ROWAN COMPANIES PLC
Form 424B5
January 08, 2014
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Registration No. 333-181455
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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
4.75% Senior Notes due 2024	$400,000,000	99.898%	$399,592,000	$51,468 (1)
5.85% Senior Notes due 2044	$400,000,000	99.972%	$399,888,000	$51,506 (1)
Guarantees of Senior Notes				$ (2)

(1) This amount is calculated in accordance with Rule 457(r) of the Securities Act of 1933, as amended.
(2) No separate consideration will be paid in respect of the guarantee. Pursuant to Rule 457(n) under the Securities Act of 1933, as amended, no registration fee is required with respect to such guarantees.

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PROSPECTUS SUPPLEMENT

(To prospectus dated May 16, 2012)

$800,000,000

Rowan Companies, Inc.

(a corporation incorporated under the laws of Delaware)

$400,000,000 4.75% Senior Notes due 2024

$400,000,000 5.85% Senior Notes due 2044

Fully and Unconditionally Guaranteed by

Rowan Companies plc

(a public limited company incorporated under the laws of England and Wales)

Rowan Companies, Inc., or Rowan Delaware, is offering $400,000,000 aggregate principal amount of 4.75% senior notes due 2024, which we refer to as the notes due 2024, and $400,000,000 aggregate principal amount of 5.85% senior notes due 2044, which we refer to as the notes due 2044.

Interest will be payable on the notes due 2024 on January 15 and July 15 of each year, beginning on July 15, 2014. Interest will be payable on the notes due 2044 on January 15 and July 15 of each year, beginning on July 15, 2014. The notes due 2024 will mature on January 15, 2024 and the notes due 2044 will mature on January 15, 2044. We refer to the notes due 2024 and the notes due 2044 collectively as the notes. Each series of notes will be fully and unconditionally guaranteed by our parent company, Rowan Companies plc, or Rowan UK.

Rowan Delaware may redeem some of the notes from time to time or all of the notes at any time at the applicable redemption prices set forth in this prospectus supplement.

The notes will be unsecured senior obligations of Rowan Delaware and will rank equally in right of payment with all its existing and future unsecured senior indebtedness. The guarantee of the notes by Rowan UK will be a senior obligation of Rowan UK and will rank equally in right of payment with all the existing and future unsecured senior indebtedness of Rowan UK.

Each series of notes is a new issue of securities for which there is no established trading market. We do not intend to apply for listing of the notes on any securities exchange or for inclusion of the notes in any automated quotation system.

See <u>Risk Factors</u> beginning on page S-10 to read about important factors you should consider before buying the notes.

	Per Note due 2024	Total	Per Note due 2044	Total
Price to the public	99.898%(1)	$ 399,592,000	99.972%(1)	$ 399,888,000
Underwriting discount	0.650%	$ 2,600,000	0.875%	$ 3,500,000
Proceeds to us (before expenses)	99.248%(1)	$ 396,992,000	99.097%(1)	$ 396,388,000

(1) Plus accrued interest, if any, from January 15, 2014.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

We expect that delivery of the notes will be made to investors in book-entry form on or about January 15, 2014 through The Depository Trust Company.

Joint Book-Running Managers

Barclays **Citigroup** **Goldman, Sachs & Co.** **Wells Fargo Securities**
BofA Merrill Lynch **DNB Markets** **RBC Capital Markets**

Co-Managers

HSBC **Mitsubishi UFJ Securities** **Mizuho Securities**

January 6, 2014

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You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it.

We are not, and the underwriters are not, making an offer to sell the notes in any jurisdiction where the offer or sale is not permitted.

You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, any free writing prospectus and the documents incorporated by reference herein and therein are accurate only as of the respective dates on the front of those documents or earlier dates specified herein or therein. Our business, financial condition, results of operations and prospects may have changed since those respective dates.

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Prospectus Supplement

Prospectus

ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying prospectus are part of a universal shelf registration statement on Form S-3 that we filed with the Securities and Exchange Commission, or the SEC, on May 16, 2012. Under the shelf registration process, we may sell any combination of Class A Ordinary Shares, ordinary shares, preference shares, senior debt securities, subordinated debt securities, guarantees, share purchase contracts, warrants and/or units in one or more offerings from time to time. In the accompanying prospectus, we provide you a general description of the securities we may offer from time to time under our shelf registration statement. This prospectus supplement describes the specific details regarding this offering, including the price, the aggregate principal amount of debt being offered and the risks of investing in our securities. This prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein include important information about us, the notes being offered and other information you should know before investing.

On May 4, 2012, we completed a change in our legal domicile from Delaware to the United Kingdom. Our former Delaware parent company, Rowan Companies, Inc., which we refer to as Rowan Delaware, entered into a merger transaction, which we refer to as the merger, with Rowan Mergeco, LLC, a Delaware limited liability company and its wholly owned subsidiary, which was approved by Rowan Delaware s stockholders and whereby Rowan Delaware became an indirect, wholly owned subsidiary of Rowan UK. As a result of the merger, Rowan UK became the parent company of the Rowan group of companies. We refer to the transactions effecting these changes collectively as the redomestication.

Unless otherwise indicated or unless the context otherwise requires, all references in this prospectus supplement to Rowan Companies, Rowan, we, us and our mean Rowan Companies plc, a public limited company incorporated under the laws of England and Wales, and its wholly owned subsidiaries. Rowan UK refers to Rowan Companies plc, and not to any of its subsidiaries or affiliates. Rowan Delaware refers to Rowan Companies, Inc., a Delaware corporation and a subsidiary of Rowan UK, and not to any of the other subsidiaries or affiliates of Rowan UK.

INCORPORATION BY REFERENCE

The SEC allows us to incorporate by reference the information that we file with them, which means that we can disclose important information to you by referring you to other documents filed separately with the SEC. The information incorporated by reference is an important part of this prospectus supplement and the accompanying prospectus, and information that we file later with the SEC will automatically update and supersede this information. We incorporate by reference the following documents and all documents that we subsequently file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act (other than information furnished rather than filed):

- our annual report on Form 10-K for the year ended December 31, 2012, as filed with the SEC on March 1, 2013;
- our quarterly reports on Form 10-Q for the quarters ended March 31, 2013, June 30, 2013 and September 30, 2013, as filed with the SEC on May 10, 2013, August 8, 2013 and November 8, 2013, respectively;
- the description of the Class A Ordinary Shares contained in our Current Report on Form 8-K, as filed with the SEC on May 4, 2012; and
- our current reports on Form 8-K, as filed with the SEC on March 8, 2013, March 25, 2013, April 30, 2013 and June 3, 2013.

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FORWARD-LOOKING STATEMENTS

This prospectus supplement includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and the Private Securities Litigation Reform Act of 1995 about us that are subject to risks and uncertainties. All statements other than statements of historical fact included in this prospectus supplement are forward-looking statements. Forward-looking statements may be found under Prospectus Supplement Summary, Risk Factors and elsewhere in this prospectus supplement regarding our financial position, business strategy, possible or assumed future results of operations, and other plans and objectives for our future operations.

Forward-looking statements include words or phrases such as anticipate, believe, estimate, expect, intend, plan, project, could, ma should, will, forecast, potential, outlook, scheduled, predict, will be, will continue, will likely, result, and similar words an statements regarding expected financial performance; growth strategies; expected utilization, day rates, revenues, operating expenses, contract terms, contract backlog, capital expenditures, tax rates and positions, insurance coverages, access to financing and funding sources; the availability, delivery, mobilization, contract commencement, relocation or other movement of rigs and the timing thereof; future rig construction (including construction in progress and completion thereof), enhancement, upgrade or repair and costs and timing thereof; the suitability of rigs for future contracts; general market, business and industry conditions, trends and outlook; future operations; the impact of increasing regulatory requirements and complexity; expected contributions from our new rigs and our entry into the ultra-deepwater market; expense management; the likely outcome of legal proceedings or insurance or other claims and the timing thereof; activity levels in the offshore drilling market; customer drilling programs; and commodity prices. Such statements are subject to numerous risks, uncertainties and assumptions that may cause actual results to vary materially from those indicated, including:

- drilling permit and operations delays, moratoria or suspensions, new and future regulatory, legislative or permitting requirements (including requirements related to certification and testing of blow-out preventers and other equipment or otherwise impacting operations), future lease sales, changes in laws, rules and regulations that have or may impose increased financial responsibility, additional oil spill contingency plan requirements and other governmental actions that may result in claims of *force majeure* or otherwise adversely affect our existing drilling contracts;

- governmental regulatory, legislative and permitting requirements affecting drilling operations in the areas in which our rigs operate;

- tax matters, including our effective tax rates, tax positions, results of audits, changes in tax laws, treaties and regulations, tax assessments and liabilities for taxes;

- changes in worldwide rig supply and demand, competition or technology, including as a result of delivery of newbuild drilling rigs and reactivation of rigs;

- variable levels of drilling activity and expenditures, whether as a result of global capital markets and liquidity, prices of oil and natural gas or otherwise, which may cause us to idle or stack additional rigs;

- downtime, lost revenue and other risks associated with rig operations, operating hazards, or rig relocations and transportation, including rig or equipment failure, collisions, damage and other unplanned repairs, the limited availability of transport vessels, hazards, self-imposed drilling limitations and other delays due to weather conditions or otherwise, and the limited availability or high cost of insurance coverage for certain offshore perils or associated removal of wreckage or debris and other losses;

- access to spare parts, equipment and personnel to maintain, upgrade and service our fleet;

possible cancellation or suspension of drilling contracts as a result of *force majeure,* mechanical difficulties, delays, performance or other reasons;

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potential cost overruns and other risks inherent to shipyard rig construction, repair or enhancement, unexpected delays in rig and equipment delivery and engineering or design issues following shipyard delivery, or delays in the dates our rigs will enter a shipyard, be transported and delivered, enter service or return to service;

changes or delays in actual contract commencement dates; contract terminations, contract extensions, contract option exercises, contract revenues, contract awards; the termination or renegotiation of contracts by customers or payment or operational delays by our customers;

potential cost overruns or delays in delivery of our four drillships under construction, including delays in leaving the shipyard, delays or other issues relating to customer acceptance and delays in readiness to drill;

operating hazards, including environmental or other liabilities, risks, expenses or losses, whether related to storm or hurricane damage, losses or liabilities (including wreckage or debris removal), collisions or otherwise;

our ability to attract and retain skilled personnel on commercially reasonable terms, whether due to competition from other contract drillers, labor regulations or otherwise;

governmental action and political and economic uncertainties, including uncertainty or instability resulting from civil unrest, political demonstrations, mass strikes or an escalation or additional outbreak of armed hostilities or other crises in oil or natural gas producing areas of the Middle East or other geographic areas, which may result in extended business interruptions, suspended operations, or claims by our customers of a *force majeure* situation and payment disputes;

terrorism, piracy, political instability, hostilities, acts of war, nationalization, expropriation, confiscation or deprivation of our assets or military action impacting our operations, assets or financial performance in our areas of operations, including the Middle East and Egypt;

the outcome of legal proceedings, or other claims or contract disputes, including any inability to collect receivables or resolve significant contractual or day rate disputes, any purported renegotiation, nullification, cancellation or breach of contracts with customers or other parties, and any failure to negotiate or complete definitive contracts following announcements of receipt of letters of intent;

potential long-lived asset impairments;

costs and uncertainties associated with our redomestication, or changes in foreign or domestic laws that could reduce or eliminate the anticipated benefits of the transaction;

impacts of any global financial or economic downturn;

effects of accounting changes and adoption of accounting policies;

potential unplanned expenditures and funding requirements, including investments in pension plans and other benefit plans; and other important factors described from time to time in the reports filed by us with the SEC and the New York Stock Exchange. All written and oral forward-looking statements attributable to us are expressly qualified in their entirety by such factors. For additional information with respect to these factors, see Incorporation by Reference.

NON-GAAP FINANCIAL MEASURES

The SEC has adopted rules to regulate the use of non-GAAP financial measures, such as EBITDA, that are derived on the basis of methodologies other than in accordance with generally accepted accounting principles, or GAAP. EBITDA is a non-GAAP financial measure that complies with the applicable safe harbor

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provisions of the Exchange Act regulations when it is defined as net income from continuing operations (the most directly comparable GAAP financial measure) before interest, taxes, depreciation and amortization. We define EBITDA in this prospectus supplement accordingly.

We present EBITDA because we believe that our investors consider it to be an important supplemental measure of our performance and that it is frequently used by securities analysts and other interested parties in the evaluation of companies in our industry. We believe EBITDA is an appropriate supplemental measure of debt service capacity, because cash expenditures on interest are, by definition, available to pay interest, and tax expense is inversely correlated to interest expense because tax expense goes down as deductible interest expense goes up; depreciation and amortization are non-cash charges.

EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. For example, this measure:

- does not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments;
- does not reflect changes in, or cash requirements for, our working capital needs;
- does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debts; and
- does not reflect the effect of earnings or charges resulting from matters we consider not to be indicative of our ongoing operations.

In addition, although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements. Other companies in our industry and in other industries may calculate EBITDA differently from the way that we do, limiting its usefulness as a comparative measure. Because of these limitations, EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our GAAP results and using EBITDA only supplementally.

INDUSTRY AND MARKET DATA

We have obtained some industry and market share data from third-party sources that we believe are reliable. In many cases, however, we have made statements in this prospectus supplement (or in documents incorporated by reference in this prospectus supplement) regarding our industry and our position in the industry based on estimates made based on our experience in the industry and our own investigation of market conditions. We believe these estimates to be accurate as of the date of this prospectus supplement. However, this information may prove to be inaccurate because of the method by which we obtained some of the data for our estimates or because this information cannot always be verified with complete certainty due to the limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties. As a result, you should be aware that the industry and market data included or incorporated by reference in this prospectus supplement, and estimates and beliefs based on that data, may not be reliable. We cannot, and the underwriters cannot, guarantee the accuracy or completeness of any such information.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights information from this prospectus supplement and the accompanying prospectus to help you understand our business and an investment in the notes offered hereby. You should read carefully this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein for a more complete understanding of this offering. For more information about important risks that you should consider before making a decision to purchase notes in this offering, you should read the Risk Factors beginning on page S-10 of this prospectus supplement, as well as the Risk Factors appearing in our annual report on Form 10-K for the year ended December 31, 2012.

Rowan Companies plc

We are a successor to a contract drilling business conducted since 1923. We are a leading international provider of contract drilling services with a focus on high-specification and premium jack-up rigs, which we use for both exploratory and development drilling. Depending on the particular rig and location, we are capable of drilling to depths of up to 35,000 feet in water up to 550 feet deep. As of December 19, 2013, our offshore fleet includes 30 self-elevating mobile jack-up rigs, with ten rigs located in the Middle East, seven (including two that are cold stacked) in the U.S. Gulf of Mexico, or GOM, six in the North Sea, two in each of Trinidad, Indonesia and Malaysia and one in Egypt. In addition, we have four ultra-deepwater drillships under construction with deliveries expected in early 2014, mid 2014, late 2014 and early 2015. The drillships will be capable of drilling wells to depths of 40,000 feet in waters of up to 12,000 feet.

The following table summarizes our offshore jack-up rig assets as of December 19, 2013:

	High-Specification Jack-Ups(1)	Premium Jack-Ups(2)	Conventional Jack-Ups	Total	Percentage of Fleet(3)
Middle East	5	5		10	33%
GOM	3	1	3	7	23%
North Sea	6			6	20%
Southeast Asia	3	1		4	13%
Trinidad	1	1		2	7%
Egypt	1			1	3%
Total	19	8	3	30	100%
Percentage of Fleet	63%	27%	10%	100%	

(1) Rigs that have at least two million pounds of hook load capability or other high specification capabilities.
(2) Cantilever jack-up rigs that have the ability to operate in water depths equal to or greater than 300 feet.
(3) Percentages do not total 100% due to rounding.

For the nine months ended September 30, 2013, we had total revenues of $1.19 billion, net income of $202.9 million and EBITDA of $470.0 million. Please see Summary Consolidated Historical Financial Data for a reconciliation of EBITDA to its most directly comparable GAAP financial measure.

Competitive Strengths

High-Specification Jack-up Fleet Allows for Premium Day Rates and Utilization. We believe our offshore fleet of 30 jack-up rigs, including 19 high-specification rigs, is one of the youngest and most capable jack-up rig fleets in our industry. These rigs typically command higher day rates and maintain higher utilization rates compared to other lower specification jack-up rigs. Each of our 19 high-specification jack-up rigs has two million pounds or greater hook load capability, which allows us to drill deeper and more difficult wells than

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conventional jack-up rigs. Currently, our high-specification rigs constitute approximately 36% of the total world-wide number of 53 rigs with similar capabilities. We also have eight premium cantilever rigs that can operate in at least 300 feet of water in benign environments.

