

AUDIT COMMITTEE CHARTER

Purpose

The purpose of the Audit Committee (the "Committee") of the Board of Directors (the "Board") of Parker Drilling Company (the "Company") shall be to assist the Board in overseeing (1) the integrity of (a) the process involved in the preparation of financial statements and (b) auditing of the financial statements of the Company, (2) the independent registered public accounting firm's qualifications and independence, (3) the performance of the Company's internal audit function and independent registered public accounting firm (the "independent accountant") and (4) the compliance by the Company with legal and regulatory requirements.

The Committee shall prepare the report required by the rules of the Securities and Exchange Commission (the "Commission") to be included in the Company's annual proxy statement.

The Committee shall perform an annual self-assessment at the end of each year.

Committee Membership

The Committee shall consist of no fewer than three members. The members of the Committee shall meet the independence and experience requirements of the New York Stock Exchange and of the Securities Exchange Act of 1934 (the "Exchange Act") and the rules and regulations of the Commission. Membership of the Committee shall be in compliance with all applicable rules and regulations promulgated by the Commission.

The members of the Committee shall be appointed by the Board after recommendation by the Corporate Governance Committee, and shall serve for such term as the Board determines or until their successors are elected or appointed or until their death, resignation or removal. Committee members may be replaced by the Board in its discretion. The Chairman of the Committee shall be appointed by the Board, or if the Board delegates that decision to the Committee, the Committee. The Chairman of the Committee shall be responsible for scheduling all meetings of the Committee and, together with other members of the Committee and senior management as appropriate, developing a written agenda for each meeting. The Chairman shall preside over meetings of the Committee. In the absence of the Chairman, the majority of the members of the Committee present at a meeting shall appoint a member to preside at the meeting.

Meetings

The Committee shall meet as often as it determines, but not less frequently than quarterly. A majority of the members shall be present in person or by telephone at each meeting of the Committee to establish a quorum for the transaction of business by the Committee, and a vote of a majority of the members of the Committee present will constitute an act of the Committee. The Committee shall meet periodically in separate executive sessions with management (including the CEO, COO, CFO and General Counsel), the internal auditors and the independent accountant and have such other direct and independent interaction with such persons from time to time as the members of the Committee deem appropriate. The Committee may request any officer or employee of the Company or the Company's outside counsel or independent accountant to attend a

meeting of the Committee or to meet with any members of, or consultants to, the Committee. The regularly scheduled meetings of the Committee are open to all directors.

Committee Authority and Responsibilities

The Committee shall have the sole authority to appoint or replace the independent accountant (subject, if applicable, to shareholder ratification). The Committee shall be directly responsible for the compensation and oversight of the work of the independent accountant (including resolution of disagreements between management and the independent accountant regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services. The independent accountant shall report directly to the Committee.

The Committee shall pre-approve all auditing services, internal control-related services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent accountant, subject to the *de minimus* exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act which are approved by the Committee prior to the completion of the audit.

The Committee shall have the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting or other advisors. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent accountant for the purpose of preparing or issuing an audit report or performing other audit, review or attest services, compensation to any advisors employed by the Committee and ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

The Committee shall make regular reports to the Board. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval, including consideration of changes that are necessary as a result of new laws or regulations.

The Committee, from time to time as required and otherwise to the extent it deems necessary or appropriate, shall:

Financial Statement and Disclosure Matters

1. Meet to review and discuss with the management and the independent accountant the Company's annual audited financial statements, including reviewing the specific disclosures made in management's discussion and analysis, and recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K.

2. Meet to review and discuss with management and the independent accountant the Company's quarterly financial statements prior to the filing of its Form 10-Q, including the results of the independent accountant's review of the quarterly financial statements, and reviewing the specific disclosures made in management's discussion and analysis.

3. Discuss with management and the independent accountant significant financial reporting issues and judgments made in connection with the preparation of the Company's financial

statements, including any significant changes in the Company's selection or application of accounting principles.

4. Review and discuss with management and the independent accountant any major issues as to the adequacy of the Company's internal controls, any special steps adopted in light of material control deficiencies and the adequacy of disclosures about changes in internal control over financial reporting.

