ENSCO INTERNATIONAL INC
Form 10-K/A
June 28, 2002

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

2001 FORM 10-K/A

(Mark One)

X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2001

OR

__ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ________to________

Commission File Number 1-8097

ENSCO International Incorporated

(Exact name of registrant as specified in its charter)

DELAWARE	**76-0232579**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2700 Fountain Place **1445 Ross Avenue** **Dallas, Texas**	**75202-2792**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(214) 922-1500**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $.10	**New York Stock Exchange**
Preferred Share Purchase Right	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No __

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

As of February 25, 2002, 134,647,121 shares of the registrant's common stock were outstanding. The aggregate market value of the common stock (based upon the closing price on the New York Stock Exchange on February 25, 2002 of $26.20) of ENSCO International Incorporated held by nonaffiliates of the registrant at that date was approximately $2,717,137,000.

DOCUMENTS INCORPORATED BY REFERENCE

Certain sections of the Company's definitive proxy statement, which involves the election of directors and is to be filed under the Securities Exchange Act of 1934 within 120 days of the end of the Company's fiscal year ended December 31, 2001, are incorporated by reference into Part III hereof. Except for those portions specifically incorporated by reference herein, such document shall not be deemed to be filed with the Commission as part of this Form 10-K.

INTRODUCTORY NOTE

This amendment No.1 to the Company's Annual Report on Form 10-K (as filed by the Registrant on March 1, 2002) is being filed to include the audit report of KPMG LLP ("KPMG") on the Company's consolidated financial statements as of and for the year ended December 31, 2001. The unqualified audit report issued by KPMG, dated June 24, 2002, replaces the unqualified audit report for the same period issued by Arthur Andersen LLP ("Arthur Andersen"), dated January 23, 2002. The audit report of Arthur Andersen was replaced due to the uncertainty surrounding the viability and continuity of Arthur Andersen. Arthur Andersen's audit report on the Company's financial statements as of and for the year ended December 31, 2001 did not contain an adverse opinion or a disclaimer of opinion, nor was it qualified or modified as to uncertainty or audit scope. KPMG's audit report for the same period did not contain an adverse opinion or a disclaimer of opinion, nor was it qualified or modified as to uncertainty or audit scope.

Additional disclosures related to events occurring subsequent to the initial filing have also been included in Note 15 to the Company's consolidated financial statements appearing in "Item 8 Financial Statements and Supplementary Data". The remainder of the document remains as filed.

PART II

Item 8. *Financial Statements and Supplementary Data*

REPORT OF MANAGEMENT

The management of ENSCO International Incorporated and its subsidiaries has responsibility for the preparation, integrity and reliability of the consolidated financial statements and related financial information contained in this report.

The consolidated financial statements have been prepared in conformity with generally accepted accounting principles and prevailing practices of the industries in which the Company operates. In some instances, these financial statements include amounts that are based on management's best estimates and judgments.

The Company maintains a system of procedures and controls over financial reporting that is designed to provide reasonable assurance to the Company's management and Board of Directors regarding the integrity and the fair and reliable preparation and presentation, in all material respects, of its published financial statements. This system of financial controls and procedures is reviewed, modified, and improved as changes occur in business conditions and operations, and as a result of suggestions from the Company's independent accountants. There are inherent limitations in the effectiveness of any system of internal control and even an effective system of internal control can provide only reasonable assurance with respect to the financial statement preparation and may vary over time. Management believes that the Company's internal control system provides reasonable assurance that material errors or irregularities will be prevented or detected within a timely period and is cost effective.

As part of management's responsibility for monitoring compliance with established policies and procedures, it relies on, among other things, audit procedures performed by corporate auditors and independent accountants to give assurance that established policies and procedures are adhered to in all areas subject to their audits. The Board of Directors, operating through its Audit Committee composed solely of outside directors, meets periodically with management and the independent accountants for the purpose of monitoring their activities to ensure that each is properly discharging its responsibilities. The Audit Committee and independent accountants have unrestricted access to one another to discuss their findings.

REPORTS OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of ENSCO International Incorporated

We have audited the accompanying consolidated balance sheet of ENSCO International Incorporated (a Delaware corporation) and subsidiaries as of December 31, 2001, and the related consolidated statements of income and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all materials respects, the financial position of ENSCO International Incorporated and subsidiaries as of December 31, 2001, and the results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Notes 1 and 6 to the consolidated financial statements, the Company changed its method of accounting for derivative financial instruments in 2001.

/s/ KPMG LLP

Dallas, Texas
June 24, 2002

To the Board of Directors and Stockholders of ENSCO International Incorporated

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of income and of cash flows present fairly, in all material respects, the financial position of ENSCO International Incorporated and its subsidiaries at December 31, 2000, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Dallas, Texas
January 25, 2001

ENSCO INTERNATIONAL INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME

(in millions, except per share amounts)

	Year Ended December 31,		
	2001	**2000**	**1999**
REVENUES			
Contract drilling	$752.7	$496.1	$327.6

	Year Ended December 31,		
Marine transportation	64.7	37.7	36.1
	817.4	533.8	363.7
OPERATING EXPENSES			
Contract drilling	320.5	261.5	218.5
Marine transportation	38.4	29.1	32.3
Depreciation and amortization	124.4	98.7	98.2
General and administrative	16.8	13.3	11.2
	500.1	402.6	360.2
OPERATING INCOME	317.3	131.2	3.5
OTHER INCOME (EXPENSE)			
Interest income	8.3	7.1	13.7
Interest expense, net	(32.8)	(13.4)	(19.3)
Other, net	(.9)	.3	7.3
	(25.4)	(6.0)	1.7
INCOME BEFORE INCOME TAXES AND MINORITY INTEREST	291.9	125.2	5.2
PROVISION FOR INCOME TAXES			
Current income tax expense (benefit)	59.6	17.8	(28.1)
Deferred income tax expense	25.0	22.0	31.6
	84.6	39.8	3.5
MINORITY INTEREST	--	--	1.4
NET INCOME	$207.3	$ 85.4	$ .3
EARNINGS PER SHARE			
Basic	$1.51	$ .62	$ --
Diluted	1.50	.61	--
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING			
Basic	136.9	137.6	136.5
Diluted	137.9	139.3	137.7
CASH DIVIDENDS PER COMMON SHARE	$ .10	$ .10	$ .10

The accompanying notes are an integral part of these financial statements.

ENSCO INTERNATIONAL INCORPORATED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(in millions, except par value amounts)

	December 31, 2001	December 31, 2000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 278.8	$ 106.6
Short-term investments	31.6	--
Accounts receivable, net	116.5	159.1
Prepaid expenses and other	34.4	23.0
Total current assets	461.3	288.7
PROPERTY AND EQUIPMENT, AT COST	2,386.6	2,269.0
Less accumulated depreciation	671.3	583.7
Property and equipment, net	1,715.3	1,685.3
OTHER ASSETS, NET	147.2	134.0
	$2,323.8	$2,108.0
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 10.1	$ 13.2
Accrued liabilities	126.5	91.2
Current maturities of long-term debt	12.7	12.7
Total current liabilities	149.3	117.1
LONG-TERM DEBT	462.4	422.2
DEFERRED INCOME TAXES	259.1	230.3
OTHER LIABILITIES	12.8	9.5
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
First preferred stock, $1 par value, 5.0 million shares authorized, none issued	--	--
Preferred stock, $1 par value, 15.0 million shares authorized, none issued	--	--
Common stock, $.10 par value, 250.0 million shares authorized, 157.8 million and 157.3 million shares issued	15.8	15.7
Additional paid-in capital	888.6	876.5
Retained earnings	790.2	596.6

	December 31,	
Restricted stock (unearned compensation)	(5.4)	(4.9)
Accumulated other comprehensive loss	(9.9)	(1.1)
Treasury stock, at cost, 23.2 million and 18.8 million shares	(239.1)	(153.9)
Total stockholders' equity	1,440.2	1,328.9
	$2,323.8	$2,108.0

The accompanying notes are an integral part of these financial statements.

ENSCO INTERNATIONAL INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(in millions)

	Year Ended December 31,		
	2001	2000	1999
OPERATING ACTIVITIES			
Net income	$207.3	$ 85.4	$ .3
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	124.4	98.7	98.2
Deferred income tax provision	28.7	22.0	31.6
Tax benefit from stock compensation	3.0	7.0	1.2
Amortization of other assets	10.2	7.0	10.0
Net gain on asset dispositions	(1.5)	(1.6)	(7.9)
Other	1.8	1.5	1.6
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	43.1	(73.8)	33.1
Increase in prepaid expenses and other assets	(21.5)	(14.6)	(8.2)
Increase (decrease) in accounts payable	(3.1)	5.1	(1.0)
Increase (decrease) in accrued and other liabilities	29.1	1.1	(42.7)
Net cash provided by operating activities	421.5	137.8	116.2
INVESTING ACTIVITIES			
Additions to property and equipment	(145.2)	(256.1)	(248.1)
Proceeds from disposition of assets	5.0	9.4	10.5
Sale (purchase) of short-term and long-term investments	(54.6)	20.9	(20.9)
Acquisition of minority interest	--	(9.7)	--
Net cash used by investing activities	(194.8)	(235.5)	(258.5)
FINANCING ACTIVITIES			
Proceeds from long-term borrowings	52.7	137.3	--
Reduction of long-term borrowings	(12.7)	(77.6)	(23.7)
Repurchase of common stock	(84.2)	--	--
Cash dividends paid	(13.7)	(13.8)	(13.7)

	Year Ended December 31,		
Proceeds from exercise of stock options	7.1	16.9	2.0
Deferred financing costs	(3.3)	(.1)	(6.3)
Other	(.4)	(2.8)	(1.7)
Net cash provided (used) by financing activities	(54.5)	59.9	(43.4)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	172.2	(37.8)	(185.7)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	106.6	144.4	330.1
CASH AND CASH EQUIVALENTS, END OF YEAR	$278.8	$106.6	$144.4

The accompanying notes are an integral part of these financial statements.