New Ultra-Deepwater Drillships Offer Growth and Diversification of Operating Cash Flows. We have four ultra-deepwater drillships under construction that we believe, upon their delivery in 2014 and early 2015, will be among the most highly capable floating rigs in the world. We believe our long standing reputation for operational excellence with jack-ups will transfer seamlessly to our drillship operations, and we have assembled a core team of highly experienced and respected deepwater professionals to manage that business. We are optimistic about the long-term prospects of the ultra-deepwater market, we have already obtained contracts for three of our four drillships and are highly confident in our ability to obtain a contract for our fourth drillship prior to delivery. Importantly, the ultra-deepwater market often provides higher revenues and longer-term contractual commitments than the jack-up market, which we believe will offer greater and more stable operating cash flows.

Geographic Diversity. We are a global company with offshore operations in the Middle East, GOM, North Sea, Southeast Asia, Trinidad, and the Mediterranean. Approximately 76% of our offshore fleet is in markets outside the United States. We believe our geographic diversity helps reduce our exposure to regional downturns, enabling us to take advantage of changing market conditions, and provides access to new and emerging markets.

Robust Contract Backlog. As of December 19, 2013, our contract backlog was approximately $5.1 billion, with $1.5 billion estimated to be realized in 2014, and $1.3 billion in 2015.

Conservative Financial Profile. We operate with relatively conservative levels of leverage and strong capitalization ratios. As of September 30, 2013, our ratio of total debt to total capitalization was 30%, and our total debt to EBITDA ratio was 3.38x for the twelve-month period ended on that date.

Experienced Management Team. We are led by a management team with substantial experience in the offshore drilling sector as well as with our company. Matt Ralls, our Chief Executive Officer, spent ten years with GlobalSantaFe, most recently as Chief Operating Officer until the merger of GlobalSantaFe and Transocean in November 2007. The remaining top eight members of our senior management team have on average approximately 26 years of experience in the offshore drilling industry, including 14 years with Rowan.

Business Strategy

International Diversification. We are committed to offering the highest jack-up rig drilling capabilities in the toughest operating environments throughout the world. Over the last several years, we have expanded our rig operations from primarily the Americas and the North Sea to include the Middle East, Trinidad, Indonesia, Malaysia and Egypt. We will continue to evaluate opportunities to redeploy offshore rigs to regions around the world with strong demand for our drilling services.

Position Ourselves as the Contractor of Choice for High-Specification Jack-ups and Ultra-Deepwater Drillships. With a focus on high-specification and premium jack-up rigs, we offer our customers the ability to drill deep, difficult wells that are beyond the capabilities of conventional jack-up rigs. We believe we will continue to enjoy strong demand for our high-specification equipment in jack-up markets where difficult drilling conditions prevail. Though our competitors have new rigs under construction, we expect to maintain our leadership position in the high-specification jack-up market.

In addition, our delivery of four ultra-deepwater drillships will provide access to significant customers and markets not otherwise available to us. We believe our drillships will offer among the highest capabilities and, given our proven operating reputation throughout the world, will find strong acceptance among oil and gas operators.

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Focus on Financially Strong Customers With Stable Drilling Needs. As of December 19, 2013, approximately 85% of our offshore drilling backlog was contracted with national oil companies, major international oil companies and large investment-grade exploration and production companies. We believe these customers tend to have a longer-term view on their drilling plans and capital budgets, and are therefore less likely to react to short-term fluctuations in the price of crude oil and natural gas.

Strong Emphasis on Safety and Environmental Compliance. We are committed to keeping our employees safe and protecting the environment. As national oil companies and major international oil companies increasingly scrutinize the safety and environmental compliance records of their vendors, we believe our focus and commitment to excellence in these areas will continue to attract and retain customers.

Our principal executive offices are located at 2800 Post Oak Boulevard, Suite 5450, Houston, Texas 77056, and our telephone number is (713) 621-7800.

Recent Development

On December 10, 2013, we signed a Commitment Letter providing that we and the lenders under our senior revolving credit facility will amend such facility to increase our borrowing capacity thereunder from $750 million to $1.0 billion, and to provide for an accordion feature that will permit, subject to the requisite consent of the lenders, our borrowing capacity under the facility to be increased to a maximum of $1.25 billion. The $1.0 billion in lending commitments under the proposed amended senior revolving credit facility will include a $150 million sublimit for standby letters of credit and a $50 million sublimit for swingline loans. Under the proposed terms, the new maturity date under our senior revolving credit facility will be five years from the effective date of the above described amendments, currently expected to be January 16, 2014.

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The Offering

The following summary contains basic information about the notes and is not intended to be complete. For a more complete understanding of the notes, please refer to the section of this prospectus supplement entitled Description of Notes. For purposes of this section of the summary and the description of notes included in this prospectus supplement, references to Rowan Companies, Rowan, issuer, us, we and our refer only to Companies, Inc. and do not include its subsidiaries or affiliates (including Rowan UK).

Issuer	Rowan Companies, Inc.
Parent guarantee	Each series of notes will be fully and unconditionally guaranteed on a senior unsecured basis by Rowan UK.
Securities	$800,000,000 aggregate principal amount of notes consisting of:
	$400,000,000 aggregate principal amount of 4.75% senior notes due 2024; and
	$400,000,000 aggregate principal amount of 5.85% senior notes due 2044.
Maturity date	The notes due 2024 will mature on January 15, 2024.
	The notes due 2044 will mature on January 15, 2044.
Interest payment dates	Interest on the notes due 2024 will accrue from January 15, 2014 and will be payable on January 15 and July 15 of each year, beginning on July 15, 2014. Interest on the notes due 2044 will accrue from January 15, 2014 and will be payable on January 15 and July 15 of each year, beginning on July 15, 2014.
Mandatory redemption	We will not be required to make mandatory redemption or sinking fund payments on the notes.
Optional redemption	At any time and from time to time, we may redeem any or all of the notes for a redemption price equal to 100% of the principal amount of the notes redeemed plus accrued and unpaid interest to, but excluding, the redemption date plus the applicable make-whole premium, if any. There will be no make-whole premium applicable to redemption of the notes due 2024 on and after October 15, 2023 or applicable to redemption of the notes due 2044 on and after July 15, 2043. See Description of Notes Optional Redemption.
Ranking	Each series of notes will be general unsecured, senior obligations of Rowan Delaware. Accordingly, they will rank:

senior in right of payment to all of the subordinated indebtedness of Rowan Delaware, if any;

pari passu in right of payment with any of Rowan Delaware s existing and future senior indebtedness, including Rowan Delaware s 5% Senior Notes due 2017, 7.875% Senior Notes due 2019, 4.875% Senior Notes due 2022, 5.400% Senior Notes due 2042 and any indebtedness of Rowan Delaware under our senior revolving credit facility;

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- effectively junior to Rowan Delaware s secured indebtedness, if any (including any letter of credit reimbursement obligations under our credit facility that are secured by cash deposits), to the extent of the value of the assets of Rowan Delaware constituting collateral securing that indebtedness; and

- effectively junior to all indebtedness and other liabilities, including trade payables, of Rowan Delaware s subsidiaries (other than indebtedness and liabilities owed to Rowan Delaware).

As of September 30, 2013, Rowan Delaware had total indebtedness of approximately $2.009 billion (none of which was secured), and its subsidiaries had no indebtedness.

Rowan UK s guarantee of each series of notes will be a general unsecured obligation of Rowan UK and will rank:

- senior in right of payment to all subordinated indebtedness of Rowan UK;

- *pari passu* in right of payment with any of Rowan UK s senior indebtedness, including its indebtedness under our senior revolving credit facility, and Rowan UK s guarantee of Rowan Delaware s 5% Senior Notes due 2017, 7.875% Senior Notes due 2019, 4.875% Senior Notes due 2022 and 5.400% Senior Notes due 2042;

- effectively junior to Rowan UK s secured indebtedness, if any (including any letter of credit reimbursement obligations under our credit facility that are secured by cash deposits), to the extent of the value of the assets of Rowan UK constituting collateral securing that indebtedness; and

- effectively junior to all indebtedness and other liabilities, including trade payables, of Rowan UK s subsidiaries (other than indebtedness and liabilities owed to Rowan UK).

As of September 30, 2013, Rowan UK had no indebtedness, and its subsidiaries had total indebtedness of approximately $2.009 billion, which would be structurally senior to its guarantee of the notes. However, all of such indebtedness of Rowan UK s subsidiaries is indebtedness of Rowan Delaware, which will be the issuer of the notes.

Covenants

The indenture governing the notes contains covenants that, among other things, limit Rowan Delaware s ability and the ability of its subsidiaries to:

- create liens that secure debt;

- engage in sale and leaseback transactions; and merge or consolidate with another company.

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	These covenants are subject to a number of important limitations and exceptions that are described later in this prospectus supplement under the caption Description of Notes Additional Covenants.
Use of Proceeds	We expect to receive net proceeds from this offering of approximately $792,180,000, after deducting the underwriting discount and estimated offering expenses payable by us. We intend to use the net proceeds of this offering for general corporate purposes, including capital expenditures.
Form	Each series of notes will be represented by registered global securities registered in the name of Cede & Co., the nominee of the depositary, The Depository Trust Company, or DTC. Beneficial interests in the notes will be shown on, and transfers will be effected through, records maintained by DTC and its participants.
Trustee	U.S. Bank National Association.
Governing law	The notes and the indenture will be governed by New York law.
Risk factors	See Risk Factors for a discussion of the risk factors you should carefully consider before deciding to invest in the notes.

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Summary Consolidated Historical Financial Data

The following tables set forth summary consolidated historical financial and statistical data for the years ended December 31, 2010, 2011 and 2012, and for the nine months ended September 30, 2012 and 2013. The summary consolidated historical financial and statistical data presented below is derived from (i) the audited financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2012, and (ii) the unaudited financial statements and related notes included in our Quarterly Report on Form 10-Q for the nine months ended September 30, 2013.

You should read this financial information in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations, which are set forth in our Annual Report on Form 10-K for the year ended December 31, 2012, and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2013, as well as our historical financial statements and notes thereto, which are incorporated by reference into this prospectus supplement. Historical results are not necessarily indicative of results that may be expected for any future period. All dollar values in the following tables are in thousands.

	Year Ended December 31,			Nine Months Ended September 30,	
	2010	2011	2012	2012	2013
				(Unaudited)	
Income statement data:					
Revenues	$ 1,017,705	$ 939,229	$ 1,392,607	$ 1,038,405	$ 1,185,929
Costs and expenses					
Direct operating costs	416,832	508,066	752,173	558,405	637,340
Depreciation and amortization	138,301	183,903	247,900	183,323	200,421
Selling, general and administrative	78,658	88,278	99,712	73,934	95,957
(Gain) loss on disposals of property and equipment	402	(1,577)	(2,502)	(2,678)	(18,979)
Material charges and other operating expenses	5,250	10,976	40,272	30,871	
	639,443	789,646	1,137,555	843,855	914,739
Income from operations	378,262	149,583	255,052	194,550	271,190
Other income (expense)					
Interest expense, net of interest capitalized	(24,879)	(20,071)	(50,717)	(37,940)	(53,377)
Interest income	1,289	730	745	523	1,144
Gain (loss) on debt extinguishment	5,324		(22,223)	(22,223)	
Other, net	(461)	(162)	613	710	(1,605)
Other income (expense), net	(18,727)	(19,503)	(71,582)	(58,930)	(53,838)
Income from continuing operations before income taxes	359,535	130,080	183,470	135,620	217,352
Provision (benefit) for income taxes	91,934	(5,659)	(19,829)	2,858	14,474
Net income from continuing operations	267,601	135,739	203,299	132,762	202,878
Discontinued operations	12,394	601,102	(22,697)	(6,231)	
Net income	$ 279,995	$ 736,841	$ 180,602	$ 126,531	$ 202,878

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	December 31, 2010	December 31, 2011	December 31, 2012	September 30, 2012 (Unaudited)	September 30, 2013 (Unaudited)
Balance sheet data:					
Cash and cash equivalents	$ 437,479	$ 438,853	$ 1,024,008	$ 328,290	$ 1,008,879
Total assets	6,217,457	6,597,845	7,699,487	6,988,846	7,964,285
Total liabilities	2,465,147	2,271,858	3,167,763	2,510,535	3,196,700
Total equity	3,752,310	4,325,987	4,531,724	4,478,311	4,767,585
Total debt	1,185,911	1,134,358	2,009,598	1,393,151	2,008,926

	Year Ended December 31, 2010	Year Ended December 31, 2011	Year Ended December 31, 2012	Nine Months Ended September 30, 2012 (Unaudited)	Nine Months Ended September 30, 2013 (Unaudited)
Other financial data and key credit statistics:					
Net cash provided by operating activities	$ 508,162	$ 94,679	$ 393,709	$ 189,502	$ 392,032
Net cash provided by (used in) investing activities	$ (520,239)	$ 58,805	$ (674,756)	$ (555,536)	$ (412,869)
Net cash provided by (used in) financing activities	$ (190,125)	$ (152,110)	$ 866,202	$ 255,471	$ 5,708
EBITDA(1)	$ 521,426	$ 333,324	$ 481,342	$ 356,360	$ 470,006
Ratio of total debt to EBITDA	2.27	3.40	4.17	3.91	4.27
Ratio of EBITDA to total interest	22.10	17.23	9.63		
Ratio of earnings to fixed charges(2)	5.8	2.0	2.8		

(1) EBITDA is a non-GAAP financial measure that we define as net income from continuing operations before interest, taxes, depreciation and amortization. As used and defined by us, EBITDA may not be comparable to similarly titled measures employed by other companies and is not a measure of performance calculated in accordance with GAAP. EBITDA should not be considered in isolation or as a substitute for operating income, net income or loss, cash flows provided by operating, investing and financing activities, or other income or cash flow statement data prepared in accordance with GAAP. However, our management believes EBITDA is useful to an investor in evaluating our operating performance because this measure:

- is widely used by investors in the energy industry to measure a company s operating performance without regard to items excluded from the calculation of such term, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired, among other factors;

- helps investors more meaningfully evaluate and compare the results of our operations from period to period by removing the effect of our capital structure and asset base from our operating structure; and

- is used by our management for various purposes, including as a measure of operating performance, in presentations to our board of directors, as a basis for strategic planning and forecasting and as a component for setting incentive compensation.

(2) For each of the periods presented, there were no outstanding shares of preferred stock.

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There are significant limitations to using EBITDA as a measure of performance, including the inability to analyze the effect of certain recurring and non-recurring items that materially affect our net income or loss, and the lack of comparability of results of operations of different companies. The following table reconciles our net income from continuing operations, the most directly comparable GAAP financial measure, to EBITDA:

	Year Ended December 31,			Nine Months Ended September 30,	
	2010	**2011**	**2012**	**2012**	**2013**
				(Unaudited)	
Net income from continuing operations	$ 267,601	$ 135,739	$ 203,299	$ 132,762	$ 202,878
Interest (income) expense, net	23,590	19,341	49,972	37,417	52,233
Income tax expense (benefit)	91,934	(5,659)	(19,829)	2,858	14,474
Depreciation and amortization	138,301	183,903	247,900	183,323	200,421
EBITDA	$ 521,426	$ 333,324	$ 481,342	$ 356,360	$ 470,006

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RISK FACTORS

An investment in the notes involves risks. You should consider carefully the risk factors included below and under the caption Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2012, together with all of the other information included in, or incorporated by reference into, this prospectus supplement and the accompanying prospectus, when evaluating an investment in the notes.

Risks relating to the notes

We may not be able to generate enough cash flow to meet our debt obligations.

Our earnings and cash flow may vary significantly from year to year due to the cyclical nature of our industry. As a result, the amount of debt that we can manage in some periods may not be appropriate for us in other periods. In addition, our future cash flow may be insufficient to meet our debt obligations and commitments, including the notes. Any insufficiency could adversely affect our business. A range of economic, competitive, business and industry factors will affect our future financial performance, and, as a result, our ability to generate cash flow from operations and to pay our debt, including the notes. Many of these factors, such as oil and gas prices, economic and financial conditions in our industry and the global economy or initiatives of our competitors, are beyond our control.

As of September 30, 2013, our total indebtedness was approximately $2.009 billion. Furthermore, as of such date, we had $750.0 million in undrawn borrowing capacity under our senior revolving credit facility. As of such date, on a pro forma basis giving effect to the proposed increase in borrowing capacity under our senior revolving credit facility, expected to close on January 16, 2014, we had $1.0 billion in undrawn borrowing capacity under that credit facility. All borrowings under our senior revolving credit facility rank equal in right of payment to the notes.

If we do not generate enough cash flow from operations to satisfy our debt obligations, we may have to undertake alternative financing plans, such as:

- refinancing or restructuring our debt;
- selling assets;
- reducing or delaying capital investments; or
- seeking to raise additional capital.

