skeie Drilling & Production

Sold land drilling division to a strategic buyer for approximately \$520 million, with proceeds utilized to expand into the ultra-deepwater drilling segment

Entered the ultra-deepwater market with contracts to design and build three new drillships

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Built an industry-leading management team to oversee our deepwater division

Added \$1.5 billion in contract backlog during 2011, including expansion of global reach with re-entry into Trinidad and Southeast Asia

Enhanced the Company's reputation in the North Sea market

Reduced effective income tax rate from 26% in 2010 to a credit of 4% in 2011 through effective tax planning, for a savings of more than \$38 million in tax expense between years

Sold manufacturing subsidiary to a strategic buyer for approximately \$1.1 billion, consistent with the Company's stated strategy of separating non-core businesses

Successfully managed critical organizational changes associated with sale of manufacturing business

Continued to improve safety and environmental programs and training

Implemented \$125 million of a \$150 million share buyback program

Annual long-term incentive awards are generally made in the first quarter of each year. Any equity awards to newly hired or newly promoted executive officers below the NEO level are recommended by the CEO and reviewed by the Committee at the next regularly scheduled Committee meeting on or following the award date. The Company has not used option grants as part of its incentive compensation since 2006, other than a sign-on grant of 100,000 options made in 2008 to Mr. Ralls when he became our CEO.

### **2012 - 2014 Performance Unit Grant**

With respect to the PUs awarded to our NEOs in 2012, the threshold level of TSR performance was not reached for the first year performance measurement period (attributable to 2012), and no amount with respect to 25% of the PUs granted in 2012 will be payable at the end of the three-year cliff vesting period. The potential value of the remaining three periods of the awards range from \$0 of the granted awards for below threshold performance, \$75 of the granted awards for target performance, and \$150 of the granted awards for maximum performance as set forth in the table below.

### **2012 - 2014 Performance Unit Grant**

2012 Performance

Period Actual	2013 Performance Period Potential Payout	2014 Performance Period Potential Payout	2012 to 2014 Performance Period Potential Payout (\$)	Potential Remaining Payout (\$)
Payout (\$)	(\$)	(\$)	(\$)	(\$)
0	0 - 50	0 - 50	0 - 50	0 - 150

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### **Benefits**

The NEOs participate in the Company's health, welfare and retirement benefit plans on the same terms as other employees. These plans include a defined contribution plan (the Savings Plan), for which the Company matches up to 100% of the first 6% of eligible salary contributed by the employee, a defined benefit pension plan, and medical, dental and term life insurance.

### **Limited Perquisites**

The Company provides NEOs with limited perquisites and other personal benefits that the Company and the Committee believe are reasonable and consistent with its overall compensation program. Each of the NEOs receives incremental retirement benefits to restore benefits lost due to IRS limits under the Company's supplemental retirement plan. Executives are provided with the following benefits as a supplement to their other compensation:

*Executive physical exam:* At our expense, each of the NEOs is encouraged to have a complete and professional personal physical exam periodically.

*Use of club membership for one NEO:* The Company pays the monthly membership fees for a country club for our Executive Vice President, Business Development to use for appropriate entertainment of customers for business purposes. No other NEO receives such a benefit.

### **Clawback Provision**

Awards issued pursuant to our 2009 Incentive Plan and the proposed 2013 Incentive Plan (if the 2013 Incentive Plan is approved by our shareholders and becomes effective) are subject to a clawback provision that provides that, if within five years of the grant or payment of an award or bonus under the plan, (1) the Company's reported financial or operating results are materially and negatively restated or (2) a participant engages in conduct which is fraudulent, negligent or not in good faith, and which disrupts, damages, impairs or interferes with the business, reputation or employees of the Company or its affiliates (as determined in the sole discretion of the Committee), then in each case the Committee may, in its discretion, seek to recoup all or a portion of such grant or payment. In addition, new grants will be subject to the requirements of (i) Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (regarding recovery of erroneously awarded compensation) and any implementing rules and regulations thereunder, (ii) similar rules under the laws of any other jurisdiction and (iii) policies adopted by the Company to implement any clawback provisions, all to the extent determined by the Company in its discretion to be applicable to the participant.