ENSCO INTERNATIONAL INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF THE BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business

ENSCO International Incorporated (the "Company") is one of the leading international providers of offshore drilling and marine transportation services to the oil and gas industry. The Company's contract drilling and marine transportation operations are integral to the exploration, development and production of oil and gas. Business levels for the Company, and its corresponding operating results, are significantly affected by worldwide levels of offshore exploration and development spending by oil and gas companies. Levels of offshore exploration and development spending may fluctuate substantially from year to year and from region to region. Such fluctuations result from many factors, including demand for oil and gas, regional and global economic conditions, political and legislative environments in major oil-producing countries, the production levels and related activities of OPEC and other oil and gas producers, technological advancements that impact the methods or cost of oil and gas exploration and development, and the impact that these and other events have on the current and expected future pricing of oil and natural gas (see Note 12 "Segment Information" for additional information concerning the Company's operations by segment and geographic region).

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its majority owned subsidiaries. All significant intercompany accounts and transactions have been eliminated.

Pervasiveness of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, the related revenues and expenses, and disclosure of gain and loss contingencies at the date of the financial statements. Actual results could differ from those estimates.

Foreign Currency Translation

The U.S. dollar is the functional currency of all the Company's foreign subsidiaries. The financial statements of foreign subsidiaries are remeasured in U.S. dollars based on a combination of both current and historical exchange rates. Gains and losses caused by the remeasurement process are reflected in the consolidated statement of income. Translation gains and losses were insignificant for each of the three years in the period ended December 31, 2001. In prior years, the financial statements of certain foreign subsidiaries were maintained in the local foreign currency. Foreign currency translation adjustments for those subsidiaries were accumulated as a separate component of stockholders' equity and are included in accumulated other comprehensive loss at December 31, 2001 and 2000.

Cash Equivalents

The Company considers all highly liquid investments to be cash equivalents if they have maturities of three months or less at the date of purchase.

Short-Term Investments

Short-term investments are comprised of highly liquid investments having maturities of greater than three months but less than one year at the date of purchase.

Property and Equipment

All costs incurred in connection with the acquisition, construction, enhancement and improvement of assets are capitalized, including allocations of interest incurred during periods that drilling rigs or marine vessels are under construction or undergoing major enhancements and improvements. Maintenance and repair costs are charged to operating expenses. Upon sale or retirement of assets, the related cost and accumulated depreciation are removed from the accounts and the resulting gain or loss is included in income.

The Company primarily provides for depreciation on the straight-line method, after allowing for salvage values, over the estimated useful lives of its assets. However, certain drilling rigs and marine vessels acquired prior to 1991, with an aggregate carrying value of $14.7 million at December 31, 2001, are depreciated using the units-of-production method. Under the units-of-production method, depreciation is based on the utilization of the drilling rigs and vessels with a minimum provision when the rigs or vessels are idle. Drilling rigs and related equipment are depreciated over estimated useful lives ranging from four to 30 years. Marine vessels are depreciated over estimated useful lives ranging from 12 to 20 years. Other equipment is depreciated over estimated useful lives ranging from two to six years. Buildings and improvements are depreciated over estimated useful lives ranging from two to 30 years.

Goodwill

Goodwill arising from acquisitions is included in Other Assets, Net on the consolidated balance sheet and is amortized on the straight-line basis over periods ranging from 10 to 40 years. Amortization of goodwill was $3.0 million for the year ended December 31, 2001, and $3.3 million for the years ended December 31, 2000 and 1999.

Impairment of Assets

The Company evaluates the carrying value of its long-lived assets, consisting primarily of property and equipment and goodwill, when events or changes in circumstances indicate that the carrying value of such assets may be impaired. For property and equipment used in the Company's operations, the determination of impairment is based upon expectations of undiscounted future cash flows, before interest, of the related asset. Property and equipment held for sale is recorded at the lower of net book value or net realizable value.

Operating Revenue and Expenses

Substantially all of the Company's drilling and marine services contracts are performed on a day rate basis and the term of such contracts is typically for a specific period of time or the period of time required to complete a specific task, such as drilling a well. Contract revenue and expenses are recognized on a per day basis, as the work is performed.

In connection with some contracts, the Company receives lump-sum fees or similar compensation for the mobilization of equipment and personnel prior to contract commencement or the demobilization of equipment and personnel upon contract completion. The net of mobilization costs incurred and the compensation received is deferred and recognized over the related contract period. Demobilization costs and related compensation are recognized as incurred, upon contract completion. Costs associated with the mobilization of equipment and personnel to more promising market areas without contracts are expensed as incurred.

In connection with some contracts, the Company receives up-front, lump-sum fees or similar compensation for capital improvements to its rigs or vessels. Such compensation is deferred and recognized as revenue over the related contract period. The cost of such capital improvements is capitalized and depreciated over the useful life of the asset.

The Company must obtain certifications from various regulatory bodies in order to operate its drilling rigs and marine vessels and must maintain such certifications through periodic inspections and surveys. The costs incurred in connection with maintaining such certifications, including inspections, tests, surveys and drydock, as well as remedial structural work and other compliance costs, are deferred and amortized over the corresponding certification periods. Deferred regulatory certification and compliance costs are included in Current Assets - Prepaid Expenses and Other and Other Assets, Net and totaled $14.1 million and $7.3 million at December 31, 2001 and 2000, respectfully.

Derivative Financial Instruments

Effective January 1, 2001, the Company adopted Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"), as amended. The Company uses derivative financial instruments ("derivatives"), on a limited basis, to reduce its exposure to various market risks, primarily interest rate risk and foreign currency risk. The Company employs an interest rate risk management strategy that uses derivatives to minimize or eliminate unanticipated fluctuations in earnings and cash flows arising from changes in, and volatility of, interest rates. The Company maintains a foreign currency risk management strategy that occasionally utilizes derivatives to reduce its exposure to unanticipated fluctuations in earnings and cash flows caused by changes in foreign currency exchange rates. The Company does not use derivatives for trading or other speculative purposes.

All derivatives are recorded on the Company's consolidated balance sheet at fair value and are generally reported in other current assets or accrued current liabilities. Accounting for the gains and losses resulting from changes in the fair value of derivatives depends on the use of the derivative and whether it qualifies for hedge accounting. Derivatives qualify for hedge accounting when they are formally designated as hedges at inception of the associated derivative contract and are effective in reducing the risk exposure that they are designated to hedge. The Company's assessment for hedge effectiveness is formally documented at hedge inception and the Company reviews hedge effectiveness throughout the designated hedge period on at least a quarterly basis. Changes in the fair value of derivatives that are designated as hedges of the fair value of recognized assets or liabilities or unrecognized firm commitments ("fair value hedges") are recorded in earnings currently. Changes in the fair value of derivatives that are designated as hedges of the variability in expected future cash flows associated with existing recognized assets or liabilities or forecasted transactions ("cash flow hedges") are recorded in the accumulated other comprehensive loss section of stockholders' equity. Amounts recorded in accumulated other comprehensive loss associated with cash flow hedges are subsequently reclassified into earnings as earnings are affected by the underlying hedged forecasted transaction.

The Company occasionally enters into derivatives that economically hedge certain risks, but the Company does not designate such derivatives as hedges or the derivatives otherwise do not qualify for hedge accounting under SFAS 133. In these situations, there generally exists a natural hedging relationship where changes in the fair value of the derivatives offset changes in the fair value of the underlying hedged items. Changes in the fair value of these derivatives are recognized in earnings currently.

Income Taxes

Deferred tax assets and liabilities are recognized for the anticipated future tax effects of temporary differences between the financial statement basis and the tax basis of the Company's assets and liabilities using the enacted tax rates in effect at year end. A valuation allowance for deferred tax assets is recorded when it is more likely than not that the benefit from the deferred tax asset will not be realized.

Minority Interest

Certain portions of the Company's Venezuelan operations are conducted through ENSCO Drilling (Caribbean), Inc. ("Caribbean"). Prior to February 10, 2000, the Company held an 85% interest in Caribbean and a private Venezuelan company held the remaining 15%. On February 10, 2000, the Company purchased the remaining 15% interest in Caribbean from the private Venezuelan company and Caribbean became a wholly-owned subsidiary of the Company. Minority interest expense on the consolidated statement of income reflects the minority shareholder's 15% equity interest in Caribbean. The minority shareholder is also entitled to 15% of the net proceeds from any future sale of six barge rigs currently owned by Caribbean.