However, any alternative financing plans that we undertake, if necessary, may not allow us to meet our debt obligations. Our inability to generate sufficient cash flow to satisfy our debt obligations, including our obligations under the notes, or to obtain alternative financing, could materially and adversely affect our business, financial condition, results of operations and prospects.

Our debt could have important consequences to you. For example, it could:

- increase our vulnerability to general adverse economic and industry conditions;
- limit our ability to fund future working capital and capital expenditures, to engage in future acquisitions or development activities, or to otherwise realize the value of our assets and opportunities fully because of the need to dedicate a substantial portion of our cash flow from operations to payments of interest and principal on our debt or to comply with any restrictive terms of our debt;

limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;

impair our ability to obtain additional financing in the future; and

place us at a competitive disadvantage compared to our competitors that have less debt.

In addition, if we fail to comply with the covenants or other terms of any agreements governing our debt, our lenders will have the right to accelerate the maturity of that debt and foreclose upon the collateral, if any, securing that debt. Realization of any of these factors could adversely affect our financial condition.

The notes and the guarantee will be unsecured and effectively subordinated to existing and future secured indebtedness and structurally subordinated to any existing or future indebtedness and other liabilities of subsidiaries.

The notes will be general unsecured senior obligations of Rowan Delaware, and the guarantee of the notes by Rowan UK will be a general unsecured senior obligation of Rowan UK. In the event of any distribution or payment of assets of Rowan Delaware in any dissolution, winding up, liquidation, reorganization or other bankruptcy proceeding of Rowan Delaware, any secured debt of Rowan Delaware will be entitled to be paid in full from its assets securing that debt before any payment may be made with respect to the notes. Consequently, the notes will rank effectively junior in right of payment to all existing and future secured debt of Rowan Delaware, to the extent of the value of the collateral securing that debt. Similarly, in the event of any distribution or payment of assets of Rowan UK in any dissolution, winding up, liquidation, reorganization or other bankruptcy proceeding of Rowan UK, any secured debt of Rowan UK will be entitled to be paid in full from its assets securing that debt before any payment may be made with respect to its guarantee of the notes. Consequently, Rowan UK s guarantee of the notes will rank effectively junior in right of payment to all existing and future secured debt of Rowan UK, to the extent of the value of the collateral securing that debt. Holders of the notes will participate ratably in the remaining assets of Rowan Delaware and Rowan UK with all holders of unsecured indebtedness of Rowan Delaware or Rowan UK that does not rank junior to the notes or Rowan UK s guarantee of the notes, respectively, including all of their respective other general creditors, based upon the respective amounts owed to each holder or creditor. In any of the foregoing events, there may not be sufficient assets to pay amounts due on the notes. As a result, holders of the notes would likely receive less, ratably, than holders of secured indebtedness.

In the event of any distribution or payment of assets of any of Rowan Delaware s subsidiaries in any dissolution, winding up, liquidation, reorganization, or other bankruptcy proceeding of such subsidiary, the claims of the creditors of the subsidiary must be satisfied prior to making any such distribution or payment to Rowan Delaware in respect of its direct or indirect equity interests in the subsidiary. Similarly, in the event of any distribution or payment of assets of any of Rowan UK s subsidiaries in any dissolution, winding up, liquidation, reorganization, or other bankruptcy proceeding of such subsidiary, the claims of the creditors of the subsidiary must be satisfied prior to making any such distribution or payment to Rowan UK in respect of its direct or indirect equity interests in the subsidiary. Consequently, creditors of current and future subsidiaries of Rowan Delaware will have claims, with respect to the assets of those subsidiaries, that rank structurally senior to the notes, and creditors of current and future subsidiaries of Rowan UK will have claims, with respect to the assets of those subsidiaries, that rank structurally senior to Rowan UK s guarantee of the notes.

As of September 30, 2013, Rowan UK had no indebtedness, and its subsidiaries had total indebtedness of approximately $2.009 billion. All of such indebtedness of Rowan UK s subsidiaries is indebtedness of Rowan Delaware, which will be the issuer of the notes, and consequently, all of such indebtedness will rank *pari passu* in right of payment with the notes. None of such indebtedness was secured. In addition, as of such date, subsidiaries of Rowan Delaware had no indebtedness. All indebtedness of Rowan UK s subsidiaries would be structurally senior to Rowan UK s guarantee of the notes.

Federal and state statutes allow courts, under specific circumstances, to void the guarantee by Rowan UK and require note holders to return payments received from Rowan UK.

Under the U.S. federal bankruptcy law and comparable provisions of state fraudulent transfer laws, a guarantee could be voided, or claims in respect of a guarantee could be subordinated to all other debts of that guarantor if, among other things, the guarantor, at the time it incurred the indebtedness evidenced by its guarantee:

- received less than reasonably equivalent value or fair consideration for the incurrence of such guarantee; and

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- was insolvent or rendered insolvent by reason of such incurrence; or

- was engaged in a business or transaction for which the guarantor s remaining assets constituted unreasonably small capital; or

- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

In addition, any payment by Rowan UK pursuant to its guarantee of the notes could be voided and required to be returned to the guarantor, or to a fund for the benefit of the creditors of the guarantor. In any such case, your right to receive payments in respect of the notes from Rowan UK would be effectively subordinated to all indebtedness and other liabilities of Rowan UK.

The measures of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, a guarantor would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all of its assets; or

- if the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or

- it could not pay its debts as they become due.

We believe that Rowan UK, after giving effect to its guarantee of the notes, will not be insolvent, will not have unreasonably small capital for the business in which it is engaged and will not have incurred debts beyond its ability to pay such debts as they mature. We cannot assure you, however, as to what standard a U.S. court would apply in making these determinations or that a court would agree with our conclusions in this regard.

The guarantee provisions in the indenture governing the notes include a fraudulent transfer savings clause that purports to limit the obligations of Rowan UK under its guarantee of the notes to the maximum amount that would result in such obligations not constituting a fraudulent transfer or conveyance. However, this limitation of liability may or may not protect Rowan UK s guarantee of the notes from fraudulent transfer challenges, and, if it does, the remaining amount due and collectible under such guarantee may or may not be sufficient to pay the notes in full when due. Furthermore, in *Official Committee of Unsecured Creditors of TOUSA, Inc. v. Citicorp North America, Inc.*, the U.S. Bankruptcy Court in the Southern District of Florida held that a fraudulent transfer savings clause was unenforceable, and that the relevant guarantees were avoidable as fraudulent transfers. Although this decision was later overturned by the U.S. District Court in the Southern District of Florida, that U.S. District Court ruling was reversed in May 2012 by the Eleventh Circuit Court of Appeals, which affirmed the decision of the U.S. Bankruptcy Court in the Southern District of Florida. We do not know how a court will decide a further appeal by the lenders in *TOUSA, Inc. v. Citicorp North America, Inc.*, or how courts other than the Eleventh Circuit would rule if presented with the issue in light of the Eleventh Circuit precedent and other law. Consequently, in light of the uncertain state of case law regarding fraudulent transfer savings clauses, if Rowan UK s guarantee of the notes were held to be a fraudulent transfer, then the fraudulent transfer savings clause in our indenture might not prevent complete avoidance of Rowan UK s guarantee of the notes.

We may be able to incur substantially more debt. This could exacerbate the risks associated with our indebtedness.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future. The terms of Rowan Delaware s indenture do not prohibit us or our subsidiaries from doing so. As of September 30, 2013, our total indebtedness was approximately $2.009 billion. Furthermore, as of such date, we had $750.0 million in undrawn borrowing capacity under that credit facility. As of such date, on a pro forma basis giving effect to our proposed increase in borrowing capacity under our senior revolving credit facility, expected to close on January 16, 2014, we had $1.0 billion in undrawn borrowing capacity under that credit facility. All borrowings under our senior revolving credit facility rank equal in right of payment to the notes. With respect to our unsecured borrowings under this facility, the lenders will be entitled to share ratably with the holders of the notes as well as the holders of any of our other unsecured and unsubordinated debt, in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding-up of Rowan Delaware. Furthermore, with respect to secured reimbursement obligations in respect of letters of credit under our senior revolving credit facility and any other future secured indebtedness, the claims of creditors in respect of such secured obligations will rank effectively senior to the claims of holder of our unsecured indebtedness, including the notes, to the extent of the collateral securing such reimbursement obligations.

If we increase our debt levels, the related risks that we and our subsidiaries now face could intensify. Our level of indebtedness may prevent us from engaging in certain transactions that might otherwise be beneficial to us by limiting our ability to obtain additional financing, limiting our flexibility in operating our business or otherwise. In addition, we could be at a competitive disadvantage against other less leveraged competitors that have more cash flow to devote to their business. Any of these factors could result in a material adverse effect on our business, financial condition, results of operations, business prospects and ability to satisfy our obligations under the notes.

A financial failure by us or our subsidiaries may result in the assets of any or all of those entities becoming subject to the claims of all creditors of those entities.

A financial failure by us or our subsidiaries could affect payment of the notes if a bankruptcy court were to substantively consolidate us and our subsidiaries. If a bankruptcy court substantively consolidated us and our subsidiaries, the assets of each entity would be subject to the claims of creditors of all entities. This would expose you not only to the usual impairments arising from bankruptcy, but also to potential dilution of the amount ultimately recoverable because of the larger creditor base. Furthermore, forced restructuring of the notes could occur through the cram-down provision of the bankruptcy code. Under this provision, the notes could be restructured over your objections as to their general terms, primarily interest rate and maturity.

Your ability to transfer the notes may be limited by the absence of an active trading market, and an active trading market may not develop for the notes.

Each series of notes is a new issue of securities for which there is no established trading market. We do not intend to apply for listing of either series of notes on any securities exchange or for inclusion of the notes in any automated quotation system. The underwriters of the notes have informed us that, if the notes are not listed on a securities exchange, they intend to make a market in the notes. However, the underwriters may cease their market-making at any time. The liquidity of the trading markets in the notes may be adversely affected by changes in the overall market for debt securities and by changes in our financial performance or prospects or in the prospects for companies in our industry generally. An active trading market may not develop or be maintained for either series of notes. Subsequent to the closing of this offering, each series of notes may trade at a discount from their initial offering price, depending upon prevailing interest rates, the market for similar notes, our operating performance and financial condition and other factors.

Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.

Borrowings under our senior revolving credit facility bear interest at variable rates and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase although the amount borrowed remained the same, and our net income and cash available for servicing our indebtedness would decrease.

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USE OF PROCEEDS

We expect to receive net proceeds from this offering of approximately $792,180,000, after deducting the underwriting discount and estimated offering expenses payable by us. We intend to use the net proceeds of this offering for general corporate purposes, including capital expenditures.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of September 30, 2013:

on an actual basis; and

as adjusted to give effect to the issuance and sale of $800,000,000 in aggregate principal amount of senior notes in this offering. This table is unaudited and should be read together with our historical financial statements and the accompanying notes incorporated by reference into this prospectus supplement and the accompanying prospectus.

	As of September 30, 2013	
	Actual	As Adjusted for this Offering
	(Dollars in millions)	
Cash and cash equivalents	$ 1,008.9	$ 1,801.1
Long-term debt, including current maturities:		
Senior revolving credit facility[1]	$	$
5% Senior Notes due 2017 ($400 million principal amount)	398.9	398.9
7.875% Senior Notes due 2019 ($500 million principal amount)	498.1	498.1
4.875% Senior Notes due 2022 ($700 million principal amount)	713.6	713.6
5.400% Senior Notes due 2042 ($400 million principal amount)	398.3	398.3
4.75% Senior Notes due 2024 offered hereby ($400 million principal amount)		399.6
5.85% Senior Notes due 2044 offered hereby ($400 million principal amount)		399.9
Total long-term debt, including current maturities	$ 2,008.9	$ 2,808.4
Total stockholders equity	$ 4,767.6	$ 4,767.6
Total capitalization	$ 6,776.5	$ 7,576.0

(1) As of December 31, 2013, we had no amounts outstanding under our $750 million senior revolving credit facility. On December 10, 2013, we signed a Commitment Letter providing that we and the lenders under our senior revolving credit facility will amend such facility to increase our borrowing capacity thereunder from $750 million to $1.0 billion, and to provide for an accordion feature that will permit, subject to the requisite consent of the lenders, our borrowing capacity under the facility to be increased to a maximum of $1.25 billion. The expected effective date of this amendment is January 16, 2014.

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RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratio of earnings to fixed charges for the periods indicated on a consolidated historical basis.

	Year Ended December 31,			Nine Months Ended September 30,	
	2010	2011	2012	2012	2013
	(Dollars in thousands)				
Earnings					
Pre-tax income (loss) from continuing operations	$ 359,535	$ 130,080	$ 183,470	$ 135,620	$ 217,352
Fixed charges (see below)	67,106	77,494	87,826	63,111	91,423
Interest capitalized	(39,950)	(54,508)	(33,388)	(22,424)	(35,119)
Amortization of capitalized interest	3,484	4,727	6,687	5,211	5,211
Total adjusted earnings available for payment of fixed charges	$ 390,175	$ 157,793	$ 244,595	$ 181,518	$ 278,867
Fixed charges[(1)]					
Interest expensed and capitalized	$ 64,829	$ 74,579	$ 84,105	$ 60,364	$ 88,496
Amortization of capitalized expenses related to indebtedness	1,057	1,057	1,057	793	793
Rental expense representative of interest factor	1,220	1,859	2,665	1,954	2,134
Total fixed charges	$ 67,106	$ 77,494	$ 87,826	$ 63,111	$ 91,423
Ratio of earnings to fixed charges	5.8	2.0	2.8	2.9	3.1

(1) For each of the periods presented, there were no outstanding shares of preferred stock.

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DESCRIPTION OF NOTES

The following description of the particular terms of the notes supplements the general description of the debt securities included in the accompanying prospectus. You should review this description together with the description of the debt securities included in the accompanying prospectus. To the extent this description is inconsistent with the description in the accompanying prospectus, this description will control and replace the inconsistent description in the accompanying prospectus.

You can find the definitions of certain terms used in this description of notes under the subheading Definitions. As used in this description, the words Rowan, Rowan Delaware, we, us and our refer to Rowan Companies, Inc. and not to any of its subsidiaries or affiliates (including Ro UK).

In this offering, we will issue two series of notes, and we refer to each such series as a series. The first series, designated as our 4.75% Senior Notes due 2024, will mature in 2024, and we refer to those notes as the notes due 2024. The second series, designated as our 5.85% Senior Notes due 2044, will mature in 2044, and we refer to those notes as the notes due 2044. When we refer to the notes, we mean both such series of notes.

We have entered into an indenture dated July 21, 2009, which we refer to as the base indenture, between us and U.S. Bank National Association, as trustee, pursuant to which we may issue multiple series of debt securities from time to time. We issued our:

- 7.875% senior notes due 2019 pursuant to the base indenture as amended and supplemented by the first supplemental indenture;
- 5% senior notes due 2017 pursuant to the base indenture as amended and supplemented by the second supplemental indenture;
- 4.875% senior notes due 2022 pursuant to the base indenture as amended and supplemented by the fourth supplemental indenture; and
- 5.400% senior notes due 2042 pursuant to the base indenture as amended and supplemented by the fifth supplemental indenture.

Each of such series of notes was issued by Rowan Delaware and is fully and unconditionally guaranteed by Rowan UK.

The notes due 2024 will be issued under the base indenture, as amended and supplemented by the sixth supplemental indenture, to be entered into among us and the trustee, setting forth the specific terms of the notes due 2024. The notes due 2044 will be issued under the base indenture, as amended and supplemented by the seventh supplemental indenture to be entered into among us and the trustee, setting forth the specific terms of the notes due 2044. In this description, when we refer to the indenture, we mean the base indenture as so amended and supplemented by the sixth and seventh supplemental indentures.

We have summarized some of the material provisions of the notes and the indenture below. The summary supplements the description of the indenture contained in the accompanying prospectus, and we encourage you to read that description for additional material provisions that may be important to you. We also urge you to read the indenture because it, and not this description, defines your rights as a holder of notes. You may request copies of the indenture from us as set forth under Additional Information. Capitalized terms defined in the accompanying prospectus and the indenture have the same meanings when used in this prospectus supplement. The terms of the notes include those expressly set forth in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939, as amended.

The registered holder of a note will be treated as the owner of it for all purposes. Only registered holders will have rights under the indenture.

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Brief Description of the Notes

The notes will be:

- general unsecured, senior obligations of Rowan;
- *pari passu* in right of payment with all existing and future senior Indebtedness of Rowan, including indebtedness under Rowan s senior revolving credit facility, and Rowan s 5% Senior Notes due 2017, 7.875% Senior Notes due 2019, 4.875% Senior Notes due 2022 and 5.400% Senior Notes due 2042;
- senior in right of payment to all future subordinated Indebtedness of Rowan;
- effectively junior to Rowan Delaware s secured indebtedness, if any (including any letter of credit reimbursement obligations under our credit facility that are secured by cash deposits), to the extent of the value of the assets of Rowan Delaware constituting collateral securing that indebtedness;
- effectively junior in right of payment to all existing and future Indebtedness and other liabilities, including trade payables, of Rowan s Subsidiaries (other than Indebtedness and liabilities owed to us); and
- fully and unconditionally guaranteed by Rowan UK on a senior unsecured basis.