### **Share Ownership Guidelines**

We believe it is important for our officers and directors to build and maintain a significant personal investment in our equity. In January 2006, the Board of Directors approved share ownership guidelines for our NEOs, and in October 2007, the Board approved share ownership guidelines for non-executive directors:

	<b>Position</b>	<b>Value to be Retained</b>
	CEO	Five times base salary
	Other NEOs	Three times base salary
	Non-executive Directors	Five times annual retainer

To facilitate implementation of these guidelines, an officer is required to retain 35% of available shares received pursuant to equity grants until his ownership guideline is met, at which time the retention level is reduced to 15%. The retention requirement does not apply once an officer reaches 200% of the applicable ownership guideline or upon the age of 60. Available shares are shares remaining after payment of taxes, fees, commissions and any exercise price payments. For our non-executive directors, the individual has five years to meet the guideline and ownership of RSUs counts toward such retention.

### **Employment Contracts and Severance Arrangements**

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We do not have any employment agreements or severance arrangements with our NEOs, other than certain agreements related to a change in control and the retirement arrangement with Mr. Wells, each as described below. For pension and benefit restoration plan benefits payable to our NEOs as of December 31, 2012 upon a voluntary termination, involuntary termination or a change of control, please see the *Potential Post-Employment Payment Table*.

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Each of our executive officers and certain other officers have change in control agreements ( CIC Agreements ). Our redomestication transaction that was completed in May 2012 did not trigger any change in control payments or accelerate vesting of awards under the CIC Agreements. The CIC Agreements remain in effect with Rowan Delaware following our redomestication, but now reflect that the Company is the parent company of the Rowan group of companies for purposes of determining the rights set forth therein. The CIC Agreements provide that, in the event the employment of the executive officer is terminated or modified under certain circumstances during the remaining term of the applicable CIC Agreements (which generally provide for two-year terms) and following a change in control of the Company (so-called double trigger agreements), the executive officer would be paid:

A multiple of the sum of the executive officer s base salary and calculated bonus;

A calculated payment under the then current short-term incentive bonus opportunity;

An amount equal to any forfeited account balance or accrued benefit under tax qualified plans maintained by the Company;

Any accrued but unused vacation pay; and

Medical coverage for a transition period and outplacement services.

The multiple of base salary and calculated bonus used for the change in control payment calculation is as follows:

NEO	% times (base salary and higher of target bonus or 3 year average bonus)
Ralls	2.99
Burke	2.5
Keller	2.0
Bartol	2.0
Buvens	2.0

The CIC Agreements for Messrs. Buvens, Keller and Ralls also provide for a parachute tax gross-up. Consistent with the Company s commitment not to enter into new CIC Agreements that include excise tax gross-ups, the CIC Agreements for Dr. Burke and Mr. Bartol do not contain such a provision. However, the CIC Agreements for Dr. Burke and Mr. Bartol include best pay provisions under Section 280G of the Code under which the amount of any payments that would otherwise constitute parachute payments will be reduced to the extent necessary to avoid the imposition of any excise tax, unless providing the executive with the full amount of such payments (after taking into account any excise and other taxes) will result in a greater payment amount to the executive (in which case the executive will receive the full amount of such payments). A supplement to the CIC Agreements provides that equity awards held by the officer will become fully vested and exercisable upon a change in control. Share options and SARs will be exercisable until the earlier of the second anniversary of the change in control or the expiration of the original exercise period, and PUs will be paid out at the higher of the anticipated payout or the target value of the award. As a result of the sale of our manufacturing division in 2011, Dr. Burke s first trigger was pulled due to the change in control of the subsidiary. Should Dr. Burke be terminated by the Company without cause (as defined in the CIC Agreement) or by Dr. Burke with good reason (as defined in the CIC Agreement), he would be eligible to receive his change in control compensation detailed in the following table.