Stock-Based Employee Compensation

The Company uses the intrinsic value method of accounting for employee stock options in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." Under the intrinsic value method, if the exercise price of the Company's stock options equals the market value of the underlying stock on the date of grant, no compensation expense is recognized.

Earnings Per Share

For each of the three years in the period ended December 31, 2001, there were no adjustments to net income for purposes of calculating basic and diluted earnings per share. The following is a reconciliation of the weighted average common shares used in the basic and diluted earnings per share computations (in millions):

	Year Ended December 31,		
	2001	2000	1999
Weighted average common shares outstanding (basic)	136.9	137.6	136.5
Potentially dilutive common shares:			
Restricted stock grants	.1	.3	.3
Stock options	.9	1.4	.9
Weighted average common shares outstanding (diluted)	137.9	139.3	137.7

Options to purchase 2.1 million shares of common stock in 2001, 71,000 shares of common stock in 2000 and 1.7 million shares of common stock in 1999 were not included in the computation of diluted earnings per share because the exercise price of the options exceeded the average market price of the common stock.

2. NEW ACCOUNTING PRONOUNCEMENTS

In July 2001, the Financial Accounting Standards Board ("FASB") issued two new statements, Statement of Financial Accounting Standards No. 141, "Business Combinations" ("SFAS 141") and Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142").

SFAS 141 supersedes Accounting Principles Board Opinion No. 16, "Business Combinations," eliminates the pooling-of-interests method of accounting for business combinations and modifies the application of the purchase accounting method. SFAS 141 is effective for all transactions completed after June 30, 2001, except transactions using the pooling-of-interests method that were initiated prior to July 1, 2001. As the Company had no business combination transactions in process or otherwise initiated at June 30, 2001, adoption of SFAS 141 did not have an impact on the Company's consolidated financial statements.

SFAS 142 supersedes Accounting Principles Board Opinion No. 17, "Intangible Assets," eliminates the requirement to amortize goodwill and indefinite-lived intangible assets, addresses the amortization of intangible assets with a defined life and requires impairment testing and recognition for goodwill and intangible assets. SFAS 142 became effective for the Company on January 1, 2002. Other than the elimination of goodwill amortization, which would have totaled $3.0 million in 2002 absent the issuance of SFAS 142, the adoption of SFAS 142 did not have an impact on the Company's consolidated financial statements. At December 31, 2001, the Company's goodwill totaled $103.8 million.

In August 2001, the FASB issued Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"). This statement supercedes Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" ("SFAS 121"), and the accounting and reporting provisions of Accounting Principles Board Opinion No. 30 ("APB 30"). SFAS 144 retains the fundamental provisions of SFAS 121 and the basic requirements of APB 30; however, it establishes a single accounting model to be used for long-lived assets to be disposed of by sale and it expands the presentation of discontinued operations to include more disposal transactions. The provisions of SFAS 144 became effective for the Company on January 1, 2002. The Company's adoption of SFAS 144 did not have an impact on its financial position or results of operations.

3. VENEZUELA CONTRACT TERMINATIONS AND IMPAIRMENT

In 1999, the Company completed construction of three barge rigs that commenced five-year contracts for the same customer on Lake Maracaibo in Venezuela. In September and November of 2001, the customer elected to terminate two of the three long-term contracts after approximately half of the five-year contract terms had been completed. The terminations resulted from the customer's disappointing oil production rates from the reservoir and the ensuing reduction in their drilling plans, and were not due to any fault with the Company's drilling rigs. In connection with the two contract terminations, the Company received lump sum, early contract termination payments totaling $28.8 million, all of which was recognized as revenue during 2001.

In addition to the three barge rigs discussed above, the Company owns six other barge rigs in South America. In December 2001, the Company decided to sell the two oldest, least capable rigs in its South America barge rig fleet and has taken these rigs out of service. The carrying value of the two rigs has been reduced to their estimated net realizable value and the Company expects to complete their sale during 2002. A $9.2 million charge was recognized as a result of this decision and is included in depreciation and amortization expense for the year ended December 31, 2001.

The Company's remaining four barge rigs have not operated, or operated only minimally, since 1999 due to reduced demand for Venezuelan oil production, economic decline and OPEC quota reductions. Accordingly, there is some uncertainty with respect to the Company's South America barge rig fleet, whose operations have historically been concentrated on Lake Maracaibo in Venezuela. Lake Maracaibo market conditions have been depressed as a result of reduced or deferred exploration and development spending by Venezuela's national oil company and there currently is no indication or expectation that such spending will be increased in the near-term. In addition, a certain level of instability currently exists with respect to the economic and political situation in Venezuela. While several of the Company's barge rigs are suited for other markets, both locally and globally, such markets are not nearly as extensive as the markets available to jackup or semisubmersible rigs.

The Company evaluates the carrying value of its rigs and vessels when events or changes in circumstances indicate that such carrying values may be impaired and the Company has performed several of such evaluations with respect to its South America barge rig fleet, most recently in December 2001 after the November contract cancellation. If the market conditions on Lake Maracaibo remain depressed and the Company is unable to secure attractive contracts for its barge rigs in other markets, the Company will continue evaluating the carrying value of its barge rigs and determine whether impairment and/or sale of some or all of its barge rigs is prudent. At December 31, 2001, the carrying value of the Company's seven barge rigs that remain in service totaled $154.0 million.

4. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2001 and 2000 consists of the following (in millions):

	2001	2000
Drilling rigs and equipment	$2,125.0	$2,114.3
Marine vessels	105.9	84.6
Other	30.6	28.1
Work in progress	125.1	42.0
	$2,386.6	$2,269.0

During the fourth quarter of 2000, the Company entered into an agreement with a major international shipyard and, in connection therewith, acquired a 25% ownership interest in a harsh environment jackup rig under construction. The Company will contribute $30.0 million and certain management and procurement services for its 25% interest. Construction of the rig, which will be named the ENSCO 102, is expected to be completed in the second quarter of 2002 and the Company has an option to acquire the remaining 75% interest in the rig at any time during the construction period or the two-year period following construction completion.

The Company completed construction of a harsh environment jackup rig, the ENSCO 101, and a deepwater semisubmersible rig, the ENSCO 7500, in February 2000 and December 2000, respectively. Additions to property and equipment for the ENSCO 102, ENSCO 101 and ENSCO 7500 totaled $14.6 million, $129.4 million and $206.6 million in 2001, 2000 and 1999, respectively.

In addition to the rig construction projects discussed above, the Company's additions to property and equipment in 2001, 2000 and 1999 included $102.9 million, $71.6 million and $20.4 million, respectively, in connection with major modifications and enhancements of rigs and vessels.

The Company evaluates the performance of its drilling rigs and marine vessels on an ongoing basis, and seeks opportunities to sell those that are less capable or less competitive. In connection with such evaluations, the Company sold seven marine vessels during 2000 for aggregate proceeds of $6.1 million and recognized a net gain of $500,000 on the sales. The Company also sold two marine vessels during the fourth quarter of 1999 for aggregate proceeds of $1.9 million and recognized a net gain of $500,000 on the sales. As a result of the vessel sales in 2000 and 1999, the Company no longer owns or operates mini-supply vessels.

In December 1999, the Company settled certain contractual disputes with Petroleos de Venezuela relating to the October 1998 sale of four barge rigs. As a result of the settlement, the Company received additional consideration and recognized a gain of $6.8 million, or approximately $5.2 million net after taxes and minority interest. The $6.8 million gain is recorded in "Other, net" under Other Income (Expense) in the consolidated statement of income for the year ended December 31, 1999.

5. LONG-TERM DEBT

Long-term debt at December 31, 2001 and 2000 consists of the following (in millions):

	2001	2000

	2001	2000
6.36% Bonds due 2015	$177.4	$ --
Interim construction loan	--	137.3
6.75% Notes due 2007	149.4	149.3
7.20% Debentures due 2027	148.3	148.3
	475.1	434.9
Less current maturities	(12.7)	(12.7)
Total long-term debt	$462.4	$422.2

ENSCO 7500 Construction Financing

In December 1999, the Company entered into a floating rate term loan agreement (the "Interim Construction Loan") with a major financial institution (the "Lender") to provide interim financing during the construction of the ENSCO 7500, the Company's deepwater semisubmersible rig. The Company began borrowing under the Interim Construction Loan in March 2000 and the balance outstanding at December 31, 2000 totaled $137.3 million. Interest on amounts borrowed under the Interim Construction Loan was payable semiannually at a variable rate based on the Lender's cost of funds plus .15% (6.78% at December 31, 2000). The Interim Construction Loan was guaranteed by the United States Maritime Administration ("MARAD").

On January 25, 2001, the Company issued $190.0 million of 15-year bonds to provide long-term financing for the ENSCO 7500 (the "Bonds"). The Bonds are guaranteed by MARAD and are being repaid in 30 equal semiannual principal installments of $6.3 million, which commenced in June 2001 and will end in December 2015. Interest on the Bonds is payable semiannually, in June and December, at a fixed rate of 6.36%. Net proceeds from the Bond issuance totaled $49.5 million after settlement of interest rate lock contracts, underwriting fees and repayment of the $137.3 million Interim Construction Loan.