As of September 30, 2013, Rowan Delaware had total indebtedness of approximately $2.009 billion (none of which was secured), and its subsidiaries had no indebtedness.

Our subsidiaries will not guarantee the notes. In the event of a bankruptcy, liquidation or reorganization of any of these subsidiaries, the subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to us. As of September 30, 2013, our subsidiaries had no indebtedness.

Principal, Maturity and Interest

We will issue notes having an aggregate principal amount of $800,000,000 in this offering, of which $400,000,000 aggregate principal amount will consist of the notes due 2024 and $400,000,000 aggregate principal amount will consist of the notes due 2044. Upon issuance of the notes due 2024 and the notes due 2044 in this offering, the indenture will provide that, subject to compliance with the covenants described in Additional Covenants, we may issue additional notes due 2024 (the Additional Notes due 2024) and additional notes due 2044 (the Additional Notes due 2044) without limitation as to aggregate principal amount of any such series of notes.

If after consummation of this offering, we issue any Additional Notes due 2024, those Additional Notes due 2024 will have terms and conditions identical (except for the issue date, price to the public and, if applicable, initial interest payment date) to the notes due 2024 issued in this offering, will be treated as part of the same series of debt securities as the notes due 2024 offered hereby and will vote on all matters with the notes due 2024 offered in this offering. If after consummation of this offering, we issue any Additional Notes due 2044, those Additional Notes due 2044 will have terms and conditions identical (except for the issue date, price to the public and, if applicable, initial interest payment date) to the notes due 2044 issued in this offering, will be treated as part of the same series of debt securities as the notes due 2044 offered hereby and will vote on all matters with the notes due 2044 offered in this offering.

The notes due 2024 will mature on January 15, 2024. The notes due 2044 will mature on January 15, 2044.

Interest on the notes due 2024 will accrue at the rate of 4.75% per annum, and interest on the notes due 2044 will accrue at the rate of 5.85% per annum. Interest on the notes due 2024 will be payable semiannually in arrears on January 15 and July 15, commencing on July 15, 2014. We will make each interest payment with respect to the notes due 2024 to the holders of record of the notes of such series on the immediately preceding January 1 and July 1. Interest on the notes due 2044 will be payable semiannually in arrears on January 15 and July 15, commencing on July 15, 2014. We will make each interest payment with respect to the notes due 2044 to the holders of record of the notes of such series on the immediately preceding January 1 and July 1. Interest on each series of notes will accrue from, and including, the date of original issuance. Interest on the notes of each series will be computed on the basis of a 360-day year comprised of twelve 30-day months. If any interest payment date, stated maturity date or redemption date is not a business day, the payment otherwise required to be made on such date will be made on the next business day without any additional payment as a result of such delay.

Form, Denomination and Registration of Notes

The notes will be issued in registered form, without interest coupons, in denominations of $2,000 and integral multiples of $1,000 in excess thereof. The notes of each series will be represented by a global note.

Transfer and Exchange

A holder may transfer or exchange notes in accordance with the indenture. The registrar and the trustee may require such holder, among other things, to furnish appropriate endorsements and transfer documents and we may require such holder to pay any taxes and fees required by law or permitted by the indenture. We are not required to transfer or exchange any notes selected for redemption. Also, we are not required to transfer or exchange any notes in respect of which a notice of redemption has been given or for a period of 15 days before a selection of the notes to be redeemed.

No service charge will be imposed in connection with any transfer or exchange of any note, but Rowan may in general require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith.

Paying Agent and Registrar

The trustee will initially act as paying agent and registrar for the notes. We may change the paying agent or registrar without prior notice to the holders of the notes, and we or any of our Subsidiaries may act as paying agent or registrar.

Optional Redemption

The notes will be redeemable, in whole or in part, at our option at any time. The redemption price for the notes due 2024 to be redeemed at any time on or after October 15, 2023 will be equal to 100% of the principal amount of the notes due 2024 redeemed plus accrued and unpaid interest to, but excluding, the redemption date. The redemption price for the notes due 2044 to be redeemed at any time on or after July 15, 2043 will be equal to 100% of the principal amount of the notes due 2044 redeemed plus accrued and unpaid interest to, but excluding, the redemption date. The redemption price for the notes to be redeemed at any time prior to October 15, 2023 in the case of the notes due 2024, and July 15, 2043 in the case of the notes due 2044, will equal the greater of the following amounts, plus, in each case, accrued and unpaid interest to, but excluding, the redemption date:

- 100% of the principal amount of such notes; or

- as determined by the Quotation Agent (as defined below), the sum of the present values of the remaining scheduled payments of principal and interest on such notes (not including any portion of any payments of interest accrued as of the redemption date) discounted to the redemption date on a semi-annual basis at the Adjusted Treasury Rate (as defined below) plus 30 basis points, in the case of the notes due 2024, or 30 basis points, in the case of the notes due 2044.

The redemption price will be calculated assuming a 360-day year consisting of twelve 30-day months.

Adjusted Treasury Rate means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of the principal amount) equal to the Comparable Treasury Price for that redemption date. The Adjusted Treasury Rate will be calculated on the third business day preceding the redemption date.

Comparable Treasury Issue means the U.S. Treasury security selected by the applicable Quotation Agent as having a maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of those notes.

Comparable Treasury Price means, (1) with respect to any redemption date for the notes due 2024, (A) the average of the Reference Treasury Dealer Quotations for that redemption date, after excluding the highest and lowest of those Reference Treasury Dealer Quotations, or (B) if Rowan obtains fewer than five such Reference Treasury Dealer Quotations, the average of all of those quotations and (2) with respect to any redemption date for the notes due 2044, (A) the average of the Reference Treasury Dealer Quotations for that redemption date, after excluding the highest and lowest of those Reference Treasury Dealer Quotations, or (B) if Rowan obtains fewer than five such Reference Treasury Dealer Quotations, the average of all of those quotations.

Quotation Agent means the Reference Treasury Dealer appointed by us for the notes.

Reference Treasury Dealer means (1) Barclays Capital Inc., Citigroup Global Markets Inc., Goldman, Sachs & Co. and one primary U.S. government securities dealer in New York City (a *Primary Treasury Dealer*) designated by Wells Fargo Securities, LLC, and their respective successors; provided that, if any ceases to be a Primary Treasury Dealer, we will substitute another Primary Treasury Dealer; and (2) any other Primary Treasury Dealer selected by us.

Reference Treasury Dealer Quotation means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by such Reference Treasury Dealer at 5:00 p.m. (New York City time) on the third business day preceding that redemption date.

Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the notes or portions of the notes called for redemption.

Open Market Purchases; No Mandatory Redemption or Sinking Fund

We may at any time and from time to time purchase notes in the open market or otherwise, in each case without any restriction under the indenture. We are not required to make mandatory redemption or sinking fund payments with respect to the notes.

Selection and Notice

If less than all of the notes of a particular series are to be redeemed at any time, selection of such notes for redemption will be made by the trustee in compliance with the requirements of the principal national securities exchange, if any, on which the notes are listed, or, if the notes are not so listed, on a *pro rata* basis, by lot or by such method as the trustee shall deem fair and appropriate; *provided* that no notes of $2,000 or less shall be redeemed in part.

Notices of redemption with respect to the notes shall be mailed by first class mail at least 30 but not more than 60 days before the redemption date to each holder of notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the notes or a satisfaction and discharge of the indenture.

If any note is to be redeemed in part only, the notice of redemption that relates to such note shall state the portion of the principal amount thereof to be redeemed. A new note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on the notes or portions of the notes called for redemption. Any redemption or notice of redemption may, at Rowan s discretion, be subject to one or more conditions precedent.

The Rowan UK Guarantee

The notes will be fully and unconditionally guaranteed on a senior unsecured basis by Rowan UK. Rowan UK s guarantee of the notes will be a general unsecured obligation of Rowan UK and will rank:

- senior in right of payment to all existing and future subordinated indebtedness of Rowan UK;
- *pari passu* in right of payment with any of Rowan UK s existing and future senior indebtedness, including its indebtedness under our senior revolving credit facility, and Rowan UK s guarantee of Rowan Delaware s 5% Senior Notes due 2017, 7.875% Senior Notes due 2019, 4.875% Senior Notes due 2022 and 5.400% Senior Notes due 2042;
- effectively junior to Rowan UK s secured indebtedness, if any (including any letter of credit reimbursement obligations under our credit facility that are secured by cash deposits), to the extent of the value of the assets of Rowan UK constituting collateral securing that indebtedness; and
- effectively junior to all existing and future indebtedness and other liabilities, including trade payables, of Rowan UK s subsidiaries (other than indebtedness and liabilities owed to Rowan UK).

As of September 30, 2013, Rowan UK had no indebtedness, and its subsidiaries had total indebtedness of approximately $2.009 billion, which would be structurally senior to Rowan UK s guarantee of the notes. However, all of such indebtedness of Rowan UK s subsidiaries is indebtedness of Rowan Delaware, which will be the issuer of the notes, and consequently, all of such indebtedness will rank *pari passu* in right of payment with the notes.

Rowan UK will be released and relieved of any obligations under its guarantee of the notes immediately:

- upon Legal Defeasance in accordance with Article Thirteen of the indenture or satisfaction and discharge of the indenture in accordance with Article Four of the indenture; or
- upon the merger of Rowan UK with and into Rowan Delaware.

Additional Covenants

With respect to the notes, the indenture will contain the following covenants, in addition to the covenants and other provisions described in the accompanying prospectus under the captions Description of Debt Securities Covenants and Description of Debt Securities Merger and Sale of Assets.

Limitation on Liens

We have agreed that we or any of our Subsidiaries will issue, assume or guarantee Indebtedness for borrowed money secured by a lien upon a Principal Property only if we secure the notes equally and ratably with or prior to the Indebtedness secured by that lien. If we so secure the notes, we have the option to secure any of our other Indebtedness or obligations equally and ratably with or prior to the Indebtedness secured by the lien and, accordingly, equally and ratably with the notes. This covenant has exceptions that permit:

(1) liens existing on the date the notes are first issued;

(2) liens on any entity s property or assets existing at the time we acquire such entity or its property or assets, or at the time such entity becomes a Subsidiary;

(3) intercompany liens in favor of us or any Subsidiary;

(4) liens on assets either:

(a) securing all or part of the cost of acquiring, constructing, improving, developing or repairing the assets; or

(b) securing Indebtedness incurred to finance the acquisition of the assets or the cost of constructing, improving, developing, expanding or repairing the assets and commencing commercial operation of the assets if the applicable Indebtedness was incurred prior to, at the time of or within 24 months after the acquisition, or completion of construction, improvement, development, expansion or repair of the assets or their commencing commercial operation;

(5) liens in favor of governmental entities to secure (a) payments under any contract or statute to secure progress or advance payments or (b) industrial development, pollution control or similar indebtedness;

(6) governmental liens under contracts for the sale of products or services;

(7) liens imposed by law, such as mechanic s or workmen s liens;

(8) liens under workers compensation laws or similar legislation;

(9) liens in connection with legal proceedings or securing taxes or other assessments;

(10) statutory or other liens arising in the ordinary course of our business and relating to amounts that are not yet delinquent or that we are contesting in good faith;

(11) liens on stock, partnership or other equity interests in any Joint Venture or any Subsidiary that owns an equity interest in a Joint Venture to secure Indebtedness contributed or advanced solely to that Joint Venture;

(12) good faith deposits in connection with bids, tenders, contracts or leases;

(13) deposits made in connection with maintaining self-insurance, to obtain the benefits of laws, regulations or arrangements relating to unemployment insurance, old age pensions, social security or similar matters or to secure surety, appeal or customs bonds; and

(14) any extensions, substitutions, renewals or replacements of the above-described liens.

In addition, without securing the notes as described above, we or any of our Subsidiaries may issue, assume or guarantee Indebtedness that this covenant would otherwise restrict in a total principal amount that, when added to all of our and our Subsidiaries other outstanding Indebtedness that this covenant would otherwise restrict and the total amount of Attributable Indebtedness outstanding for Sale and Leaseback Transactions, does not exceed a basket equal to 15% of our Consolidated Net Tangible Assets. When calculating this total principal amount, we exclude from the calculation Attributable Indebtedness from Sale and Leaseback Transactions in connection with which we have voluntarily retired debt securities issued under the indenture, Indebtedness of equal rank or Funded Indebtedness, in each case as described in clause (3) below under Limitation on Sale and Leaseback Transactions.

Limitation on Sale and Leaseback Transactions

We have agreed that we or any of our Subsidiaries will not enter into a Sale and Leaseback Transaction, unless one of the following applies:

(1) we or that Subsidiary could incur Indebtedness in a principal amount equal to the Attributable Indebtedness for that Sale and Leaseback Transaction and, without violating the Limitation on Liens covenant, could secure that Indebtedness by a lien on the property to be leased without equally or ratably securing the notes;

(2) after the issuance of the notes and within the period beginning nine months before the closing of the Sale and Leaseback Transaction and ending nine months after such closing, we or any Subsidiaries have expended for property used or to be used in the ordinary course of business an amount equal to all

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or a portion of the net proceeds of the transaction, and we have elected to designate that amount as a credit against that transaction (with any amount not so designated to be applied as set forth in (3) below or as otherwise permitted); or

(3) during the nine-month period after the effective date of the Sale and Leaseback Transaction, we have applied to the voluntary defeasance or retirement of any debt securities under the indenture, any Indebtedness of equal rank to the notes or any Funded Indebtedness, an amount equal to the net proceeds of the sale or transfer of the property leased in the Sale and Leaseback Transaction (or, if greater, the fair value of that property at the time of the Sale and Leaseback Transaction as determined by our board of directors) adjusted to reflect the remaining term of the lease and any amount expended as set forth in clause (2) above.

Additional Event of Default

With respect to each series of notes, the occurrence of any of the following events shall, in addition to the other events or circumstances described as Events of Default under the caption Description of Debt Securities Events of Default in the accompanying prospectus, constitute an Event of Default: default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness of us or any of our Significant Subsidiaries (or the payment of which is guaranteed by us or any of our Significant Subsidiaries), whether such Indebtedness or guarantee now exists or is created after the date of issuance of the notes, if (a) that default (x) is caused by a failure to pay principal of or premium, if any, or interest on such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a Payment Default), or (y) results in the acceleration of such Indebtedness prior to its express maturity, and (b) in each case described in clauses (x) or (y) above, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $35.0 million or more.

Definitions

Attributable Indebtedness means the present value of the rental payments during the remaining term of the lease included in the Sale and Leaseback Transaction. To determine that present value, we use a discount rate equal to the lease rate of the Sale and Leaseback Transaction. For these purposes, rental payments do not include any amounts we are required to pay for taxes, maintenance, repairs, insurance, assessments, utilities, operating and labor costs and other items that do not constitute payments for property rights. In the case of any lease that we may terminate by paying a penalty, if the net amount would be reduced if we terminated the lease on the first date that it could be terminated, then this lower net amount will be used, in which case, the net amount shall also include the amount of the penalty, but no rent shall be considered as required to be paid under such lease subsequent to the final date upon which it may be so terminated.

Capital Lease Obligation means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet in accordance with GAAP, and the stated maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

Capital Stock means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

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Consolidated Net Tangible Assets of any Person means the total amount of assets (after deducting applicable reserves and other properly deductible items) of such Person and its consolidated Subsidiaries *less*:

all current liabilities (excluding liabilities that are extendable or renewable at our option to a date more than 12 months after the date of calculation and excluding current maturities of long-term indebtedness); and

all goodwill, trade names, trademarks, patents, unamortized indebtedness discount and expense and other like intangible assets. Consolidated Net Tangible Assets of any Person shall be based on the most recently available consolidated quarterly balance sheet of such Person, and shall be calculated in accordance with GAAP.

Exchange Act means the Securities Exchange Act of 1934, as amended.

Funded Indebtedness means all Indebtedness that matures on or is renewable to a date more than one year after the date the Indebtedness is incurred.

GAAP means generally accepted accounting principles in the United States, which are in effect from time to time. All computations based on GAAP contained in the indenture will be computed in conformity with GAAP. At any time after the Issue Date, Rowan may elect to apply International Financial Reporting Standards, or IFRS, accounting principles in lieu of GAAP and, upon any such election, references herein to GAAP shall thereafter be construed to mean IFRS; *provided* that any such election, once made, shall be irrevocable; *provided*, *further*, that any calculation or determination in the indenture that requires the application of GAAP for periods that include fiscal quarters ended prior to Rowan s election to apply IFRS shall remain as previously calculated or determined in accordance with GAAP. Rowan shall give notice of any such election made in accordance with this definition to the trustee under the indenture.