Set forth below are the actual payments that would be made to each listed executive under the CIC Agreements in the event his employment is terminated or modified following a change in control of the Company. The payments listed below assume a termination date of December 31, 2012.

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<b>Payments</b>	<b>Ralls (\$)</b>	<b>Burke (\$)</b>	<b>Keller (\$)</b>	<b>Bartol (\$)</b>	<b>Buvens (\$)</b>
Cash Severance	5,681,000	2,296,875	1,452,000	1,280,000	1,200,000
Pro Rata Bonus	950,000	393,750	286,000	240,000	225,000
SARs	116,623		37,417	14,390	29,051
Restricted Shares (a)	4,472,454	929,845	1,264,402	859,831	963,460
PU's	1,246,900	468,800	337,200	233,800	247,500
Benefit Continuation	28,396	18,931	18,931	18,931	21,778
Outplacement Services	25,000	25,000	25,000	25,000	25,000
Total CIC Payments before Gross Up or Reduction	12,520,374	4,133,200	3,420,950	2,671,952	2,711,789
Reduction to Avoid Excise Tax (b)	N/A	N/A	N/A	(330,949)	N/A
Excise Tax Gross-Up	3,395,791	N/A	N/A	N/A	N/A
<b>Aggregate Payments</b>	<b>15,916,164</b>	<b>4,133,200</b>	<b>3,420,950</b>	<b>2,341,003</b>	<b>2,711,789</b>

- (a) Represents the gross value of unvested awards upon the change in control. The closing fair market value of the Company's shares on the hypothetical CIC date was \$31.27.
- (b) This reduction is applied to Mr. Bartol because he would be in a better tax position by having his CIC payments reduced versus receiving payments in full and paying the excise tax. This reduction would be applied to his cash severance resulting in a cash payment of \$949,051.

**Policy for Vesting of Awards upon Retirement**

Effective March 6, 2013, for awards made on or after that date, the Board approved a policy whereby upon retirement from the Company, if an employee, including an NEO, has reached age 60 with five years of consecutive service, vesting of certain long-term incentive awards granted more than six months prior to the retirement date would be accelerated to the retirement date. The vesting acceleration may be subject to any conditions or limitations as the Committee may determine with respect to specific awards, such as post-termination covenants relating to non-competition or non-solicitation of employees or customers. The Committee may determine in its sole discretion whether the policy will apply to any award. The Committee may terminate, amend or modify the policy at any time.

**Retirement Agreement with William H. Wells**

On September 7, 2012, Mr. Wells retired as our CFO and we entered into a retirement agreement with him. While the retirement agreement did not provide for cash payments to Mr. Wells, in exchange for certain covenants from Mr. Wells (including as to confidentiality, non-solicitation, non-competition and non-disparagement), the Committee accelerated or otherwise modified certain of his equity awards as of his retirement date as follows: (a) accelerated the vesting of 30,499 restricted shares, (b) confirmed the regular expiration dates set forth in the applicable award notice for 25,000, 11,700 and 6,258 vested share options of July 21, 2014, May 17, 2015 and April 28, 2016, respectively, (c) accelerated the vesting of 39,936 SARs and extended the expiration date of the exercise period of SARs to five years from the retirement date, or September 6, 2017, and (d) accelerated the vesting of 2,475 PUs and agreed to pay him such payout amounts, if any, with respect to such PUs determinable as of December 31, 2012, December 31, 2013 and December 31, 2014, before March 15 of the following year, respectively. Payments under the PUs are subject to forfeiture if Mr. Wells does not comply with the non-solicitation and non-competition provisions in his retirement agreement, which extend for a period of three years from his date of retirement. Mr. Wells did not receive any payments under our 2012 AIP or other cash severance and did not receive any PU payout for the 2012 period since the threshold for payment was not met.