Notes Due 2007 and Debentures Due 2027

In November 1997, the Company issued $300.0 million of unsecured debt in a public offering, consisting of $150.0 million of 6.75% Notes due November 15, 2007 (the Notes) and $150.0 million of 7.20% Debentures due November 15, 2027 (the Debentures). Interest on the Notes and the Debentures is payable semiannually in May and November. The Notes and the Debentures were issued pursuant to a $500.0 million universal shelf registration statement filed with the Securities and Exchange Commission in October 1997.

The Notes and Debentures may be redeemed at any time at the option of the Company, in whole or in part, at a price equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, and a make-whole premium. The indenture under which the Notes and the Debentures were issued contains limitations on the incurrence of indebtedness secured by certain liens, and limitations on engaging in certain sale/leaseback transactions and certain merger, consolidation or reorganization transactions. The Notes and Debentures are not subject to any sinking fund requirements.

Revolving Credit Agreement

In May 1998, the Company entered into a $185.0 million unsecured revolving credit agreement (the "Credit Agreement") with a syndicate of banks. Interest on amounts borrowed under the Credit

Agreement is based on LIBOR plus an applicable margin rate (currently .4%) depending on the Company's credit rating. The Company also pays a commitment fee (currently .15% per annum) on the undrawn portion of the available credit line, which also is based on the Company's credit rating. The Company is required to maintain certain financial covenants under the Credit Agreement, including a specified level of interest coverage, assets to indebtedness, leverage ratio and tangible net worth. As of December 31, 2001 and 2000, there were no amounts outstanding under the Credit Agreement. The Credit Agreement matures in May 2003.

Senior Subordinated Notes Due 2004

In connection with the acquisition of DUAL DRILLING COMPANY ("Dual") in June 1996, the Company assumed Dual's 9.875% Senior Subordinated Notes due 2004 (the "Dual Notes"). Interest on the Dual Notes was payable semiannually and the Dual Notes were redeemable at the option of the Company, in whole or in part, at prices decreasing annually from 103.29% of the face amount on January 15, 2000, to 101.64% of the face amount on January 15, 2001, to par on January 15, 2002 and thereafter.

On March 15, 2000, the Company exercised its option to redeem all of the Dual Notes at a price equal to 103.29% of the face amount, or $74.2 million, plus accrued interest. The excess of the amount paid over the carrying value of the Dual Notes totaled $500,000 and has been charged to "Other, net" under Other Income (Expense) in the consolidated statement of income for the year ended December 31, 2000.

Secured Term Loans

In October 1993, the Company entered into a $25.0 million secured term loan from a financial institution that accrued interest at a fixed rate of 7.91%, was repayable in 28 quarterly installments and was collateralized by certain of the Company's marine vessels. The secured term loan was paid in full and retired in October 2000.

In December 1995, the Company entered into a $4.7 million secured term loan from the seller of four supply vessels that accrued interest at a fixed rate of 7.75%, was repayable in 20 equal quarterly installments and was collateralized by the four vessels purchased. The secured term loan was paid in full and retired in December 2000.

Maturities

Maturities of long-term debt, excluding amortization of discounts, are $12.7 million in each of the five years ending December 31, 2006 and $414.0 million thereafter.

6. DERIVATIVE FINANCIAL INSTRUMENTS

Effective January 1, 2001, the Company adopted Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"), as amended. The adoption of SFAS 133 had no impact on the Company's net income. However, in accordance with the provisions of SFAS 133, the Company recorded a one-time, non-cash transition adjustment to comprehensive income and the accumulated other comprehensive loss section of stockholders' equity effective January 1, 2001, as follows (in millions):

Recognition of outstanding derivative instruments at fair value	$ 3.8
Reclassification of unrealized losses on derivative instruments	7.4

Total transition adjustment	$11.2

The $3.8 million transition adjustment resulted from the recognition of the fair value of the Company's outstanding treasury rate lock agreements to set the interest rate on $150.0 million of its pending 15-year bonds. The treasury rate lock agreements, which were designated and effective as cash flow hedges, were settled for $2.7 million on January 25, 2001, concurrent with the issuance of the Company's bonds. The $2.7 million unrealized loss is being reclassified from accumulated other comprehensive loss to interest expense over the 15-year life of the bonds. The $1.1 million change in the fair value of the treasury rate lock agreements from January 1, 2001 to January 25, 2001 has been included in other comprehensive income (loss) for the year ended December 31, 2001.

The $7.4 million transition adjustment resulted from the reclassification of unrealized losses on derivatives previously reported as deferred finance costs and included in other assets on the consolidated balance sheet. These unrealized losses are being reclassified from accumulated other comprehensive loss to interest expense over the life of the associated debt.

Accumulated other comprehensive loss at December 31, 2001, also includes $400,000 of unrealized gains resulting from the increase in fair value of various qualifying foreign currency cash flow hedges. These unrealized gains will be reclassified to operating expenses over periods corresponding to the associated hedged forecasted transactions, which range from January 2002 to May 2002.

The estimated amount of unrealized gains and losses on derivatives included in accumulated other comprehensive loss at December 31, 2001 that will be reclassified into earnings during the next 12 months, is as follows:

Unrealized losses reclassified to interest expense	$ .8
Unrealized gains reclassified to operating expenses	(.4)
Net unrealized loss reclassified to earnings	$ .4

7. COMPREHENSIVE INCOME

The components of the Company's comprehensive income for the years ended December 31, 2001, 2000 and 1999, are as follows (in millions):

	2001	2000	1999
Net Income	$207.3	$85.4	$ .3
Other comprehensive income (loss)			
Transition adjustment for cumulative effect of adopting SFAS 133	(11.2)	--	--
Net change in fair value of derivatives	1.5	--	--
Reclassification of unrealized gains and losses on derivatives from other comprehensive income (loss) into net income	.9	--	--
Net other comprehensive income (loss)	(8.8)	--	--
Total comprehensive income	$198.5	$85.4	$ .3

2001	2000	1999

The components of the accumulated other comprehensive loss section of stockholders' equity at December 31, 2001 and 2000, are as follows (in millions):

	December 31, 2001	December 31, 2000
Cumulative translation adjustment	$1.1	$1.1
Net unrealized losses on derivatives	8.8	--
Total accumulated other comprehensive loss	$9.9	$1.1

8. STOCKHOLDERS' EQUITY

The Company initiated the payment of a $.025 per share quarterly cash dividend on its common stock during the third quarter of 1997. Cash dividends of $.10 per share were paid in each of the three years in the period ended December 31, 2001.

During 2001, the Company repurchased 4.3 million shares of its common stock at a cost of $84.2 million (an average cost of $19.37 per share).

A summary of activity in the various stockholders' equity accounts for each of the three years in the period ended December 31, 2001 is as follows (shares in thousands, dollars in millions):

	Common Stock		Additional Paid-In	Retained	Restricted Stock (Unearned	Accumulated Other Comprehensive	Treasury
	Shares	Amounts	Capital	Earnings	Compensation)	Loss	Stock
BALANCE, December 31, 1998	155,576	$15.6	$846.1	$538.4	$(7.7)	$(1.1)	$(146.3)
Net income	--	--	--	.3	--	--	--
Cash dividends paid	--	--	--	(13.7)	--	--	--
Common stock issued under employee and director incentive plans, net	334	--	3.0	--	(.1)	--	(2.6)
Amortization of unearned stock compensation	--	--	--	--	1.5	--	--
Tax benefit from stock compensation	--	--	1.2	--	--	--	--
BALANCE, December 31, 1999	155,910	15.6	850.3	525.0	(6.3)	(1.1)	(148.9)
Net income	--	--	--	85.4	--	--	--
Cash dividends paid	--	--	--	(13.8)	--	--	--
Common stock issued under employee and director incentive plans, net	1,364	.1	19.2	--	--	--	(5.0)
Amortization of unearned stock compensation	--	--	--	--	1.4	--	--
Tax benefit from stock compensation	--	--	7.0	--	--	--	--

					Restricted	Accumulated	
BALANCE, December 31, 2000	157,274	15.7	876.5	596.6	(4.9)	(1.1)	(153.9)
Net income	--	--	--	207.3	--	--	--
Cash dividends paid	--	--	--	(13.7)	--	--	--
Common stock issued under employee and director incentive plans, net	567	.1	9.1	--	(1.4)	--	(1.0)
Repurchase of common stock	--	--	--	--	--	--	(84.2)
Amortization of unearned stock compensation	--	--	--	--	.9	--	--
Tax benefit from stock compensation	--	--	3.0	--	--	--	--
Transition adjustment for cumulative effect of adopting SFAS 133	--	--	--	--	--	(11.2)	--
Net change in fair value of derivatives	--	--	--	--	--	1.5	--
Reclassification of unrealized gains and losses on derivatives from other comprehensive income (loss) into net income	--	--	--	--	--	.9	--
BALANCE, December 31, 2001	157,841	$15.8	$888.6	$790.2	$(5.4)	$(9.9)	$(239.1)

At December 31, 2001 and 2000, the outstanding shares of the Company's common stock, net of treasury shares, were 134.6 million and 138.5 million, respectively.