Indebtedness means:

all indebtedness for borrowed money (whether full or limited recourse);

all obligations evidenced by bonds, debentures, notes or other similar instruments;

all obligations under letters of credit or other similar instruments, other than standby letters of credit, performance bonds and other obligations issued in the ordinary course of business, to the extent not drawn or, to the extent drawn, if such drawing is reimbursed not later than the third business day following demand for reimbursement;

all obligations to pay the deferred and unpaid purchase price of property or services, except trade payables and accrued expenses incurred in the ordinary course of business;

all Capital Lease Obligations;

	26.93	378	37.00			
Series A2 Silver	3/3/2008	9/11/2008	8	26.93	204	34.36
Series A2 Silver	3/3/2008	3/10/2008	187	26.93	5,036	34.85
Series A2 Silver	3/3/2008	5/27/2008	83	26.93	2,238	34.11

Series A2 Silver	3/3/2008	6/10/2008	6	26.93	155	34.11
Series A2 Gold	3/3/2008	7/22/2008	13	0.01	0	37.00
Series A2 Gold	3/3/2008	9/11/2008	7	0.01	0	34.36
Series A2 Gold	3/3/2008	3/10/2008	178	0.01	2	34.85
Series A2 Gold	3/3/2008	5/27/2008	78	0.01	1	34.11
Series A2 Gold	3/3/2008	6/10/2008	4	0.01	0	34.11
			1,860		**37,696**	

NB: Pursuant to assignments provided for in the stock option plan regulation, the Plan s Management Committee approved an advanced date of the year of first tranche of series VII options for December 13, 2005.

At March 15, 2007, series VI was cancelled and at June 10, 2008, series VII.

At September 30, 2008, the Company s preferred share price on BOVESPA was R$33.00 for each share.

There are no treasury shares to be used as spread to the options granted of the Plan.

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18. Shareholders Equity (Continued)

e) Preferred stock option plan (Continued)

(ii) The chart below shows the maximum percentage of interest dilution to which current shareholders eventually will be subject to in the event of exercise up to 2011 of all options granted:

	09.30.2008	06.30.2008
Number of shares	**235,249**	235,202
Balance of granted series in effect	**3,153**	3,220
Maximum percentage of dilution	**1.32%**	1.35%

(iii) The table below shows the effects on net income if the Company had recognized the expense related to the granting of stock option, applying the market value method, as required by Official Memorandum CVM/SNC/SEP 01/2007 paragraph 25.9:

	09.30.2008		**09.30.2007**	
	Net income	**Shareholders' equity**	**Net income**	**Shareholders' equity**
Corporate	**179,019**	**5,430,943**	98,227	4,946,799
Expense related to share-based compensation to employees determined according to market value method	**(14,935)**	**-**	(8,281)	-
Pro forma	**164,084**	**5,430,943**	89,946	4,946,799

The market value of each option granted is estimated on the granting date, by using the options pricing model Black-Scholes taking into account: expectation of dividends of 1.04% at September 30, 2008 (ditto at June 30, 2008), expectation of volatility of nearly 38.36% at September 30, 2008 (ditto at June 30, 2008), non-risk weighted average interest rate of 10.77% at September 30, 2008 (ditto at June 30, 2008). The expectation of average life of series VII and VIII is 4 years, whereas for series A1, the expectation is 3.5 years and for series A2, the expectation is 5 years.

19. Net Financial Income

	Parent Company		Consolidated	
	09.30.2008	**09.30.2007**	**09.30.2008**	**09.30.2007**
Financial expenses				
Financial charges - BNDES	**(21,529)**	(18,661)	**(21,529)**	(18,661)
Financial charges - Debentures	**(70,462)**	(64,954)	**(70,462)**	(64,954)
Financial charges on contingencies and taxes	**(83,462)**	(61,200)	**(95,206)**	(67,997)
Swap operations	**(25,378)**	(14,713)	**(65,600)**	(68,003)
Receivables securitization	**(78,450)**	(73,931)	**(95,217)**	(92,460)
Interest on loan	**(1,648)**	(907)	**(525)**	(5,012)
CPMF and other bank services	**(13,528)**	(33,319)	**(20,167)**	(43,934)
Interest on loan	**(40,668)**	(4,571)	**(58,184)**	(26,512)
Capitalized interest	**22,144**	28,872	**23,154**	30,502
Other financial expenses	**(11,317)**	(8,083)	**(26,795)**	(15,925)
Total financial expenses	**(324,298)**	(251,467)	**(430,531)**	(372,956)
Financial income				
Interest on cash and cash equivalents	**111,899**	60,740	**127,237**	109,165
Financial discounts obtained	**29,078**	26,601	**33,691**	30,540
Financial charges on taxes and judicial deposits	**13,978**	13,078	**21,362**	32,495
Interest on installment sale	**12,388**	20,003	**17,544**	27,445
Interest on loans	**1,525**	5,082	**2,013**	5,659
Other financial expenses	**43**	45	**53**	45
Total financial expenses	**168,911**	125,549	**201,900**	205,349
Net financial income	**(155,387)**	(125,918)	**(228,631)**	(167,607)

20. Financial Instruments

a) Credit risk

The Company s sales are direct to individual customers through post-dated checks, in a small portion of sales (nearly 0.65% of sales in the quarter). In such portion, the risk is minimized by the large customer base.

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20. Financial Instruments (Continued)

a) Credit risk (Continued)

In order to minimize credit risk from investments, the Company adopts policies restricting the marketable securities that may be allocated to a single financial institution, and which take into consideration monetary limits and financial institution credit ratings.

b) Exchange and interest rate risk

The Company is subject to market risks resulting from changes in foreign exchange and interest. Market risk is a potential loss deriving from contrary changes in market rates, such as exchange and interest rates. The Company s treasury policies establish proceedings that aim at decreasing the effects of such risks on the result (Note 20(e)). The results assessed that result from changes in the market rate, such as exchange and interest rate, are reflected on the quarterly information.

c) Market value of financial instruments

Estimated market value of financial instruments at September 30, 2008 approximates market value, reflecting maturities or frequent price adjustments of these instruments, as shown below:

	Parent Company		**Consolidated**	
	Accounting	**Market**	**Accounting**	**Market**
Assets				
Cash and cash equivalents	42,953	42,953	171,694	171,694
Financial investments	934,916	934,916	1,265,630	1,265,630
Receivables securitization fund	78,357	78,357	-	-
	1,056,226	1,056,226	1,437,324	1,437,324
Liabilities				
Loans and financings	1,158,366	1,158,366	2,553,135	2,553,135
Debentures	788,143	783,963	788,143	783,964
Swap agreements	6,506	(1,395)	177,218	153,064
	1,953,015	1,940,934	3,518,496	3,490,163

Market value of financial assets and of current and noncurrent financing, when applicable, was determined using current interest rates available for operations carried out under similar conditions and remaining maturities.

In order to translate the financial charges and exchange variation of loans denominated in foreign currency into local currency, the Company contracted swap operations, pegging the referred to charges to the CDI variation, which reflects market value.

20. Financial Instruments (Continued)

c) Market value of financial instruments (continued)

The market value of financial instruments is calculated by the restatement of the face amount up to the maturity date and discounted at present value in face to future interest market rates published in the newsletters of Bolsa de Mercadorias e Futuros (Futures Exchange) BM&F.

d) Derivative financial instruments

The Company s treasury policy allows contracting foreign currency loans since an additional derivative financial instrument is contracted when the original financing is contracted, so as the Company is effectively exposed to amounts in reais and interest, liked to a percentage of the Interbank Deposit Certificate CDI. The contracting of these derivative financial instruments is made with the same terms of maturity of the original contract, preferably with the same financial institution, usually with large institutions, whose liquidity is largely recognized by the market, and within the limits authorized by the Company s Management.

The Company s policy does not allow contracting swaps with caps, breach of contract, double index, flexible options or any other types different from traditional swaps, for speculative purposes other than for hedging debt.

The Company s internal control environment was designed so as to ensure that transactions executed are in compliance with this treasury policy.

At October 17, 2008, the Brazilian Securities and Exchange Commission CVM issued Resolution 550, which provides for the presentation of information on financial instruments in a note to the quarterly information ITR. The information required applicable to the Company are as follows:

20. Financial Instruments (Continued)

d) Derivative financial instruments (continued)

	Consolidated				
	Reference value (nominal)		**Face value**		**Accumulated effect**
Description	**09.30.2008**	**06.30.2008**	**09.30.2008**	**06.30.2008**	**receivable/(payable)**
Swap agreements					
Asset position					
Dollar + Pre					
Foreign currency	770,153	770,153	872,092	675,001	(164,028)
BNDES	15,291	18,398	10,369	10,471	(13,134)
	785,444	**788,551**	**882,461**	**685,472**	**(177,162)**
Yen + Pre					
Foreign currency	**108,231**	**108,231**	**110,359**	**94,440**	**24**
CDI + Pre					
Debentures	**779,650**	**779,650**	**783,964**	**787,867**	**(80)**
Liability position					
% CDI	**(1,673,325)**	**(1,676,432)**	**(1,929,848)**	**(1,892,861)**	**-**
	-	-	(153,064)	(325,082)	(177,218)

Gains and losses, realized and unrealized, on these agreements are recorded as financial revenues and financial expense , respectively, and the balance receivable or payable in the net amount of R$177,218 is recorded in loans and financings (Note 13).

e) Analysis of sensitivity of derivative financial instruments (not audited)

The Company s Management states that any asset positive or negative variation of foreign currency and interest swap transactions due to the foreign exchange rate variation is offset by an increase or decrease in the original financing operation in foreign currency. Thus, the net effect of the swap operations and of the original financing in foreign currency is exclusively the CDI rate variation, and, for this reason, the sensitivity analysis encouraged by Article 4 of CVM Resolution 550 has not been carried out.

21. Insurance Coverage (not audited)

Coverage at September 30, 2008 is considered sufficient by management to meet possible losses and is summarized as follows:

Insured assets	Risks covered	Amount insured
Property, equipment and inventories	Named risks	**5,801,566**
Profit	Loss of profit	**1,498,220**
Cash	Theft	**47,194**

The Company also holds specific policies covering civil and management liability risks in the amount of R$149,265 (R$133,300 at June 30, 2008).

22. Non-Operating Results

	Parent Company		Consolidated	
	09.30.2008	**09.30.2007**	**09.30.2008**	**09.30.2007**
Expenses				
Results in the property and equipment write-off	**(2,439)**	(8,831)	**(5,458)**	(9,216)
Other	**-**	(388)	**-**	(484)
Total non-operating expenses	**(2,439)**	(9,219)	**(5,458)**	(9,700)
Revenues				
Contingencies write off	**-**	-	**-**	2,215
Other	**-**	39	**103**	39
Total non-operating revenues	**-**	39	**103**	2,254
Non-operating result	**(2,439)**	(9,180)	**(5,355)**	(7,446)

23. Statement of EBITDA Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) (not audited)

	Parent Company		Consolidated	
	09.30.2008	**09.30.2007**	**09.30.2008**	**09.30.2007**
Operating income	**235,861**	145,445	**266,866**	103,560
(+)Net financial expenses	**155,387**	125,918	**228,631**	167,607
(+)Equity accounting	**(51,941)**	(14,888)	**(2,392)**	26,604
(+)Depreciation and amortization	**346,080**	315,288	**445,578**	403,185
EBITDA	**685,387**	571,763	**938,683**	700,956
Net sales revenue	**8,893,501**	7,695,893	**12,890,429**	10,574,118
% EBITDA	***7.7%***	*7.4%*	***7.3%***	*6.6%*

24. Encumbrances, Eventual Liabilities and Commitments

The Company has commitments assumed with leaseholders of various stores already contracted at September 30, 2008, as follows:

	Parent Company	Consolidated
2008	56,819	80,678
2009	220,001	316,213
2010	168,662	254,373
2011	144,969	222,212
2012	131,346	204,692
as of 2013	690,997	1,171,787
	1,412,794	**2,249,955**

25. Private Pension Plan of Defined Contribution

GPA maintains a supplementary private pension plan of defined contribution to its employees by retaining the financial institution Brasilprev Seguros e Previdência S.A. for management purposes. When establishing the Plan, GPA provides monthly contributions on behalf of its employees on account of services rendered to GPA. Contributions made by GPA at September 30, 2008, amounted to R$1,319, employees contributions amounted to R$1,764 with 803 participants.

26. Statements of Cash Flow

	Parent Company		Consolidated	
	09.30.2008	**09.30.2007**	**09.30.2008**	**09.30.2007**
Cash flow from operating activities				
Net income for the year	**179,019**	98,227	**179,019**	98,227
Adjustment for reconciliation of net income				
Deferred income tax	**(30,627)**	16,279	**(29,575)**	(4,895)
Residual value of written-off permanent assets	**2,439**	8,931	**5,458**	9,316
Net gains by corporate dilution	**-**	-	**-**	-
Depreciation and amortization	**346,080**	315,288	**445,578**	403,185
Interest and monetary variation, net of payment	**87,398**	(69,673)	**159,654**	(132,690)
Equity accounting	**(51,941)**	(14,888)	**(2,392)**	26,604
Provision for contingency	**63,104**	38,032	**88,044**	52,517
Provision for property and equipment written-off and loss	**63**	2,251	**(40)**	2,024
Provision for goodwill amortization	**77,324**	-	**80,533**	-
Minority interest	**-**	-	**(2,229)**	(40,642)
	672,859	394,447	**924,050**	413,646
(Increase) decrease of assets				
Accounts receivable	**157,094**	39,768	**237,830**	210,268
Inventories	**22,795**	40,568	**19,249**	63,636
Recoverable taxes	**(46,579)**	6,620	**(47,116)**	(2,085)
Other assets	**(22,558)**	(63,063)	**(36,822)**	(47,767)
Related parties	**478**	129,386	**4,226**	6,246
Judicial deposits	**1,499**	(19,510)	**(8,775)**	(34,656)
	112,729	133,769	**168,592**	195,642
Increase (decrease) of liabilities				
Suppliers	**(373,874)**	(457,170)	**(505,938)**	(527,395)
Payroll and charges	**48,069**	11,253	**64,758**	23,028
Taxes and social contribution payable	**(62,564)**	(59,956)	**(118,424)**	(70,280)
Other accounts payable	**(200,168)**	21,979	**(143,182)**	41,353
	(588,537)	(483,894)	**(702,786)**	(533,294)
Net cash generated by operating activities	**197,051**	44,322	**389,856**	75,994

26. Statements of Cash Flow (Continued)

	Parent Company		Consolidated	
	09.30.2008	**09.30.2007**	**09.30.2008**	**09.30.2007**
Cash flow from investment activities				
Net cash in merger of subsidiaries	**-**	235	**-**	-
Receipt of amortization of PAFIDC quotas	**-**	141,826	**-**	-
Acquisition of companies	**-**	(7,935)	**-**	-
Additions to investment	**(17)**	-	**-**	(49,350)
Acquisition of fixed assets	**(271,241)**	(623,647)	**(318,036)**	(668,368)
Increase in intangible assets	**-**	(501)	**(10)**	(8,266)
Increase in deferred assets	**(191)**	(9,312)	**(2,877)**	(9,475)
Disposal of fixed assets	**2,863**	-	**3,278**	-
Net cash used in investment activities	**(268,586)**	(499,334)	**(317,645)**	(735,459)
Cash flow from financing activities				
Capital increase	**88,196**	6,445	**88,196**	6,445
Effect on consolidated cash and cash equivalents by capital contribution	**-**	-	**-**	-
Increase in capital reserve	**-**	-	**-**	-
Financing				
Funding and refinancing	**419,782**	1,034,704	**744,098**	1,633,149
Payments	**(159,077)**	(767,948)	**(481,284)**	(1,484,542)
Payments of dividends	**(50,029)**	(20,312)	**(50,029)**	(20,312)
Net cash generated by (used in) investment activities	**298,872**	252,889	**300,981**	134,740
Increase (decrease), net, in cash, banks and marketable securities	**227,337**	(202,123)	**373,192**	(524,725)
Cash, banks and marketable securities at the end of the year	**977,869**	326,531	**1,437,324**	756,786
Cash, banks and marketable securities at the beginning of the year	**750,532**	528,654	**1,064,132**	1,281,511
Variation in cash, banks and marketable securities	**227,337**	(202,123)	**373,192**	(524,725)

Cash flow additional information

Interest paid from loans and financing	**118,607**	102,724	**202,135**	407,901

27. Statements of Added Value

	Parent Company				Consolidated			
	09.30.2008	**%**	**09.30.2007**	**%**	**09.30.2008**	**%**	**09.30.2007**	**%**
Revenues								
Sales of goods	10,335,585		9,161,086		14,934,408		12,505,135	
Allowance for doubtful accounts	(14,479)		5,978		(19,704)		5,020	
Non-operating results	(2,439)		(9,180)		(5,355)		(7,446)	
	10,318,667		9,157,884		14,909,349		12,502,709	
Inputs acquired from third parties								
Cost of goods sold	(7,706,544)		(6,631,729)		(11,243,083)		(9,118,057)	
Materials, electricity, third parties' services and other	(690,141)		(675,034)		(987,133)		(955,184)	
	(8,396,685)		(7,306,763)		(12,230,216)		(10,073,241)	
Gross added value	1,921,982		1,851,121		2,679,133		2,429,468	
Retentions								
Depreciation and amortization	(348,655)		(323,064)		(450,080)		(411,896)	
Net added value produced by entity	1,573,327		1,528,057		2,229,053		2,017,572	
Received in transfer								
Equity accounting	51,941		14,888		2,392		(26,604)	
Minority interest	-		-		2,229		40,642	
Financial income	168,911		124,642		201,900		200,338	
	220,852		139,530		206,521		214,376	
Total added value to distribute	1,794,179	100.0	1,667,587	100.0	2,435,574	100.0	2,231,948	100.0
Distribution of added value								
Personnel								
Payroll	491,939		464,953		806,232		743,314	
Employees and Management profit	7,963		7,781		11,091		10,837	

sharing								
Benefits	179,794		144,477		180,806		145,310	
Charges	103,117		107,001		69,315		65,472	
	782,813	43.6	724,212	43.4	1,067,444	43.8	964,933	43.3
Govenment Agencies								
Taxes	316,040		420,465		442,867		527,250	
	316,040	17.6	420,465	25.2	442,867	18.2	527,250	23.6
Creditors								
Interest	317,566		224,581		420,270		336,539	
Leases	198,741		200,102		325,974		304,999	
	516,307	28.8	424,683	25.5	746,244	30.6	641,538	28.7
Shareholders								
Dividends	-		-		-		-	
	-	0.0	-	0.0	-	0.0	-	0.0
Profit retention	179,019	10.0	98,227	5.9	179,019	7.4	98,227	4.4

05.01 COMMENTS ON THE COMPANY PERFORMANCE DURING THE QUARTER

See Item 08.01 Comments on the Consolidated Performance during the Quarter.