**Program Process and Administration***Our Compensation Committee*

In 2012, the Committee was composed of five independent Board members: Messrs. Hix (Chairman), Hearne, Lentz and Quicke, and Ms. Nimocks. In January 2012, Mr. Peacock, who had previously served as the Chairman of the Committee, stepped down from the Committee. Upon Mr. Peacock's departure from the Committee, Mr. Hix was appointed to serve as Chairman of the Committee. The Chairman, with input from the other Committee members, directs the agenda for each meeting of the Committee and seeks input from management and the Committee's independent compensation consultants.

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Typically, the Company gathers information requested by the Committee and management makes recommendations with respect to certain compensation matters and ensures that the Committee members receive materials in advance of a meeting. The Chairman usually invites the Company's CEO, COO, the CFO and Chief Administrative Officer to attend the Committee meetings. During each Committee meeting, members of management are excused to permit the Committee to meet alone with its advisors and in executive session.

Our listed NEOs are all corporate officers of the Company except Mr. Wells who retired on September 7, 2012, as described below.

### *Role of the Independent Compensation Consultants*

The Committee retains independent compensation consultants to assist in the continual development and evaluation of compensation policies, the review of competitive compensation information and the Committee's determinations of compensation levels and awards. A representative from our compensation consultants attends Committee meetings, meets with the Committee without management present and provides third-party data, advice and expertise on proposed executive and director compensation and plan designs. At the direction of the Committee, the compensation consultants review management recommendations and advise the Committee on the matters included in the materials, including the consistency of proposals with the Committee's compensation philosophy and comparisons to programs at other companies. At the request of the Committee, the consultants also prepare their own analysis of compensation matters, including positioning of programs in the competitive market and the design of plans consistent with the Committee's compensation philosophy.

Since 2010, the Committee has engaged Cook & Co. as its independent U.S. compensation consultant for advice on all executive and director compensation matters. Cook & Co. is headquartered in New York, New York and provides independent compensation advice to companies in the Fortune 500. Cook & Co. does not provide other services to the Company. During 2012, in connection with the Company's redomestication to the U.K., the Committee also engaged FIT Remuneration Consultants LLP (FIT) as its independent U.K. compensation consultant for advice on all U.K. related compensation matters. FIT is headquartered in London, England and provides independent compensation advice to FTSE100 companies. FIT does not provide other services to the Company. After review and consultation with Cook & Co. and FIT, the Committee has determined each of Cook & Co. and FIT are independent and that there is no conflict of interest resulting from retaining either Cook & Co. or FIT currently or during the year ended December 31, 2012.

### *Role of CEO in Compensation Decisions*

In 2012, our CEO performed the following functions in our compensation decision process:

Recommended, based on market data, certain changes to base salaries and short-term and long-term incentive targets for the NEOs, other than himself;

With the management team, developed short-term and long-term goals to be considered by the Committee for the short-term and long-term incentive plans; and

Approved other elements of compensation or personnel matters including:

Changes in pay or title to employees below the NEOs;

Levels of equity awards for executives below the NEO level and for key non-officer employees under the Company's long-term incentive plan; and

Agreements or arrangements relating to the terms of employment, continued employment or termination of employment with respect to certain employees below the NEO level.

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After review of the CEO's recommendations and a review of all relevant compensation data presented to the Committee, the Committee made its own assessment and recommendations to the Board of Directors regarding the compensation package for each NEO.