On February 21, 1995, the Board of Directors of the Company adopted a shareholder rights plan and declared a dividend of one preferred share purchase right (a "Right") for each share of the Company's common stock outstanding on March 6, 1995. Each Right initially entitled its holder to purchase 1/100th of a share of the Company's Series A Junior Participating Preferred Stock for $50.00, subject to adjustment. In March 1997, the plan was amended to increase the purchase price from $50.00 to $250.00. The Rights generally will not become exercisable until 10 days after a public announcement that a person or group has acquired 15% or more of the Company's common stock (thereby becoming an "Acquiring Person") or the commencement of a tender or exchange offer upon consummation of which such person or group would own 15% or more of the Company's common stock (the earlier of such dates being called the "Distribution Date"). Rights will be issued with all shares of the Company's common stock issued from March 6, 1995 to the Distribution Date. Until the Distribution Date, the Rights will be evidenced by the certificates representing the Company's common stock and will be transferrable only with the Company's common stock. If any person or group becomes an Acquiring Person, each Right, other than Rights beneficially owned by the Acquiring Person (which will thereupon become void), will thereafter entitle its holder to purchase, at the Rights' then current exercise price, shares of the Company's common stock having a market value of two times the exercise price of the Right. If, after a person or group has become an Acquiring Person, the Company is acquired in a merger or other business combination transaction or 50% or more of its assets or earning power are sold, each Right (other than Rights owned by an Acquiring Person which will have become void) will entitle its holder to purchase, at the Rights' then current exercise price, that number of shares of common stock of the person with whom the Company has engaged in the foregoing transaction (or its parent) which at the time of such transaction will have a market value of two times the exercise price of the Right. After any person or group has become an Acquiring Person, the Company's Board of Directors may, under certain circumstances, exchange each Right (other than Rights of the Acquiring Person) for shares of the Company's common stock having a value equal to the difference between the market value of the shares of the Company's common stock receivable upon exercise of the Right and the exercise price of the Right. The Company will generally be entitled to redeem the Rights for $.01 per Right at any time until 10 days after a public announcement that a 15% position has been acquired. The Rights expire on February 21, 2005.

9. EMPLOYEE BENEFIT PLANS

Stock Options

In May 1998, the stockholders approved the ENSCO International Incorporated 1998 Incentive Plan (the "1998 Plan"). The 1998 Plan replaced the Company's previous stock incentive plan, the ENSCO Incentive Plan. Under the 1998 Plan, a maximum of 11.3 million shares are reserved for issuance as options and awards of restricted stock. Stock options generally become exercisable in 25% increments over a four-year period and to the extent not exercised, expire on the fifth anniversary of the date of grant.

In May 1996, the stockholders approved the Company's 1996 Non-Employee Directors Stock Option Plan ("Directors Plan"). Under the Directors Plan, a maximum of 600,000 shares are reserved for issuance. Options granted under the Directors Plan become exercisable six months after the date of grant and expire, if not exercised, five years thereafter.

The exercise price of stock options granted under the 1998 Plan and the Directors Plan is the market value of the stock at the date the option is granted.

Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"), requires the disclosure of pro forma net income and net income per share as if the Company had adopted the fair-value method of accounting for its employee stock options. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	2001	2000	1999
Risk-free interest rate	4.7%	6.6%	5.1%
Expected life (in years)	4.2	3.8	4.3
Expected volatility	53.3%	52.7%	44.2%
Dividend yield	.3%	.3%	1.1%

The following table reflects pro forma net income and earnings per share as if the Company had accounted for employee stock options under the fair value method prescribed by SFAS 123 (in millions, except per share amounts):

	2001		2000		1999	
	As Reported	Pro forma	As Reported	Pro forma	As Reported	Pro forma
Net income (loss)	$207.3	$200.8	$85.4	$80.6	$ .3	$(4.5)
Basic net income (loss) per share	1.51	1.47	.62	.59	--	(0.3)
Diluted net income (loss) per share	1.50	1.47	.61	.58	--	(.03)

The pro forma adjustments in 2001, 2000 and 1999 may not be representative of pro forma adjustments in future years since the estimated fair value of stock options is amortized to expense over the vesting period, additional options may be granted in future years and the assumptions used to determine fair value can vary significantly.

A summary of stock option transactions under the 1998 Plan, Directors Plan and the ENSCO Incentive Plan is as follows (shares in thousands):

	2001		2000		1999	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of year	3,427	$15.80	4,736	$14.87	2,922	$18.44
Granted	2,118	33.98	104	32.24	2,176	9.19
Exercised	(520)	14.57	(1,351)	13.93	(319)	8.63
Forfeited	(180)	24.35	(62)	13.39	(43)	15.92
Outstanding at end of year	4,845	$23.57	3,427	$15.80	4,736	$14.87
Exercisable at end of year	1,780	$19.83	1,433	$20.23	1,718	$17.61
Weighted average fair value of options granted during the year		$15.74		$14.93		$ 3.60

The following table summarizes information about stock options outstanding at December 31, 2001 (shares in thousands):

	Options Outstanding			Options Exercisable	
Exercise Prices	Number Outstanding at 12/31/01	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable at 12/31/01	Weighted Average Exercise Price
$ 9	1,577	2.1 years	$ 9.00	594	$ 9.00
15 - 19	84	2.0 years	17.43	50	17.36
19 - 23	15	3.0 years	21.59	15	21.59
23 - 27	1,026	0.4 years	24.70	1,015	24.71
27 - 30	15	1.3 years	29.31	14	29.31
30 - 34	1,987	4.3 years	33.87	11	31.05
34 - 38	141	3.9 years	36.46	81	36.08
	4,845	2.7 years	$23.57	1,780	$19.83

At December 31, 2001, 6.9 million shares were available for grant as options or incentive grants under the 1998 Plan and 378,000 shares were available for grant as options under the Directors Plan.

Incentive Stock Grants

Key employees, who are in a position to contribute materially to the Company's growth and development and to its long-term success, are eligible for incentive stock grants under the 1998 Plan and previously under the ENSCO Incentive Plan. A maximum of 1.1 million shares may be issued as incentive stock grants under the 1998 Plan. Shares of common stock subject to incentive grants generally vest at a rate of 10% per year, as determined by a committee of the Board of Directors. Compensation expense is recognized on a straight-line basis over the vesting period.

An aggregate 2.7 million shares of common stock have been issued as incentive stock grants under the 1998 Plan and previous plans, of which 2.3 million were vested at December 31, 2001. Incentive stock grants issued during the three years in the period ended December 31, 2001, were as follows: 40,000 shares at a fair value of $37.86 per share in 2001, 10,000 shares at a fair value of $35.19 per share in 2000 and 10,000 shares at a fair value of $16.44 per share in 1999. At December 31, 2001, there were 952,500 shares of common stock available for incentive stock grants under the 1998 Plan. Incentive stock grants for 294,500 shares of common stock were outstanding at December 31, 2001, and vest as follows: 54,000 shares in years 2002 through 2004, 42,000 shares in 2005, 31,500 shares in 2006, 26,500 shares in 2007, 17,500 shares in 2008, 6,000 shares in 2009, 5,000 shares in 2010 and 4,000 shares in 2011.

Savings Plan

The Company has a profit sharing plan (the ENSCO Savings Plan) which covers eligible employees with more than one year of service, as defined. Profit sharing contributions require Board of Directors approval and may be in cash or grants of the Company's common stock. The Company recorded profit sharing contribution provisions of $8.5 million and $3.5 million for the years ended December 31, 2001 and 2000, respectively. The Company recorded no profit sharing contribution provision for the year ended December 31, 1999.

The ENSCO Savings Plan includes a 401(k) savings plan feature which allows eligible employees with more than three months of service to make tax deferred contributions to the plan. The Company makes matching contributions based on the amount of employee contributions and rates set by the Company's Board of Directors. Matching contributions totaled $4.2 million, $1.6 million and $2.6 million in 2001, 2000 and 1999, respectively. The Company has reserved 1.0 million shares of common stock for issuance as matching contributions under the ENSCO Savings Plan.

Supplemental Executive Retirement Plan

The Company's Supplemental Executive Retirement Plan (the SERP) provides a tax deferred savings plan for certain highly compensated employees whose participation in the profit sharing and 401(k) savings plan features of the ENSCO Savings Plan is restricted due to funding and contribution limitations of the Internal Revenue Code. The SERP is a non-qualified plan and eligibility for participation is determined by the Company's Board of Directors. The contribution and Company matching provisions of the SERP are identical to the ENSCO Savings Plan, except that each participant's contributions and matching contributions under the SERP are further limited by contribution amounts under the 401(k) savings plan feature of the ENSCO Savings Plan. Matching contributions totaled $200,000 in 2001, $93,000 in 2000 and $117,000 in 1999. A SERP liability of $3.9 million and $3.6 million is included in other liabilities at December 31, 2001 and 2000, respectively.

10. INCOME TAXES

The Company had income of $193.8 million, $122.8 million and a loss of $40.1 million from its operations before income taxes in the United States and income of $98.1 million, $2.4 million and $45.3 million from its operations before income taxes in foreign countries for the years ended December 31, 2001, 2000 and 1999, respectively.