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06.01 CONSOLIDATED BALANCE SHEET - ASSETS (in R$ thousand)

1 - CODE	2 - DESCRIPTION	3 9/30/2008	4 6/30/2008
1	Total Assets	12,948,698	12,871,790
1.01	Current Assets	5,243,208	5,104,682
1.01.01	Cash and Cash Equivalents	1,437,324	1,295,297
1.01.01.01	Cash and Banks	171,694	104,566
1.01.01.02	Marketable Securities	1,265,630	1,190,731
1.01.02	Receivables	2,252,224	2,215,380
1.01.02.01	Clients	1,580,388	1,622,984
1.01.02.02	Sundry Receivables	671,836	592,396
1.01.02.02.01	Advance to Suppliers and Employees	67,832	36,612
1.01.02.02.02	Recoverable Taxes	437,214	385,858
1.01.02.02.03	Deferred Income Tax	110,451	112,405
1.01.02.02.04	Other Receivables	56,339	57,521
1.01.03	Inventories	1,514,993	1,531,583
1.01.04	Other	38,667	62,422
1.01.04.01	Prepaid expenses	38,667	62,422
1.02	Noncurrent Assets	7,705,490	7,767,108
1.02.01	Long-term Receivables	2,079,055	2,096,268
1.02.01.01	Sundry Receivables	1,782,242	1,798,904
1.02.01.01.02	Recoverable Taxes	136,543	133,511
1.02.01.01.03	Deferred Income Tax and Social Contribution	1,022,440	1,046,335
1.02.01.01.04	Deposits for Judicial Appeals	230,043	224,483
1.02.01.01.05	Accounts Receivable	370,084	370,352
1.02.01.01.06	Other	23,132	24,223
1.02.01.02	Credits with Related Parties	263,441	260,285
1.02.01.02.01	In Direct and Indirect Associated Companies	0	0
1.02.01.02.02	Subsidiaries	200,000	0
1.02.01.02.03	Other Related Parties	63,441	260,285
1.02.01.03	Other	33,372	37,079
1.02.01.03.01	Prepaid Expenses	33,372	37,079
1.02.02	Permanent Assets	5,626,435	5,670,840
1.02.02.01	Investments	113,379	113,578
1.02.02.01.01	In Direct/Indirect Associated Companies	0	0
1.02.02.01.02	In Direct/Indirect Associated Companies Goodwill	0	0
1.02.02.01.03	In Subsidiaries	218	218
1.02.02.01.04	In Subsidiaries - Goodwill	0	0
1.02.02.01.05	Other Investments	113,161	113,360
1.02.02.02	Property and Equipment	4,812,632	4,815,695
1.02.02.03	Intangible Assets	631,744	669,090
1.02.02.04	Deferred Charges	68,680	72,477

06.02 CONSOLIDATED BALANCE SHEET - LIABILITIES (in R$ thousand)

1 - CODE	2 - DESCRIPTION	3 9/30/2008	4 6/30/2008
2	Total liabilities	12,948,698	12,871,790
2.01	Current liabilities	2,761,210	2,826,293
2.01.01	Loans and Financings	380,464	361,838
2.01.02	Debentures	8,573	29,129
2.01.03	Suppliers	1,819,037	1,837,642
2.01.04	Taxes, Fees and Contributions	78,510	69,704
2.01.05	Dividends Payable	55	882
2.01.06	Provisions	0	0
2.01.07	Debts with Related Parties	12,764	11,900
2.01.08	Other	461,807	515,198
2.01.08.01	Payroll and Social Contributions	237,811	200,163
2.01.08.02	Public Services	10,901	11,273
2.01.08.03	Rents	35,318	33,112
2.01.08.04	Advertising	14,072	12,570
2.01.08.05	Insurances	15	1,133
2.01.08.06	Financing due to Purchase of Assets	28,707	37,839
2.01.08.07	Other Accounts Payable	134,983	219,108
2.02	Noncurrent Liabilities	4,651,245	4,594,645
2.02.01	Long-term Liabilities	4,651,245	4,594,645
2.02.01.01	Loans and Financings	2,349,809	2,307,396
2.02.01.02	Debentures	779,650	779,650
2.02.01.03	Provisions	0	0
2.02.01.04	Debts with Related Parties	0	0
2.02.01.05	Advance for Future Capital Increase	0	0
2.02.01.06	Other	1,521,786	1,507,599
2.02.01.06.01	Provision for Contingencies	1,230,773	1,205,146
2.02.01.06.02	Tax Installments	214,097	225,286
2.02.01.06.03	Other Accounts Payable	76,916	77,167
2.02.02	Deferred Income	0	0
2.03	Non-Controlling Shareholders Interest	105,300	103,133
2.04	Shareholders' Equity	5,430,943	5,347,719
2.04.01	Paid-in Capital	4,450,725	4,450,014
2.04.02	Capital Reserves	517,331	517,331
2.04.02.01	Special Goodwill Reserve	517,331	517,331
2.04.03	Revaluation Reserves	0	0
2.04.03.01	Own Assets	0	0
2.04.03.02	Subsidiaries/Direct and Indirect Associated Companies	0	0
2.04.04	Profit Reserves	283,868	283,868
2.04.04.01	Legal	133,617	133,617
2.04.04.02	Statutory	0	0
2.04.04.03	For Contingencies	0	0
2.04.04.04	Unrealized Profits	0	0
2.04.04.05	Retained Earnings	150,251	150,251

2.04.04.06	Special Reserve for Undistributed Dividends	0	0
2.04.04.07	Other Profit Reserves	0	0
2.04.05	Retained Earnings/Accumulated Losses	179,019	96,506
2.04.06	Advance for Future Capital Increase	0	0

07.01 CONSOLIDATED STATEMENT OF INCOME (in R$ thousand)

1 - CODE	2 - DESCRIPTION	3 7/1/2008 to 9/30/2008	4 - 1/1/2008 to 9/30/2008	3 7/1/2007 to 9/30/2007	4 - 1/1/2007 to 9/30/2007
3.01	Gross Sales and/or Services	5,055,600	14,934,408	4,131,726	12,505,135
3.02	Deductions	(648,593)	(2,043,979)	(635,206)	(1,931,017)
3.03	Net Sales and/or Services	4,407,007	12,890,429	3,496,520	10,574,118
3.04	Cost of Sales and/or Services Rendered	(3,217,240)	(9,482,036)	(2,493,541)	(7,592,952)
3.05	Gross Profit	1,189,767	3,408,393	1,002,979	2,981,166
3.06	Operating Income/Expenses	(1,065,269)	(3,141,527)	(973,476)	(2,877,606)
3.06.01	Selling	(679,314)	(2,007,030)	(617,261)	(1,850,998)
3.06.02	General and Administrative	(125,275)	(382,571)	(124,669)	(358,949)
3.06.03	Financial	(81,524)	(228,631)	(53,724)	(167,607)
3.06.03.01	Financial Income	72,167	201,900	69,080	205,349
3.06.03.02	Financial Expenses	(153,691)	(430,531)	(122,804)	(372,956)
3.06.04	Other Operating Income	0	0	0	0
3.06.05	Other Operating Expenses	(178,957)	(525,687)	(167,955)	(473,448)
3.06.05.01	Taxes and Fees	(27,988)	(80,109)	(22,732)	(70,263)
3.06.05.02	Depreciation/Amortization	(150,969)	(445,578)	(145,223)	(403,185)
3.06.06	Equity in the results of subsidiary and associated companies	(199)	2,392	(9,867)	(26,604)
3.07	Operating Profit	124,498	266,866	29,503	103,560
3.08	Non-Operating Result	(376)	(5,355)	(2,144)	(7,446)
3.08.01	Revenues	80	103	1,180	2,254
3.08.02	Expenses	(456)	(5,458)	(3,324)	(9,700)
3.09	Income Before Taxation/Profit Sharing	124,122	261,511	27,359	96,114
3.10	Provision for Income Tax and Social Contribution	(43,795)	(103,235)	(8,804)	(32,624)
3.11	Deferred Income Tax	8,214	29,575	25,842	4,895
3.12	Statutory Profit Sharing /Contributions	(3,861)	(11,061)	(3,600)	(10,800)
3.12.01	Profit Sharing	(3,861)	(11,061)	(3,600)	(10,800)
3.12.02	Contributions	0	0	0	0
3.13	Reversal of Interest on Shareholders Equity	0	0	0	0

07.01 CONSOLIDATED STATEMENT OF INCOME (in R$ thousand)

1- CODE	2 - DESCRIPTION	3 7/1/2008 to 9/30/2008	4 - 1/1/2008 to 9/30/2008	3 7/1/2007 to 9/30/2007	4 - 1/1/2007 to 9/30/2007
3.14	Non-Controlling Shareholders Interest	(2,167)	2,229	(6,094)	40,642
3.15	Income/Loss for the Period	82,513	179,019	34,703	98,227
	No. SHARES, EX-TREASURY (in thousands)	235,249	235,249	227,771	227,771
	EARNINGS PER SHARE (in reais)	0.35075	0.76098	0.15236	0,43125
	LOSS PER SHARE (in reais)				

08.01 COMMENTS ON THE CONSOLIDATED PERFORMANCE DURING THE QUARTER

Operating Performance

The numbers related to the Group s operating performance presented and commented on below refer to consolidated figures, which include the entire operating results of Sendas Distribuidora (a joint venture with the Sendas chain in Rio de Janeiro) and Assai (a joint venture with Atacadista Assai in São Paulo).

Sales Performance
Same-store sales grow by 10.3% in the 3Q08, the best quarterly performance for the last three years

(R$ million)(1)	3Q08	3Q07	Chg.	9M08	9M07	Chg.
Gross Sales	5,055.6	4,131.7	22.4%	14,934.4	12,505.1	19.4%
Net Sales	4,407.0	3,496.5	26.0%	12,890.4	10,574.1	21.9%

(1) Totals may not tally as the figures are rounded off
(2) basis points

Third-quarter gross sales totaled R$ 5,055.6 million, 22.4% up on 3Q07, while net sales increased by 26.0% to R$ 4,407.0 million.

In same-store concept, gross sales recorded an increase of 10.3% and net sales moved up by 13.6%, in both cases outpacing period inflation. Non-food sales grew by 16.1%, led by the electronic products, while food products moved up by 8.5%, also above period inflation.

The same-store performance was due to the Company s policy of maximizing existing resources, the increase in customer traffic, and the higher average ticket. It is worth noting that only 28 stores were opened in the last 12 months, in line with the Group's strategy of seeking adequate profitability and returns on investments in new and existing stores.

In terms of format, Extra and Extra-Eletro were the best performers, recording growth above the Company average thanks to the performance of the non-food category, and CompreBem, due to its more aggressive positioning relative to competitive pricing.

Another initiative that helped the period sales performance was the Pão de Açúcar Group s 60th anniversary campaign, which began at the end of August with an innovative format and exclusive offers, including non-food products valid for all stores.

Year-to-date gross sales totaled R$ 14,934.4 million and net sales came to R$ 12,890.4 million, 19.4% and 21.9% up year-on-year, respectively, while same-store sales moved up 7.7%, or 2.1% in real terms (deflated by the IPCA general consumer price index), above our 2008 guidance.

In addition, Group sales outperformed the industry average recorded by both the IBGE and ABRAS (the Brazilian Supermarket Association).

As of January 2009, Grupo Pão de Açúcar will be publishing a preliminary quarterly sales report to replace the current monthly sales reports. This change in the reporting process is aimed at reducing share price volatility, caused by an excessive focus on short-term sales performance, thereby ensuring a closer alignment between market estimates and the Company s annual sales growth guidance.

Gross margin reaches 27.0% in the quarter
Gross profit moves up 18.6% year-on-year

(R$ million)(1)	3Q08	3Q07	Chg.	9M08	9M07	Chg.
Gross Profit	1,189.8	1,003.0	18.6%	3,408.4	2,981.2	14.3%
Gross Margin - %	27.0%	28.7%	-170 bps(2)	26.4%	28.2%	-180 bps(2)

(1) Totals may not tally as the figures are rounded off
(2) basis points

The 3Q08 gross margin reached 27.0%, 90 bps up on the 26.1% recorded in 2Q08, mainly due to the quarter-over-quarter improvement in Sendas and Assai s gross margins. In year-on-year terms, the gross margin declined by 170 bps. Gross profit totaled R$ 1,189.8 million, 18.6% up on 3Q07.

As in 2Q08, the third-quarter gross margin was impacted by the maintenance of competitive prices and the change in the Company s product mix with a greater sales share of electronics items, which reduced the margin by around 40 bps in year-on-year terms.

In addition, the incorporation of Assai narrowed the margin by 80 bps.

Another significant impact came from the change in the way in which ICMS (state VAT) is collected, especially in the state of Sao Paulo, which reduced the margin by a further 50 bps.

Operating Expenses
Reduction of 300 bps in percentage-of-net-revenue terms

(R$ million)(1)	3Q08	3Q07	Chg.	9M08 Pro-forma	9M07	Chg.
Selling Expenses	679.3	617.3	10.1%	1,998.3	1,851.0	8.0%
Gen. Adm. Exp.	125.3	124.7	0.5%	368.3	358.9	2.6%
Operating Exp. (before Taxes and Charges)	804.6	741.9	8.4%	2,366.5	2,209.9	7.1%
% of Net Sales	**18.3%**	**21.2%**	**-290 bps(2)**	**18.4%**	**20.9%**	**-250 bps(2)**
Taxes & Charges	28.0	22.7	23.1%	80.1	70.3	14.0%
Total Operating Expenses	832.6	764.7	8.9%	2,446.6	2,280.2	7.3%
% of Net Sales	18.9%	21.9%	-300 bps(2)	19.0%	21.6%	-260 bps(2)

(1) Totals may not tally as the figures are rounded off
(2) basis points

SG&A expenses represented 18.3% of net sales, substantially below the 21.2% recorded in 3Q07. In absolute terms, they totaled R$ 804.6 million, 8.4% up year-on-year. However, if we exclude 3Q07 restructuring expenses of R$ 7.9 million (R$ 1.9 million of which in selling expenses and R$ 6.0 million in G&A expenses), growth would come to 9.6% . It is also worth emphasizing that the upturn was well below the period sales increase.

Total operating expenses, including taxes and charges, represented 18.9% of net sales, below the 19.0% target established in the 2008 guidance. This ratio has remained stable since 1Q08, underlining the Company s consistent cost controls and the continuity of the process overhaul.