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### *The Role of Shareholder Say-on-Pay Votes and Shareholder Engagement*

The Company provides its shareholders with the opportunity to cast an annual advisory vote on NEO compensation (a say-on-pay proposal). At our general meeting of shareholders held in July 2012, a substantial majority of the votes cast on the say-on-pay proposal (approximately 78.67%) were voted in favor of the proposal. The Committee believes that this is an overall endorsement by the shareholders of the Company's approach to NEO compensation, and did not change its approach materially in 2012. In addition, we engaged with several of our largest shareholders to provide additional explanations of our compensation programs and to solicit feedback from them about our pay programs and practices. The Committee will continue to take into account the outcome of the Company's say-on-pay votes when making future compensation decisions, including the outcome of the shareholders' advisory vote on the U.K. Directors' Remuneration Report.

### **Indemnification Agreements**

In connection with the previously described redomestication transaction, the Company entered into a deed of indemnity with each of the NEOs and non-executive directors (as well as certain other officers of the Company). In addition, the prior indemnification agreements with Rowan Delaware remain in place. The form of such agreements has been filed with the SEC. These agreements provide for the Company to, among other things, indemnify the individual against certain liabilities that may arise by reason of his or her status or service as a director or officer, to advance expenses incurred as a result of certain proceedings and to cover him or her under our directors' and officers' liability insurance policy. These agreements are intended to provide indemnification rights to the fullest extent permitted under U.K. and Delaware law and under our governing documents and those of Rowan Delaware.

### **Accounting for Share-Based Compensation**

We account for share-based compensation, including long-term incentive awards, in accordance with FASB ASC Topic 718.

### **Limitation of Deductions**

Section 162(m) of the Code generally limits the deductibility of executive compensation paid to the CEO and three other highest paid executive officers (excluding the CFO) of the Company's U.S. subsidiary to \$1 million per year for federal income tax purposes, unless the compensation is performance-based compensation as described in Section 162(m) and related regulations. Although the Committee has generally attempted to structure executive compensation so as to preserve deductibility, it also believes that there are circumstances where the Company's interests are best served by maintaining flexibility in the way compensation is provided, even if it might result in the non-deductibility of certain compensation under the Code. The Company believes that its compensation practices and plans as well as timing of decisions and awards will comply with the requirements of Section 162(m) for 2012.

### **Director Compensation**

In 2012, the Committee reviewed non-executive director compensation as well as compensation of the Company's peer group and other U.K. companies provided by Cook & Co. Based on market data and the recommendation by Cook & Co., the Committee recommended to the Board that the annual retainer and equity value granted to non-employee directors be increased in order to remain competitive. The Board approved the following recommendations: the annual cash retainer for Board membership increased from \$70,000 to \$80,000 effective October 1, 2012 and the value of RSUs awarded annually to Board members increased from approximately \$140,000 to \$200,000. Newly elected Board members will continue to receive approximately \$25,000 in RSU value upon election. The Committee also directed Cook & Co. and FIT to assist in the continual development and evaluation of compensation policies, the review of competitive compensation information and the Committee's determinations of compensation levels and awards.

**Table of Contents****EXECUTIVE COMPENSATION****Summary Compensation Table**

The following table summarizes executive compensation received by our NEOs for 2010, 2011 and 2012.

Name and Principal Position	Year	Salary (\$ (1))	Bonus (\$ (2))	Share Awards (\$ (3))	Option Awards (\$ (4))	Non-Equity Incentive Plan Compensation (\$ (5))	Change in Pension Value and Nonqualified Deferred Earnings (\$ (6))	All Other Compensation (\$ (7))	Total (\$)
W. Matt Ralls, CEO (8)	2012	950,000	342,000	4,154,222	1,278,361	646,000	144,656	15,000	7,530,239
	2011	950,000	418,000	1,988,977	1,752,815		185,793	14,700	5,310,285
	2010	800,000	842,400	1,979,165	1,411,578		200,390	14,700	5,248,233
Thomas P. Burke, President & COO (8)	2012	525,000	141,750	1,444,635	480,573	267,750	77,623	13,750	2,951,081
	2011	500,000	205,733	629,984	556,768		12,372	1,770,037	3,674,894
	2010	360,000	250,000					8,269	618,269