The components of the provision for income taxes for each of the three years in the period ended December 31, 2001 are as follows (in millions):

	2001	2000	1999
Current income tax expense (benefit):			
Federal	$32.5	$13.1	$(34.6)
State	1.0	--	--
Foreign	26.1	4.7	6.5
	59.6	17.8	(28.1)
Deferred income tax expense (benefit):			
Federal	26.6	23.4	24.4
Foreign	(1.6)	(1.4)	7.2
	25.0	22.0	31.6
Total income tax expense	$84.6	$39.8	$ 3.5

Significant components of deferred income tax assets (liabilities) as of December 31, 2001 and 2000 are comprised of the following (in millions):

	2001	2000
Deferred tax assets:		
Net operating loss carryforwards	$ .9	$ 6.7
Foreign tax credit carryforwards	23.1	12.2
Alternative minimum tax credit carryforwards	4.4	--
Liabilities not deductible for tax purposes	3.0	2.8
Accrued benefits	2.3	1.1
Other	--	.1
Total deferred tax assets	33.7	22.9
Deferred tax liabilities:		
Property	(247.6)	(211.0)
Intercompany transfers of property	(23.7)	(25.8)
Maritime capital construction fund	(9.4)	(9.4)
Other	(6.7)	(5.3)
Total deferred tax liabilities	(287.4)	(251.5)
Net deferred tax liabilities	$(253.7)	$(228.6)
Net current deferred tax asset	$ 5.4	$ 1.7
Net noncurrent deferred tax liability	(259.1)	(230.3)
Net deferred tax liability	$(253.7)	$(228.6)

The consolidated effective income tax rate for each of the three years in the period ended

December 31, 2001, differs from the United States statutory income tax rate as follows:

	2001	2000	1999
Statutory income tax rate	35.0%	35.0%	35.0%
Foreign taxes	(7.3)	(4.4)	31.6
Goodwill amortization	1.0	.9	22.4
Other	.3	.3	(21.7)
Effective income tax rate	29.0%	31.8%	67.3%

At December 31, 2001, the Company had net operating loss carryforwards of $2.4 million and foreign tax credit carryforwards of $23.1 million. If not utilized, the net operating loss carryforwards expire in 2007 and the foreign tax credit carryforwards expire from 2002 through 2006. As a result of certain acquisitions in prior years, the utilization of a portion of the Company's net operating loss carryforwards is subject to limitations imposed by the Internal Revenue Code of 1986. However, the Company does not expect such limitations to have an effect upon its ability to utilize its net operating loss carryforwards.

It is the policy of the Company to consider that income generated in foreign subsidiaries is permanently invested. A significant portion of the Company's undistributed foreign earnings at December 31, 2001 was generated by controlled foreign corporations. A portion of the undistributed foreign earnings were taxed, for U.S. tax purposes, in the year that such earnings arose. Upon distribution of foreign earnings in the form of dividends or otherwise, the Company may be subject to additional U.S. income taxes. However, deferred taxes related to the future remittance of these funds are not expected to be significant.

11. COMMITMENTS AND CONTINGENCIES

Leases

The Company is obligated under leases for certain of its offices and equipment. Rental expense relating to operating leases was $4.3 million in 2001, $3.2 million in 2000 and $3.3 million in 1999. Future minimum rental payments under the Company's noncancellable operating lease obligations having initial or remaining lease terms in excess of one year are as follows: $3.9 million in 2002; $1.7 million in 2003; $1.7 million in 2004; $1.6 million in 2005; $1.6 million in 2006 and $2.5 million thereafter.

Anti-trust Lawsuit

In September 2000, the Company and a number of other offshore drilling companies were named as a defendant in a purported class action, anti-trust lawsuit. The lawsuit alleges, among other things, that the Company and more than 15 other defendant companies, whose collective operations represent a majority of the U.S. offshore contract drilling industry, conspired to avoid competition for drilling labor by illegally fixing or suppressing the wages and benefits paid their drilling employees in violation of certain provisions of the Sherman and Clayton Acts. The plaintiffs alleged damages in excess of $5 billion, which could be trebled under anti-trust laws, as well as attorney's fees and costs. Although the Company denies the plaintiffs' claims, it has agreed to settle the case in order to avoid costly and time consuming litigation. In connection with the settlement and in consideration for the release of all claims regarding the Company's alleged actions, the Company has agreed to pay the plaintiffs $625,000. The settlement is awaiting (1) the expiration of an applicable period of time during which parties affected by the settlement can file objections, and (2) final court approval. An amount equal to the settlement has been accrued in "Other, net" under Other Income (Expense) for the year ended December 31, 2001.

12. SEGMENT INFORMATION

The Company's operations are categorized into two operating segments which are differentiated based on the core services provided by the Company, (1) contract drilling services and (2) marine transportation services. At December 31, 2001, the Company's contract drilling segment owned and operated a fleet of 50 offshore drilling rigs, including 37 jackup rigs, seven barge rigs, five platform rigs and one semisubmersible rig. At December 31, 2001, the Company's marine transportation segment owned and operated a fleet of 28 oilfield support vessels. Operating income for each segment includes an allocation of general and administrative expenses of the Company's corporate office. Assets and depreciation expense of the Company's corporate office are not allocated to the operating segments and are included in "Other" in the table below. Segment information for each of the three years in the period ended December 31, 2001 is as follows (in millions):

	INDUSTRY SEGMENT			
	Contract Drilling	Marine Transportation	Other	Total
2001				
Revenues	$ 752.7	$ 64.7	$ --	$ 817.4
Operating income (loss)	300.9	18.9	(2.5)	317.3
Assets	1,899.4	85.0	339.4	2,323.8
Capital expenditures	128.2	13.8	3.2	145.2
Depreciation and amortization	115.7	6.2	2.5	124.4
2000				
Revenues	$ 496.1	$ 37.7	$ --	$ 533.8
Operating income (loss)	130.0	3.2	(2.0)	131.2
Assets	1,897.6	76.6	133.8	2,108.0
Capital expenditures	230.2	22.4	3.5	256.1
Depreciation and amortization	92.1	4.6	2.0	98.7
1999				
Revenues	$ 327.6	$ 36.1	$ --	$ 363.7
Operating income (loss)	7.4	(2.2)	(1.7)	3.5
Assets	1,817.3	72.7	93.7	1,983.7
Capital expenditures	246.5	.9	.7	248.1
Depreciation and amortization	91.4	5.1	1.7	98.2

The Company's operations are concentrated in four geographic regions: North America, Europe, Asia Pacific and South America. At December 31, 2001, the Company's North America operations consisted of 21 jackup rigs, five platform rigs, one semisubmersible rig and 28 oilfield support vessels, all located in the U.S. waters of the Gulf of Mexico. The Company's European operations consist of eight jackup rigs currently deployed in various territorial waters of the North Sea. In Asia Pacific, the Company's operations currently consist of eight jackup rigs deployed in various locations. In South America, the Company's operations consist of seven barge rigs, six of which are located in Lake Maracaibo, Venezuela and one is located in the Gulf of Paria, Trinidad and Tobago. The Company attributes revenues to the geographic location where such revenue is earned and assets to the geographic location of the drilling rig or marine vessel at December 31 of the applicable year. For new construction projects, assets are attributed to the location of future operation if known or to the location of construction if the ultimate location of operation is undetermined.

Information by country for those countries that account for more than 10% of total revenues or 10% of the Company's long-lived assets is as follows (in millions):

	Revenues			Long-lived Assets		
	2001	2000	1999	2001	2000	1999
United States	$468.5	$352.3	$201.7	$ 778.0	$ 705.5	$ 625.3
Netherlands	35.9	10.1	20.5	201.1	288.3	334.9
Venezuela	73.3	44.9	52.1	145.5	177.7	198.6
Denmark	69.3	11.1	--	212.6	65.0	--
Other foreign countries	170.4	115.4	89.4	378.1	448.8	418.3
Total	$817.4	$533.8	$363.7	$1,715.3	$1,685.3	$1,577.1

Revenues from two customers exceeded 10% of consolidated revenue in each of the three years in the period ended December 31, 2001. Revenues from the first customer were $110.9 million, or 14% of consolidated revenue, in 2001, $60.5 million, or 11% of consolidated revenue, in 2000 and $45.5 million, or 13% of consolidated revenue, in 1999. Revenues from the second customer were $100.5 million, or 12% of consolidated revenue, in 2001, $96.6 million, or 18% of consolidated revenue, in 2000 and $44.5 million, or 12% of consolidated revenue, in 1999.

13. SUPPLEMENTAL FINANCIAL INFORMATION

Consolidated Balance Sheet Information

Accounts receivable, net at December 31, 2001 and 2000 consists of the following (in millions):

	2001	2000
Trade	$111.1	$128.6
Income tax refunds	--	27.1
Other	9.3	7.6
	120.4	163.3
Allowance for doubtful accounts	(3.9)	(4.2)
	$116.5	$159.1

Prepaid expenses and other current assets at December 31, 2001 and 2000 consists of the following (in millions):

	2001	2000
Prepaid expenses	$ 9.5	$10.1
Inventory	5.1	5.4
Deferred tax asset	5.4	1.7
Deferred regulatory certification and compliance costs	9.7	5.0
Other	4.7	.8
	$34.4	$23.0

	2001	2000

Other assets, net at December 31, 2001 and 2000 consists of the following (in millions):

	2001	2000
Goodwill, net of accumulated amortization of $17.3 million and $17.2 million	$103.8	$106.8
Long-term investments	23.0	--
Deferred finance costs	5.2	13.7
Prepaid taxes on intercompany transfers of property	6.5	7.1
Deferred regulatory certification and compliance costs	4.4	2.3
Other	4.3	4.1
	$147.2	$134.0

Accrued liabilities at December 31, 2001 and 2000 consists of the following (in millions):

	2001	2000
Operating expenses	$ 20.9	$22.7
Accrued capital additions	26.9	17.1
Taxes	46.8	26.7
Payroll	23.9	16.8
Accrued interest	4.7	4.4
Other	3.3	3.5
	$126.5	$91.2

Consolidated Statement of Income Information

Maintenance and repairs expense for the years ended December 31, 2001, 2000 and 1999 is as follows (in millions):

	2001	2000	1999
Maintenance and repairs	$44.7	$42.3	$31.5

Consolidated Statement of Cash Flows Information

Cash paid for interest and income taxes for each of the three years in the period ended December 31, 2001 is as follows (in millions):

	2001	2000	1999
Interest, net of amounts capitalized	$30.3	$15.5	$16.8
Income taxes	12.2	22.4	15.8

10. INCOME TAXES

Capitalized interest totaled $2.2 million in 2001, $16.7 million in 2000, and $12.4 million in 1999.