5. Review and discuss with management (including the director of internal audit) and the independent accountant management's report on internal control over financial reporting and the independent accountant's report with respect to the Company's internal control over financial reporting prior to the filing of the Company's Form 10-K.

6. Review and discuss quarterly with the independent accountant:

- all critical accounting policies and practices used or to be used.
- all alternative treatments of financial transactions in accordance with generally accepted accounting principles that have been discussed by management with the independent accountants, ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the independent accountant.
- other material, written communications between the independent accountant and management, such as any management letter or schedule of unadjusted differences.

7. Discuss with management the Company's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to analysts and ratings agencies. Such discussion may be done generally (consisting of discussing the types of information to be disclosed and the types of presentations to be made).

8. Discuss with management and the independent accountant the effect of major legislative, regulatory or accounting initiatives as well as any off-balance sheet structures on the Company's financial statements.

9. Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including policies regarding risk assessment and risk management policies.

10. Review disclosures made to the Committee by the Company's CEO and CFO during their certification process for the Form 10-K and Form 10-Qs about any significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting and any fraud involving management or other employees who have a significant role in the Company's internal control over financial reporting.

Oversight of the Company's Relationship with the Independent Accountant

11. Discuss with the independent accountant the matters required to be discussed by the applicable auditing standards relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to

requested information and any significant disagreements with management.

12. Obtain and review a report from the independent accountant at least annually regarding (a) the independent accountant's internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm, (c) any steps taken to deal with any such issues and (d) all relationships between the independent accountant and the Company. Evaluate whether or not the independent accountant's quality controls are adequate.

13. At least annually, consider the independence of the independent accountant, including whether the provision by the independent accountant of permitted non-audit services is compatible with independence, and obtain and review a report from the independent accountant describing all relationships between the auditor, the Company and its management. The discussion with the independent accountant regarding independence shall include the rotation of the audit partner as required by law. Review and evaluate the lead partner of the independent accountant team.

14. Meet with the independent accountant prior to the audit to discuss the planning and staffing of the audit.

15. Discuss with the independent accountant material issues on which the national office of the independent accountant was consulted by the Company's audit team.

16. Establish a policy for hiring of employees or former employees of the independent accountant.

Oversight of the Company's Internal Audit Function

17. Review the appointment and replacement of the director of internal auditing.

18. Review significant reports prepared by the internal auditing department and management's responses.

19. Discuss with the independent accountant and management the internal audit department responsibilities, budget and staffing and any recommended changes in the planned scope of the internal audits.

Compliance Oversight Responsibilities

20. Obtain from the independent accountant assurance that Section 10A(b) of the Exchange Act has not been triggered based on information discovered during the audit.

21. Obtain an annual report from management that the Company and its subsidiary/foreign affiliated entities are in conformity with applicable legal requirements and the Company's Code of Conduct based on annual compliance statements received from employees and agents. Review reports and disclosures of insider and affiliated and related-party transactions. Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws

and regulations and the Company's Code of Conduct.

22. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

23. Receive reports from the Company's chief compliance officer regarding any allegations of violations by the Company's Section 16 officers of (a) applicable law or (b) the Company's Code of Conduct.

24. Discuss with management and the independent accountant any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company's financial statements or accounting policies.

25. Discuss with the Company's counsel legal matters that may have a material impact on the financial statements or the Company's compliance policies and internal controls.

Limitation of Committee's Role

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the independent accountant. In carrying out its oversight function, each member of the Committee shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, prepared and presented to the Committee by management and outside consultants.

Committee Powers

The Committee shall also have the following powers:

26. To engage accounting or other advisors (including independent counsel) and to have direct access to all such advisors without the presence of any officer of the Company.

27. To interview and meet with any employee of the Company without the presence of any officer of the Company.

28. To investigate any matter brought to its attention within the scope of its duties.

29. To form and delegate authority to subcommittees and to delegate authority to one or more of its members.

30. Such other powers as may be necessary or appropriate to fulfill its purposes as defined in this Charter.