

2004 was \$4.4 million (\$0.09 per share), compared with \$17.9 million (\$0.35 per share) for 2003 and \$63.5 million (\$1.26 per share) for 2002. Included in net income was a pre-tax asset impairment charge (discussed in detail later) of \$51.5 million (\$31.9 million after-tax or \$0.63 per share) in 2004 and income from discontinued operations of \$9.8 million (\$0.19 per share) in 2002. Included in the Company's net income, but not related to its operations, were after-tax gains from the sale of investment securities of \$14.1 million (\$0.28 per share) in 2004, \$3.3 million (\$0.07 per share) in 2003, and \$15.2 million (\$0.30 per share) in 2002. In addition to income from security sales, the Company recorded net income during 2004 of \$1.5 million (\$0.03 per share) from non-monetary investment gains. Also included in net income is the Company's portion of income or loss from its equity affiliates, Atwood Oceanics, Inc. and a 50-50 joint venture with Atwood called Atwood Oceanics West Tuna Pty. Ltd. (dissolved in 2003). From equity affiliates, the Company recorded net income of \$0.01 per share in 2004, a loss of \$0.03 per share in 2003, and net income of \$0.06 per share in 2002. (See Liquidity section of MD&A for discussion of the sale of a portion of the Company's Atwood Oceanic stock shortly after September 30, 2004).

Consolidated revenues were \$620.9 million in 2004, \$515.3 million in 2003, and \$551.9 million in 2002. U.S. land revenues rose steadily from 2002 to 2004, while U.S. offshore platform rig revenues declined significantly during the same period. The increase in U.S. land revenues was fueled by the Company's increasing rig fleet due to the construction of FlexRigs over the three-year period. The average number of U.S. land rigs available was 86 rigs in 2004, 76 in 2003, and 57 in 2002. U.S. land rig utilizations for the Company were 87 percent in 2004, 81 percent in 2003, and 84 percent in 2002. Revenue reductions in the