In connection with the Company's acquisition of the 15% minority interest in Caribbean on February 10, 2000, the Company reduced the value of Caribbean's property and equipment by $6.6 million, which represented the excess of the net assets acquired over the Company's acquisition cost.

Financial Instruments

The carrying amounts and estimated fair values of the Company's debt instruments at December 31, 2001 and 2000 are as follows (in millions):

	2001		2000	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
6.75% Notes	$149.4	$154.1	$149.3	$146.4
7.20% Debentures	148.3	150.4	148.3	135.7
6.36% Bonds, including current maturities	177.4	177.3	--	--
Interim construction loan, including current maturities	--	--	137.3	137.3

The estimated fair values of the Notes, Debentures and Bonds were determined using quoted market prices. The estimated fair value of the Interim Construction Loan was determined using interest rates available to the Company at December 31, 2000 for issuance of debt with similar terms and remaining maturities.

The estimated fair value of the Company's cash and cash equivalents, short-term and long-term investments, receivables, trade payables and other liabilities approximated their carrying values at December 31, 2001 and 2000. The Company has cash, receivables and payables denominated in currencies other than functional currencies. These financial assets and liabilities create exposure to foreign currency exchange risk. When warranted, the Company hedges such risk by entering into purchase options or futures contracts. The Company does not enter into such contracts for trading purposes or to engage in speculation. The fair value of such contracts outstanding at December 31, 2001 and 2000 was insignificant.

Concentration of Credit Risk

The Company is exposed to credit risk relating to its receivables from customers, its cash and cash equivalents, its short-term and long-term investments and its use of derivative instruments in connection with the management of interest rate risk and foreign currency risk. The Company minimizes its credit risk relating to receivables from customers, which consist primarily of major and independent oil and gas producers as well as government-owned oil companies, by performing ongoing credit evaluations. The Company also maintains reserves for potential credit losses, which to date have been within management's expectations. The Company minimizes its credit risk relating to cash and investments by maintaining such instruments in high-grade investments through a portfolio of major financial institutions, and by monitoring the financial condition of those financial institutions. The Company minimizes its credit risk relating to the counterparties to its derivative instruments by transacting with multiple, high-quality counterparties, thereby limiting exposure to individual counterparties, and by monitoring the financial condition of those counterparties.

14. UNAUDITED QUARTERLY FINANCIAL DATA

A summary of unaudited quarterly consolidated financial information for 2001 and 2000 is as follows (in millions, except per share amounts):

2001	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
Revenues					
Contract drilling	$180.5	$197.8	$210.3	$164.1	$752.7
Marine transportation	14.8	17.7	17.2	15.0	64.7
	195.3	215.5	227.5	179.1	817.4
Direct operating expenses					
Contract drilling	80.3	80.1	81.2	78.9	320.5
Marine transportation	9.3	9.6	9.7	9.8	38.4
	89.6	89.7	90.9	88.7	358.9
Operating margin	105.7	125.8	136.6	90.4	458.5
Depreciation and amortization	28.9	29.1	28.6	37.8	124.4
General and administrative	3.7	4.2	4.0	4.9	16.8
Operating income	73.1	92.5	104.0	47.7	317.3
Interest income	2.3	2.3	2.0	1.7	8.3
Interest expense, net	(8.3)	(8.5)	(8.2)	(7.8)	(32.8)
Other income (expense)	.2	--	(1.2)	.1	(.9)
Income before income taxes	67.3	86.3	96.6	41.7	291.9
Provision for income taxes	20.4	25.1	27.3	11.8	84.6
Net income	$ 46.9	$ 61.2	$ 69.3	$ 29.9	$207.3
Earnings per share					
Basic	$ .34	$ .44	$ .51	$ .22	$ 1.51
Diluted	.34	.44	.51	.22	1.50

2000	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
Revenues					
Contract drilling	$ 88.1	$109.1	$140.4	$158.5	$496.1
Marine transportation	8.1	7.5	9.4	12.7	37.7
	96.2	116.6	149.8	171.2	533.8
Direct operating expenses					

	First	Second	Third	Fourth	
Contract drilling	56.6	60.7	74.2	70.0	261.5
Marine transportation	7.2	7.0	6.8	8.1	29.1
	63.8	67.7	81.0	78.1	290.6
Operating margin	32.4	48.9	68.8	93.1	243.2
Depreciation and amortization	23.5	23.8	25.2	26.2	98.7
General and administrative	3.1	3.2	3.3	3.7	13.3
Operating income	5.8	21.9	40.3	63.2	131.2
Interest income	2.0	1.3	1.7	2.1	7.1
Interest expense, net	(3.0)	(1.9)	(4.0)	(4.5)	(13.4)
Other income (expense)	.1	.2	.2	(.2)	.3
Income before income taxes	4.9	21.5	38.2	60.6	125.2
Provision for income taxes	1.8	7.2	12.9	17.9	39.8
Net income	$ 3.1	$ 14.3	$ 25.3	$ 42.7	$ 85.4
Earnings per share					
Basic	$ .02	$ .10	$ .18	$ .31	$ .62
Diluted	.02	.10	.18	.31	.61

15. SUBSEQUENT EVENTS

In March 2002, the Company settled an insurance claim related to the ENSCO 51, which had sustained damage from a natural gas well fire. In connection with the settlement, the Company recognized a $5.8 million gain in the first quarter of 2002.

On May 14, 2002 the Company and Chiles Offshore Inc. ("Chiles") entered into a Merger Agreement (the "Merger agreement"), pursuant to which Chiles will be merged with and into the Company. In connection with the merger, each outstanding share of Chiles common stock, other than dissenting shares and shares held by ENSCO or Chiles, will be converted into the right to receive 0.6575 of a share of ENSCO common stock and $5.25 in cash. The merger is intended to qualify as a tax-free reorganization. The completion of the merger is subject to several conditions, including the approval of the merger-related proposals by two-thirds of the Chiles shareholders. Early termination of the applicable waiting period under the Hart-Sott-Rodino Antitrust Improvement Act of 1976, as amended, was granted in June 2002.

The merger will be accounted for as a purchase business combination with ENSCO treated as the acquirer. Accordingly, the assets and liabilities of ENSCO are recorded at historical amounts, without restatement to fair values. The assets and liabilities of Chiles will be revalued to estimated fair value at the date of the merger, with the excess of the purchase price over the sum of such fair values recorded as goodwill. Based on the price of the Company's common stock immediately before and after the merger announcement date, as adjusted for the merger exchange ratio, the purchase price is estimated to be $567.9 million.

In June 2002, construction and commissioning were completed on the ENSCO 102, a harsh environment rig, in which the Company owned a 25% interest and has a purchase option on the remaining 75%. The Company and the owner of the remaining 75% interest have contributed their respective ownership interests in the ENSCO 102 to a newly formed joint venture. The joint venture will charter the ENSCO 102 to the Company under a two-year agreement. The Company will account for the joint venture using the equity method of accounting.

On January 1, 2002 the Company adopted the provisions of SFAS 142 (see Note 2 "New Accounting Pronouncements"). The impact of the adoption of SFAS No. 142 on the Company's net income, basic earnings per share, and diluted earnings per share for the three years ended December 31, 2001, 2000 and 1999, as if the adoption took place on January 1, 1999, is presented in the following tables (in millions except per share amounts):

	2001	2000	1999
Reported net income	$207.3	$85.4	$ .3
Add back goodwill amortization, net of tax	2.0	2.1	2.1
Adjusted net income	$209.3	$87.5	$ 2.4
Reported basic earnings per share	$ 1.51	$ .62	$ --
Goodwill amortization	.01	.02	.02
Adjusted basic earnings per share	$ 1.52	$ .64	$ .02
Reported diluted earnings per share	$ 1.50	$ .61	$ --
Goodwill amortization	.01	.02	.02
Adjusted diluted earnings per share	$ 1.51	$ .63	$ .02

As of January 1, 2002, the Company completed a goodwill impairment test, which involved the use of estimates related to the fair market value of the Company's reporting units to which goodwill was allocated. The tests indicated the Company's goodwill was not impaired. At December 31, 2001 the Company's goodwill totaled $103.8 million.