EBITDA margin of 8.1%
EBITDA performance fueled by gross profit growth and improved cost controls

(R$ million)[1]	3Q08	3Q07	Chg.	9M08 Pro-forma	9M07	Chg.
EBITDA	357.2	238.3	49.9%	961.7	701.0	37.2%
EBITDA Margin - %	8.1%	6.8%	130 bps[2]	7.5%	6.6%	90 bps[2]

(1) Totals may not tally as the figures are rounded off
(2) basis points

Third-quarter EBITDA totaled R$ 357.2 million, 49.9% up on the R$ 238.3 million recorded in 3Q07. The EBITDA margin reached 8.1%, versus 6.8% in 3Q07, an increase of 130 bps due to the higher gross margin and the maintenance of cost controls.

In the pro-forma comparison (which excludes the 3Q07 restructuring costs) EBITDA growth came to 45.1%, and if we exclude the Assai effect, the EBITDA margin stood at 8.3% .

In the first nine months, pro-forma EBITDA (excluding the restructuring costs) totaled R$ 961.7 million, 37.2% up year-on-year, accompanied by a pro-forma EBITDA margin of 7.5%, 90 bps more than the 6.6% recorded in the same period last year, in line with our 2008 guidance target of between 7.5% and 8.0% .

Financial Result
Net financial result in line with the previous quarter

(R$ million)[1]	3Q08	3Q07	Chg.	9M08	9M07	Chg.
Financ. Revenue	72.2	69.1	4.5%	201.9	205.3	-1.7%
Financ. Expenses	(153.7)	(122.8)	25.2%	(430.5)	(373.0)	15.4%
Net Financial Income	(81.5)	(53.7)	51.7%	(228.6)	(167.6)	36.4%

(1) Totals may not tally as the figures are rounded off

Financial revenue grew 4.5% year-on-year to R$ 72.2 million. Although the Company has maintained a greater average volume of cash invested at higher average rates than in 2007, this was offset by reduced revenue from installment sales (influence of promotional interest-free installment plans).

Financial expenses totaled R$ 153.7 million, 25.2% up on 3Q07, primarily due to the impact of increased interest rates on a higher gross debt and the restatement of reserves for contingencies.

As a result, the net financial result was R$ 81.5 million negative, in line with the negative R$ 81.0 million in the previous quarter.

The last-12-month net debt/EBITDA ratio closed the quarter at 0.94x, better than the annual target of 1x.

At the beginning of the year, Grupo Pão de Açúcar took several important decisions to mitigate the effects of a possible deterioration in the financial markets, including:

Anticipating funding and substantially strengthening its cash position;

Investing in improving efficiency and results by substantially reducing expenses and intensifying commercial actions, resulting in increased sales and gains in market share;

Implementing initiatives to minimize working capital needs, mainly by reducing inventories of low-turnover products (slow movers);

Reducing 2008 CAPEX, combined with a new decision-making process for investments, which is exceptionally rigorous in regard to the returns on invested capital required for each project.

As a result, the Company closed the quarter with a cash position of R$ 1.4 billion, all of which is invested in fixed income with major financial institutions in Brazil with good liquidity and at higher rates (% of the CDI) than our average debt rate.

There will be no relevant changes in this cash position until the end of the year and, given the low level of maturities in 2009, it should remain high over the coming quarters.

The debt profile is long-term, with an average maturity of around 800 days.

It is also worth emphasizing that the Company is not exposed to any foreign-exchange risk, both in regard to its debt transactions and its financial investments. The only derivatives it possesses are:

Swap operations whereby 100% of the foreign-currency debt or the existing balance of the debt indexed to the Brazilian Development Bank (BNDES) currency basket is hedged by an equal volume with the same repayment schedule, transforming the debt into percentage of CDI in reais.

Swap of the interest on the 6th debenture issue (CDI + 0.5%) for 104.96% of the CDI.

In addition, given the current operational and investment prospects, there will be no need for additional funding in 2009, showing that the company is prepared if the credit crunch continues for a longer period.

Equity Income
The result reflects FIC s strategy in private label and co-branded cards

In the third quarter of 2008, FIC (Financeira Itaú CBD) recorded a 14.2% share of the Group s total sales, with 5.9 million clients and a receivables portfolio of R$ 1.4 billion.

It generated a negative equity income of R$ 199,0 thousand, a substantial improvement over the negative R$ 9.9 million reported in 3Q07. The quarterly performance was in line with expectations and reflected FIC s strategy of prioritizing the sale of private label and co-branded cards. Card growth was 85% higher than in 3Q07 and represented the highest volume of cards sold in a single quarter.

This strategy will bring important results in the coming quarters and we expect a positive contribution in 4Q08.

Minority Interest: Sendas Distribuidora
3Q08 EBITDA moves up 141.5% year-on-year

Sendas Distribuidora recorded gross sales of R$ 801.6 million in 3Q08, equivalent to 15.9% of the Group total, while net sales came to R$ 698.1 million.

The third-quarter gross margin stood at 28.6%, 190 bps up on 3Q07, and gross profit totaled R$ 199.9 million, a 13.6% year-on-year increase.

Operating expenses (SG&A expenses) represented 19.5% of net sales, a significant 260 bps reduction on the third quarter of 2007.

Consequently, the period EBITDA margin stood at 8.0%, versus 3.5% in 3Q07, the best Sendas performance since the operation began in 2004. In absolute terms, 3Q08 EBITDA totaled R$ 55.8 million, 141.5% up year-on-year.

Despite all of the above, Sendas Distribuidora posted a 3Q08 loss of R$ 2.0 million, mainly due to the high financial expenses, which generated a positive minority interest of R$ 840.1 thousand.

Year-to-date EBITDA came to R$ 137.5 million, 204.1% higher than in the first nine months of 2007, while the EBITDA margin increased by 420 bps, from 2.2% in the 9M07, to 6.4% . This considerable improvement was due to the 110 bps increase in the gross margin and the 310 bps reduction in expenses.

Minority Interest: Assai Atacadista
Gross margin widens by 260 bps over 2Q08

Assai recorded gross sales of R$ 347.8 million in 3Q08, equivalent to 6.9% of total Group sales. Net sales totaled R$ 305.9 million. Gross profit stood at R$ 50.1 million, with a gross margin of 16.4%, 260 bps higher than in the previous quarter, thanks to more advantageous negotiations with suppliers and a reduction in shrinkage.

Operating expenses came to 11.5% of net sales in the quarter. This result was expected, reflecting the Company s first-half investments in increased competitiveness, which generated gains in market share and higher sales, diluting operating expenses. Third-quarter EBITDA totaled R$ 15.1 million, with a margin of 4.9%, and year-to-date EBITDA came to R$ 26.7 million, with a margin of 3.1% .

Net income totaled R$ 7.5 million, generating a negative minority interest of R$ 3.0 million.

EBIT grows by 353.7% over 3Q07

(R$ million)(1)	3Q08	3Q07	Chg.	9M08 Pro-forma	9M07	Chg.
Income before Income Tax	124.1	27.4	353.7%	284.5	96.1	196.0%

(1) Totals may not tally as the figures are rounded off

Third-quarter EBIT (earnings before income tax) totaled R$ 124.1 million, 353.7% up year-on-year, mainly due to the improvement in the gross margin and consistent cost controls resulting from the Company s ongoing process overhaul.

Year-to-date pro-forma EBIT stood at R$ 284.5 million, almost three times more than the R$ 96.1 million recorded in 3Q07.

Net Income
Net income records year-on-year growth of 137.8%

(R$ million)(1)	3Q08	3Q07	Chg.	9M08 Pro-forma	9M07	Chg.
Net Income	82.5	34.7	137.8%	196.3	98.2	99.8%
Net Margin - %	1.9%	1.0%	90 bps(2)	1.5%	0.9%	60 bps(2)

(1) Totals may not tally as the figures are rounded off
(2) basis points

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The Group posted a third-quarter net income of R$ 82.5 million, 137.8% up year-on-year, primarily fueled by substantial sales growth and the continuing cost controls, which resulted in a significant improvement in the operating performance.

Pro-forma net income in the first nine months came to R$ 196.3 million, 99.8% more than in 9M07.

It is worth noting that net income is jeopardized by non-cash expenses. If these accounts are excluded, net income (cash concept) would amount to R$ 107.4 million in the quarter and R$ 270.3 million year-to-date.

(R$ million)(1)	3Q08	9M08 Pro-forma
Net Income	**82.5**	**196.3**
Amortization of Goodwill(3)	24.9	74.0
Adjusted Net Income	**107.4**	**270.3**

(1) Totals may not tally as the figures are rounded off
(2) basis points
(3) Net of Income Tax

Investments totaled R$ 107.0 million in the quarter

Third-quarter investments totaled R$ 107.0 million and R$ 330.8 million year-to-date, versus R$ 648.3 million in 9M07.

Seven new stores were opened in the quarter: three convenience stores (Extra Fácil), two Extra stores (one Extra hypermarket and one compact hypermarket) and two Assai stores.

The main quarterly highlights were:

R$ 73.2 million in the opening and construction of new stores and the acquisition of sites;

R$ 23.5 million in store renovation;

R$ 10.3 million in infrastructure (technology and logistics).

Twelve stores currently under construction (one CompreBem, six Extra Fácil and five Assai) will be opened in the final quarter and another 5 stores will be converted into Assai stores.

Since the beginning of the year, 12 new stores have opened and one CompreBem store was converted into an Assai store.

Consolidated Income Statement - Corporate Law Method (R$ thousand) Pro-forma

	3rd Quarter			9 Months		
	2008	**2007**	**%**	**2008 Pro-forma**	**2007**	**%**
Gross Sales Revenue	**5,055,600**	**4,131,726**	**22.4%**	**14,934,408**	**12,505,135**	**19.4%**
Net Sales Revenue	**4,407,007**	**3,496,520**	**26.0%**	**12,890,429**	**10,574,118**	**21.9%**
Cost of Goods Sold	(3,217,240)	(2,493,541)	29.0%	(9,482,036)	(7,592,952)	24.9%
Gross Profit	**1,189,767**	**1,002,979**	**18.6%**	**3,408,393**	**2,981,166**	**14.3%**
Selling Expenses	(679,314)	(617,261)	10.1%	(1,998,350)	(1,850,998)	8.0%
General and Administrative Expenses	(125,275)	(124,669)	0.5%	(368,264)	(358,949)	2.6%
Operating Exp. (before Taxes and Charges)	**(804,589)**	**(741,930)**	**8.4%**	**(2,366,614)**	**(2,209,947)**	**7.1%**
Taxes and Charges	(27,988)	(22,732)	23.1%	(80,109)	(70,263)	14.0%
Total Operating Expenses	**(832,577)**	**(764,662)**	**8.9%**	**(2,446,723)**	**(2,280,210)**	**7.3%**
Earnings before interest, taxes, depreciation, amortization-EBITDA	**357,190**	**238,317**	**49.9%**	**961,670**	**700,956**	**37.2%**
Depreciation	(109,824)	(99,289)	10.6%	(325,115)	(297,194)	9.4%
Amortization of intangible	(37,348)	(42,726)	-12.6%	(109,090)	(96,308)	13.3%
Amortization of deferred	(3,797)	(3,208)	18.4%	(11,373)	(9,683)	17.5%
Earnings before interest and taxes - EBIT	**206,221**	**93,094**	**121.5%**	**516,092**	**297,771**	**73.3%**
Financial Income	72,167	69,080	4.5%	201,900	205,349	-1.7%
Financial Expenses	(153,691)	(122,804)	25.2%	(430,531)	(372,956)	15.4%
Net Financial Income (Expense)	**(81,524)**	**(53,724)**	**51.7%**	**(228,631)**	**(167,607)**	**36.4%**
Equity Income/Loss	(199)	(9,867)	-98.0%	2,392	(26,604)	-
Operating Result	**124,498**	**29,503**	**322.0%**	**289,853**	**103,560**	**179.9%**
Nonoperating Result	(376)	(2,144)	-82.5%	(5,355)	(7,446)	-28.1%
Income Before Income Tax	**124,122**	**27,359**	**353.7%**	**284,498**	**96,114**	**196.0%**
Income Tax	(35,581)	17,038		(79,407)	(27,729)	186.4%
Income Before Minority Interest	**88,541**	**44,397**	**99.4%**	**205,091**	**68,385**	**199.9%**
Minority Interest	(2,167)	(6,094)	-64.4%	2,229	40,642	-94.5%
Income Before Profit Sharing	**86,374**	**38,303**	**125.5%**	**207,320**	**109,027**	**90.2%**
Employees' Profit Sharing	(3,861)	(3,600)	7.3%	(11,061)	(10,800)	2.4%
Net Income	**82,513**	**34,703**	**137.8%**	**196,259**	**98,227**	**99.8%**
Net Income per share	0.3507	0.1524	130.1%	0.8343	0.4313	93.5%
# of shares (in thousand)	235,249	227,771	3.3%	235,249	227,771	3.3%
Net Income excluded amortization of goodwill	**107,432**	**62,975**	**70.6%**	**270,297**	**161,979**	**66.9%**
Net Income per share excluded amortization of goodwill	0.4567	0.2765	65.2%	1.1490	0.7111	61.6%

% of net sales	**3Q08**	**3Q07**	**9M08**	**9M07**
Gross Profit	**27.0%**	**28.7%**	**26.4%**	**28.2%**

Selling Expenses	-15.4%	-17.7%	-15.5%	-17.5%
General and Administrative Expenses	-2.8%	-3.6%	-2.9%	-3.4%
Operating Exp. (before Taxes and Charges)	**-18.3%**	**-21.2%**	**-18.4%**	**-20.9%**
Taxes and Charges	-0.6%	-0.7%	-0.6%	-0.7%
Total Operating Expenses	**-18.9%**	**-21.9%**	**-19.0%**	**-21.6%**
EBITDA	**8.1%**	**6.8%**	**7.5%**	**6.6%**
Depreciation	-2.5%	-2.8%	-2.5%	-2.8%
Amortization of intangible	-0.9%	-1.2%	-0.8%	-0.9%
Amortization of deferred	-0.1%	-0.1%	-0.1%	-0.1%
EBIT	**4.7%**	**2.7%**	**4.0%**	**2.8%**
Net Financial Income (Expense)	-1.9%	-1.5%	-1.8%	-1.6%
Nonoperating Result	0.0%	-0.1%	0.0%	-0.1%
Income Before Income Tax	**2.8%**	**0.8%**	**2.2%**	**0.9%**
Income Tax	-0.8%	0.5%	-0.6%	-0.3%
Minority Interest/Employees' Profit Sharing	-0.1%	-0.3%	-0.1%	0.3%
Net Income	**1.9%**	**1.0%**	**1.5%**	**0.9%**
Net Income excluded amortization of goodwill	**2.4%**	**1.8%**	**2.1%**	**1.5%**

The information in the tables below has not been reviewed by the independent auditors.