PART IV

Item 14. ***Exhibits, Financial Statement Schedules and Reports on Form 8-K***

(a) Financial statements, financial statement schedules and exhibits filed as part of this report:

(1) Financial statements of ENSCO International Incorporated

Report of Independent Accountants - KPMG LLP

(2) Exhibits

The following instruments are included as exhibits to this Report. Exhibits incorporated by reference are so indicated by parenthetical information.

Exhibit No.		Document
2.1	-	Agreement and Plan of Merger, dated March 21, 1996, between ENSCO International Incorporated, DDC Acquisition Company and DUAL DRILLING COMPANY (incorporated by reference to Exhibit 99.7 to the Registrant's Form 8-K dated March 21, 1996, File No. 1-8097).
2.2	-	Principal Stockholder Agreement between ENSCO International Incorporated and Dual Invest AS (incorporated by reference to Exhibit 99.8 to the Registrant's Form 8-K dated March 21, 1996, File No. 1-8097).
2.3	-	Amendment No. 1 to Agreement and Plan of Merger, dated May 7, 1996, between ENSCO International Incorporated, DDC Acquisition Company and DUAL DRILLING COMPANY (incorporated by reference to Exhibit 2.2 of Amendment No. 1 to the Registrant's Registration Statement on Form S-4 filed May 10, 1996, Registration No. 333-3411).
3.1	-	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997, File No. 1-8097).
3.2	-	Bylaws of the Company, as amended, effective March 30, 2001 (incorporated by reference to Exhibit 3.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2001, File No. 1-8097).
4.1	-	Indenture, dated November 20, 1997, between the Company and Bankers Trust Company, as Trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K dated November 24, 1997, File No. 1-8097).
4.2	-	First Supplemental Indenture, dated November 20, 1997, between the Company and Bankers Trust Company, as trustee, supplementing the Indenture dated as of November 20, 1997 (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K dated November 24, 1997, File No. 1-8097).
4.3	-	Form of Note (incorporated by reference to Exhibit 4.3 to the Registrant's Current Report on Form 8-K dated November 24, 1997, File No. 1-8097).
4.4	-	Form of Debenture (incorporated by reference to Exhibit 4.4 to the Registrant's Current Report on Form 8-K dated November 24, 1997, File No. 1-8097).
4.5	-	Rights Agreement, dated February 21, 1995, between the Company and American Stock Transfer and Trust Company, as Rights Agent, which includes as Exhibit A the Form of Certificate of Designations of Series A Junior Participating Preferred Stock of ENSCO International Incorporated, as Exhibit B the Form of Right Certificate, and as Exhibit C the Summary of Rights to Purchase Shares of Preferred

		Stock of ENSCO International Incorporated (incorporated by reference to Exhibit 4 to Registrant's Form 8-K dated February 21, 1995, File No. 1-8097).
4.6	-	First Amendment to Rights Agreement, dated March 3, 1997, between ENSCO International Incorporated and American Stock Transfer and Trust Company, as Rights Agent (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K dated March 3, 1997, File No. 1-8097).
4.7	-	Certificate of Designation of Series A Junior Participating Preferred Stock of the Company (incorporated by reference to Exhibit 4.6 to the Registrant's Annual Report on Form 10-K/A for the year ended December 31, 1995, File No. 1-8097).
10.1	-	ENSCO Incentive Plan, as amended (incorporated by reference to Exhibit 10.1 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1993, File No. 1-8097).
10.2	-	Amendment to ENSCO Incentive Plan, dated November 11, 1997 (incorporated by reference to Exhibit 10.2 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1997, File No. 1-8097).
10.3	-	ENSCO Savings Plan, as revised and restated (incorporated by reference to Exhibit 10.17 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1997, File No. 1-8097).
10.4	-	ENSCO Supplemental Executive Retirement Plan, as amended and restated (incorporated by reference to Exhibit 10.18 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1997, File No. 1-8097).
10.5	-	Indemnification Agreement between the Company and its officers and directors (incorporated by reference to Exhibit 10.19 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1997, File No. 1-8097).
10.6	-	Credit Agreement among ENSCO International Incorporated, ENSCO Offshore Company, Dual Holding Company, various lending institutions, Bankers Company as Administrative Agent, Den Norske Bank ASA, New York Branch as Syndication Agent and ABN Amro Bank N.V. as Documentation Agent concerning a $185 million Revolving Credit Loan, dated as of May 21, 1998 (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998, File No. 1-8097).
10.7	-	ENSCO International Incorporated 1998 Incentive Plan (incorporated by reference to Exhibit 4.1 to the Registrant's Form S-8 filed on July 7, 1998, Registration No. 333-58625).
10.8	-	Commitment to Guarantee Obligations dated December 15, 1999, by the United States of America under Title XI of the Merchant Marine Act,1936, as amended, for the benefit of ENSCO Offshore Company (incorporated by reference to Exhibit 10.11 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1999, File No. 1-8097).
10.9	-	Trust Indenture dated December 15, 1999, between ENSCO Offshore Company and Bankers Trust Company, as Indenture Trustee, which includes as Schedule A the Schedule of Definitions to the Trust Indenture, as Exhibit 1 the General Provisions of the Trust Indenture, and as Exhibit 2 the Forms of Floating Rate Note, Guarantee and Trustee's Authentication Certificate (incorporated by reference to Exhibit 10.12 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1999, File No. 1-8097).
10.10	-	Security Agreement dated December 15, 1999, between ENSCO Offshore Company and the United States of America pursuant to Title XI of the Merchant Marine Act,

		1936, as amended, which includes as Schedule X the Schedule of Definitions to the Security Agreement, and as Exhibit 1 the General Provisions of the Security Agreement (incorporated by reference to Exhibit 10.13 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1999, File No. 1-8097).
10.11	-	Credit Agreement dated December 15, 1999, among ENSCO Offshore Company, Govco Incorporated, Citibank N.A., Citibank International Plc, and Citibank North America, Inc. (incorporated by reference to Exhibit 10.14 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1999, File No. 1-8097).
10.12	-	Bond Purchase Agreement of ENSCO Offshore Company dated January 22, 2001, concerning $190,000,000 of United States Government Guaranteed Ship Financing Obligations (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2001, File No. 1-8097).
10.13	-	United States Government Guaranteed Ship Financing Bond issued by ENSCO Offshore Company dated January 25, 2001 (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2001, File No. 1-8097).
10.14	-	Supplement No.1, dated January 25, 2001, to the Trust Indenture dated December 15, 1999, between ENSCO Offshore Company and Bankers Trust Company [see Exhibit 10.9 above] (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2001, File No. 1-8097).
10.15	-	Ratification of Guaranty by ENSCO International Incorporated in favor of the United States of America dated January 25, 2001 and associated Guaranty Agreement by ENSCO International Incorporated in favor of the United States of America dated December 15, 1999 (incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2001, File No. 1-8097).
10.16	-	ENSCO International Incorporated Key Employees' Incentive Compensation Plan, as Revised and Restated Effective January 1, 2001. (incorporated by reference to Exhibit 10.16 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2001, File No. 1-8097).
21.1	-	Subsidiaries of the Registrant (incorporated by reference to Exhibit 21.1 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2001, File No. 1-8097).
*23.1	-	Consent of PricewaterhouseCoopers LLP.
*23.2	-	Consent of KPMG LLP.

* Filed herewith

Executive Compensation Plans and Arrangements

The following is a list of all executive compensation plans and arrangements required to be filed as an exhibit to this Form 10-K:

1.	ENSCO International Incorporated 1998 Incentive Plan (filed as Exhibit 10.7 hereto and incorporated by reference to Exhibit 4.1 to the Registrant's Form S-8 filed on July 7, 1998, Registration No. 333-58625).
2.	ENSCO Incentive Plan, as amended (filed as Exhibit 10.1 hereto and incorporated by reference to Exhibit 10.1 to the Registrant's Annual Report on Form 10-K for the

year ended December 31, 1993, File No. 1-8097).

3. Amendment to ENSCO Incentive Plan, dated November 11, 1997 (filed as Exhibit 10.2 hereto and incorporated by reference to Exhibit 10.2 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1997, File No. 1-8097).

4. ENSCO Supplemental Executive Retirement Plan, as amended and restated (filed as Exhibit 10.4 hereto and incorporated by reference to Exhibit 10.18 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1997, File No. 1-8097).

5. ENSCO International Incorporated Key Employees' Incentive Compensation Plan, as Revised and Restated Effective January 1, 2001 (filed as Exhibit 10.16 hereto and incorporated by reference to Exhibit 10.16 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2001, File No. 1-8097).

The Company will furnish to the Securities and Exchange Commission upon request, all constituent instruments defining the rights of holders of long-term debt of the Company not filed herewith as permitted by paragraph (b)4(iii)(A) of Item 601 of Regulation S-K.

(b) Reports on Form 8-K

The Company filed reports on Form 8-K on (i) October 17, 2001, with respect to the contractual status of the Company's offshore rig fleet as of October 17, 2001, (ii) November 16, 2001, with respect to the contractual status of the Company's offshore rig fleet as of November 15, 2001 and (iii) December 18, 2001, with respect to the contractual status of the Company's offshore rig fleet as of December 16, 2001.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized, on June 28, 2002.

ENSCO International Incorporated
(Registrant)

By /s/ C. CHRISTOPHER GAUT
C. Christopher Gaut
Senior Vice President