Gross Sales per Format (R$ thousand)

1st Half	2008	%	2007	%	Chg.(%)
Pão de Açúcar	1,900,171	19.2%	1,852,796	22.1%	2.6%
Extra*	4,996,562	50.6%	4,308,101	51.5%	16.0%
CompreBem	1,501,182	15.2%	1,414,109	16.9%	6.2%
Extra Eletro	172,254	1.8%	151,882	1.8%	13.4%
Sendas**	675,732	6.8%	646,521	7.7%	4.5%
Assai	632,907	6.4%	-	-	-
Grupo Pão de Açúcar	**9,878,808**	**100.0%**	**8,373,409**	**100.0%**	**18.0%**

3rd Quarter	2008	%	2007	%	Chg.(%)
Pão de Açúcar	958,123	19.0%	910,424	22.0%	5.2%
Extra*	2,552,333	50.5%	2,136,725	51.8%	19.5%
CompreBem	673,648	13.3%	690,196	16.7%	-2.4%
Extra Eletro	87,123	1.7%	74,394	1.8%	17.1%
Sendas**	436,618	8.6%	319,988	7.7%	36.4%
Assai	347,755	6.9%	-	-	-
Grupo Pão de Açúcar	**5,055,600**	**100.0%**	**4,131,726**	**100.0%**	**22.4%**

9 Months	2008	%	2007	%	Chg.(%)
Pão de Açúcar	2,858,294	19.1%	2,763,220	22.1%	3.4%
Extra*	7,548,895	50.6%	6,444,826	51.6%	17.1%
CompreBem	2,174,830	14.6%	2,104,305	16.8%	3.4%
Extra Eletro	259,377	1.7%	226,276	1.8%	14.6%
Sendas**	1,112,350	7.4%	966,509	7.7%	15.1%
Assai	980,662	6.6%	-		-
Grupo Pão de Açúcar	**14,934,408**	**100.0%**	**12,505,135**	**100.0%**	**19.4%**

* Include Extra Fácil and Extra Perto sales
** Sendas stores which are part of Sendas Distribuidora S/A

Net Sales per Format (R$ thousand)

1st Half	2008	%	2007	%	Chg.(%)
Pão de Açúcar	1,627,066	19.2%	1,557,853	22.0%	4.4%
Extra*	4,271,479	50.3%	3,627,378	51.3%	17.8%
CompreBem	1,302,990	15.4%	1,202,966	17.0%	8.3%
Extra Eletro	136,690	1.6%	120,369	1.7%	13.6%
Sendas**	597,174	7.0%	569,032	8.0%	4.9%
Assai	548,023	6.5%	-	-	-
Grupo Pão de Açúcar	**8,483,422**	**100.0%**	**7,077,598**	**100.0%**	**19.9%**

3rd Quarter	2008	%	2007	%	Chg.(%)
Pão de Açúcar	838,162	19.0%	766,241	21.9%	9.4%
Extra*	2,211,845	50.2%	1,803,021	51.6%	22.7%
CompreBem	597,296	13.6%	586,802	16.8%	1.8%
Extra Eletro	69,556	1.6%	59,485	1.7%	16.9%
Sendas**	384,267	8.7%	280,971	8.0%	36.8%
Assai	305,881	6.9%	-	-	-
Grupo Pão de Açúcar	**4,407,007**	**100.0%**	**3,496,520**	**100.0%**	**26.0%**

9 Months	2008	%	2007	%	Chg.(%)
Pão de Açúcar	2,465,228	19.1%	2,324,094	22.0%	6.1%
Extra*	6,483,324	50.3%	5,430,399	51.4%	19.4%
CompreBem	1,900,286	14.7%	1,789,768	16.9%	6.2%
Extra Eletro	206,246	1.6%	179,854	1.7%	14.7%
Sendas**	981,441	7.6%	850,003	8.0%	15.5%
Assai	853,904	6.6%	-	-	-
Grupo Pão de Açúcar	**12,890,429**	**100.0%**	**10,574,118**	**100.0%**	**21.9%**

* Include Extra Fácil and Extra Perto sales

** Sendas stores which are part of Sendas Distribuidora S/A

Sales Breakdown (% of Net Sales)

	2008			2007		
	1st Half	3rd Quarter	9 Months	1st Half	3rd Quarter	9 Months
Cash	50.1%	50.0%	50.1%	50.4%	49.9%	50.2%
Credit Card	40.6%	40.9%	40.7%	39.2%	40.3%	39.6%
Food Voucher	7.6%	7.7%	7.6%	7.8%	7.7%	7.7%
Credit	1.7%	1.4%	1.6%	2.6%	2.1%	2.5%
Post-dated Checks	1.2%	1.0%	1.1%	1.6%	1.5%	1.6%
Installment Sales	0.5%	0.4%	0.5%	1.0%	0.6%	0.9%

Stores by Format

	Pão de Açúcar	Extra	Extra-Eletro	CompreBem	Sendas	Extra Perto	Extra Fácil	Assai	Grupo Pão de Açúcar	Sales Area (m^2)	Number of Employees
12/31/2007	**153**	**91**	**42**	**178**	**62**	**15**	**19**	**15**	**575**	**1,338,329**	**66,165**
Opened	1						4		5		
Closed				(4)			(1)		(5)		
Converted				(1)				1	-		
06/30/2008	**154**	**91**	**42**	**173**	**62**	**15**	**22**	**16**	**575**	**1,328,884**	**65,781**
Opened		2					3	2	7		
Closed	(1)								(1)		
Converted	-6 (a)	10 (b)		+6 -14 (c)	14	(10)			-		
09/30/2008	**147**	**103**	**42**	**165**	**76**	**5**	**25**	**18**	**581**	**1,338,303**	**67,630**

(a) 6 CompreBem stores in the state of Pernambuco which were under the management of Pão de Açúcar banner are now being managed by CompreBem.
(b) 10 Extra Perto stores are now under Extra Hipermercados management.
(c) 14 CompreBem stores in the ABC region which were under the management of CompreBem banner are now being managed by Sendas.

09.01 INTEREST IN SUBSIDIARIES AND/OR ASSOCIATED COMPANIES

1 ITEM	2 - NAME OF SUBSIDIARY/ASSOCIATED COMPANY	3 - CNPJ (Corporate Taxpayer's ID)	4 CLASSIFICATION	5 - PARTICIPATION IN CAPITAL OF INVESTEE - %	6 – INVESTOR'S SHAREHOLDERS' EQU - %
7 TYPE OF COMPANY		8 - NUMBER OF SHARES HELD IN CURRENT QUARTER (in t housand)		9 - NUMBER OF SHARES HELD IN PREVIO QUARTER (in thousand)	
01	NOVASOC COMERCIAL LTDA	03.139.761/0001-17	PRIVATE SUBSIDIARY	10.00	-0.29
COMMERCIAL, INDUSTRIAL AND OTHER		10			10
02	SE SUPERMERCADOS LTDA	01.545.828/0001-98	PRIVATE SUBSIDIARY	100.00	27.79
COMMERCIAL, INDUSTRIAL AND OTHER		1,433,671			1,433,671
03	SENDAS DISTRIBUIDORA S.A.	06.057.223/0001-71	PRIVATE SUBSIDIARY	57.43	-0.19
COMMERCIAL, INDUSTRIAL AND OTHER		607,084			467,083
04	PA PUBLICIDADE LTDA	04.565.015/0001-58	PRIVATE SUBSIDIARY	100.00	0.03
COMMERCIAL, INDUSTRY AND OTHER		100			100
05	MIRAVALLES EMP E PARTICIPAÇÕES S.A	06.887.852/0001 -29	PRIVATE SUBSIDIARY	50.00	0.00
COMMERCIAL, INDUSTRY AND OTHER		128			128
06	BARCELONA COM. VAREJISTA ATACADISTA LTDA	07.170.943/0001-01	PRIVATE SUBSIDIARY	60.00	2.16
COMMERCIAL, INDUSTRY AND OTHER		9,006			9,006

07	CBD HOLLAND B.V.	. . / -	PRIVATE SUBSIDIARY	100.00	0.00
COMMERCIAL, INDUSTRY AND OTHER		1			1

08	CBD PANAMA TRADING CORP	. . / -	PRIVATE SUBSIDIARY	100.00	0.01
COMMERCIAL, INDUSTRY AND OTHER		2			2

09	SAPER PARTICIPAÇÕES LTDA	43.183.052/0001-53	PRIVATE SUBSIDIARY	24.00	0.00
COMMERCIAL, INDUSTRY AND OTHER		9			9

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10.01 CHARACTERISTICS OF PUBLIC OR PRIVATE DEBENTURE ISSUE

1- ITEM	02
2 ISSUE ORDER NUMBER	6
3 REGISTRATION NUMBER WITH CVM	SER/DEB/2007/007
4 DATE OF REGISTRATION WITH CVM	4/27/2007
5 - ISSUED SERIES	1
6 - TYPE	SIMPLE
7 - NATURE	PUBLIC
8 ISSUE DATE	3/1/2007
9 - DUE DATE	3/1/2013
10 - TYPE OF DEBENTURE	WITHOUT PREFERENCE
11 REMUNERATION CONDITIONS PREVAILING	CDI + 0.5% p.a.
12 - PREMIUM/DISCOUNT	
13 - NOMINAL VALUE (Reais)	10,108.94
14- ISSUED AMOUNT (Thousands of Reais)	545,883
15- NUMBER OF DEBENTURES ISSUED (UNIT)	54,000
16 - OUTSTANDING DEBENTURES (UNIT)	54,000
17 - TREASURY DEBENTURES (UNIT)	0
18 - REDEEMED DEBENTURES (UNIT)	0
19 CONVERTED DEBENTURES (UNIT)	0
20 DEBENTURES TO BE PLACED (UNIT)	0
21 - DATE OF THE LAST RENEGOTIATION	
22 - DATE OF NEXT EVENT	3/01/2009

10.01 CHARACTERISTICS OF PUBLIC OR PRIVATE DEBENTURE ISSUE

1- ITEM	03
2 ISSUE ORDER NUMBER	6
3 REGISTRATION NUMBER WITH CVM	SER/DEB/2007/008
4 DATE OF REGISTRATION WITH CVM	4/27/2007
5 - ISSUED SERIES	2
6 - TYPE	SIMPLE
7 - NATURE	PUBLIC
8 ISSUE DATE	3/1/2007
9 - DUE DATE	3/1/2013
10 - TYPE OF DEBENTURE	WITHOUT PREFERENCE
11 REMUNERATION CONDITIONS PREVAILING	CDI + 0.5% p.a.
12 - PREMIUM/DISCOUNT	0.24032%
13 - NOMINAL VALUE (Reais)	10,108.94
14- ISSUED AMOUNT (Thousands of Reais)	242,261
15- NUMBER OF DEBENTURES ISSUED (UNIT)	23,965
16 - OUTSTANDING DEBENTURES (UNIT)	23,965
17 - TREASURY DEBENTURES (UNIT)	0
18 - REDEEMED DEBENTURES (UNIT)	0
19 CONVERTED DEBENTURES (UNIT)	0
20 DEBENTURES TO BE PLACED (UNIT)	0
21 - DATE OF THE LAST RENEGOTIATION	
22 - DATE OF NEXT EVENT	3/01/2009

16.01 OTHER SIGNIFICANT INFORMATION DEEMED AS RELEVANT BY THE COMPANY

Companhia Brasileira de Distribuição

QUARTERLY INFORMATION ITR (09.30/2008)

Ownership structure:

SHAREHOLDING OF CONTROLLING PARTIES OF MORE THAN 5% OF COMPANY'S SHARES OF EACH TYPE AND CLASS, UP TO THE INDIVIDUAL LEVEL						
COMPANHIA BRASILEIRA DE DISTRIBUIÇÃO					**Shareholding at 09/30/2008 (in units)**	
Shareholder	**Common shares**		**Preferred shares**		**Total**	
	Number	**%**	**Number**	**%**	**Number**	**%**
WILKES PARTICIPAÇÕES S.A.	65,400,000	65.61	-	-	65,400,000	27.80
SUDACO PARTICIPAÇÕES LTDA.	28,619,172	28.71	-	-	28,619,172	12.17
ONYX 2006 PARTICIPAÇÕES LTDA.	-	-	20,527,380	15.14	20,527,380	8.73
CASINO GUICHARD PERRACHON *	5,600,052	5.62			5,600,052	2.38
TARPON INVESTIMENTOS S.A. **	-	-	13,083,121	9.65	13,083,121	5.56
TREASURY SHARES	-	-	-	-	-	-
OTHER	60,627	0.06	101,958,991	75.21	102,019,618	43.37
TOTAL	**99,679,851**	**100.00**	**135,569,492**	**100.00**	**235,249,343**	**100.00**

(*) Foreign Company
(**) Quotaholder shareholder Investment Fund

CORPORATE'S CAPITAL STOCK DISTRIBUTION (COMPANY'S SHAREHOLDERS), UP TO THE INDIVIDUAL LEVEL						
WILKES PARTICIPAÇÕES S.A					**Shareholding at 09/30/2008 (in units)**	
Shareholder / Quotaholder	**Common shares**		**Preferred shares**		**Total**	
	Number	**%**	**Number**	**%**	**Number**	**%**
PENINSULA PARTICIPAÇÕES LTDA.	20,375,000	50.00	-	-	20,375,000	23.36
SUDACO PARTICIPAÇÕES LTDA.	20,375,000	50.00	46,460,221	100.00	66,835,221	76.64
TOTAL	**40,750,000**	**100.00**	**46,460,221**	**100.00**	**87,210,221**	**100.00**

CORPORATE'S CAPITAL STOCK DISTRIBUTION (COMPANY'S SHAREHOLDER), UP TO THE INDIVIDUAL LEVEL				
SUDACO PARTICIPAÇÕES S.A			**Shareholding at 09/30/2008 (in units)**	
Shareholder / Quotaholder	**Quotas**		**Total**	
	Number	**%**	**Number**	**%**

PUMPIDO PARTICIPAÇÕES LTDA	3,585,804,572	99.99	3,585,804,572	99.99
FRANCIS MAUGER	1	0.01	1	0.01
TOTAL	**3,585,804,573**	**100.00**	**3,585,804,573**	**100.00**

CORPORATE'S CAPITAL STOCK DISTRIBUTION (COMPANY'S SHAREHOLDER), UP TO THE INDIVIDUAL LEVEL				
ONYX 2006 PARTICIPAÇÕES LTDA.			**Shareholding at 09/30/2008 (in units)**	
Shareholder / Quotaholder	**Quotas**		**Total**	
	Number	**%**	**Number**	**%**
RIO PLATE EMPREEND. E PARTIC. LTDA	515,580,242	**99.99%**	515,580,242	99.99
ABILIO DOS SANTOS DINIZ	10,312	**0.01%**	10,312	0.01
TOTAL	**515,590,554**	**100.00**	**515,590,554**	**100.00**

CORPORATE'S CAPITAL STOCK DISTRIBUTION (COMPANY'S SHAREHOLDER), UP TO THE INDIVIDUAL LEVEL				
CASINO GUICHARD PERRACHON			**Shareholding at 09/30/2008 (in units)**	
Shareholder / Quotaholder	**Common shares**		**Total**	
	Number	**%**	**Number**	**%**
GROUPE RALLYE *	54,571,978	**48.79**	92,338,411	62.47
GALERIES LAFAYETTE *	2,049,747	**1.83**	2,985,505	2.02
GROUPE CNP *	2,170,207	**1.94**	3,831,554	2.59
TREASURY SHARES	1,162,075	**1.04**	-	-
OTHER	51,889,456	**46.39**	48,655,616	32.92
TOTAL	**111,843,463**	**100.00**	**147,811,086**	**100.00**

(*) Foreign Company

CORPORATE'S CAPITAL STOCK DISTRIBUTION (COMPANY'S SHAREHOLDER), UP TO THE INDIVIDUAL LEVEL						
PENÍNSULA PARTICIPAÇÕES LTDA					**Shareholding at 09/30/2008 (in units)**	
Shareholder / Quotaholder	**Common shares**		**Preferred shares**		**Total**	
	Number	**%**	**Number**	**%**	**Number**	**%**
ABILIO DOS SANTOS DINIZ	95,929,660	37.47	1	20.00	95,929,661	37.47
JOÃO PAULO F.DOS SANTOS DINIZ	40,019,475	15.63	1	20.00	40,019,476	15.63
ANA MARIA F.DOS SANTOS DINIZ D'ÁVILA	40,019,475	15.63	1	20.00	40,019,476	15.63
PEDRO PAULO F.DOS SANTOS DINIZ	40,019,475	15.63	1	20.00	40,019,476	15.63
ADRIANA F.DOS SANTOS DINIZ	40,019,475	15.63	1	20.00	40,019,476	15.63
TOTAL	**256,007,560**	**100.00**	**5**	**100.00**	**256,007,565**	**100.00**

CORPORATE'S CAPITAL STOCK DISTRIBUTION (COMPANY'S SHAREHOLDER), UP TO THE INDIVIDUAL LEVEL				
PUMPIDO PARTICIPAÇÕES LTDA			**Shareholding at 09/30/2008 (in units)**	
Shareholder / Quotaholder	**Quotas**		**Total**	
	Number	**%**	**Number**	**%**
SEGISOR**	3,633,544,693	99.99	3,633,544,693	99.99
FRANCIS MAUGER	1	0.01	1	0.01
TOTAL	**3,633,544,694**	**100.00**	**3,633,544,694**	**100.00**

(**) Foreign Company

CORPORATE'S CAPITAL STOCK DISTRIBUTION (COMPANY'S SHAREHOLDER), UP TO THE INDIVIDUAL LEVEL				
RIO PLATE EMPREENDIMENTOS E PARTICIPAÇÕES LTDA			**Shareholding at 09/30/2008 (in units)**	
Shareholder / Quotaholder	**Quotas**		**Total**	
	Number	**%**	**Number**	**%**
PENÍNSULA PARTICIPAÇÕES LTDA	566,610,599	99.99	566,610,599	99.99
ABILIO DOS SANTOS DINIZ	1	0.01	1	0.01
TOTAL	**566,610,600**	**100.00**	**566,610,600**	**100.00**

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CORPORATE'S CAPITAL STOCK DISTRIBUTION (COMPANY'S SHAREHOLDER), UP TO THE INDIVIDUAL LEVEL				
SEGISOR			**Posição em 30/09/2008**	
Shareholder / Quotaholder	**Quotas**		**Total**	
	Number	**%**	**Number**	**%**
CASINO GUICHARD PERRACHON (*)	-	**99.99**	-	99.99
OTHER	-	**0.01**	-	0.01
TOTAL	**-**	**100.00**	**-**	**100.00**

(*) Foreign Company

CONSOLIDATED SHAREHOLDING OF CONTROLLING PARTIES AND MANAGEMENT AND OUTSTANDING SHARES Shareholding at 06/30/2008						
Shareholder	**Common shares**		**Preferred shares**		**Total**	
	Number	**%**	**Number**	**%**	**Number**	**%**
Controlling Parties	99,619,327	99.94	35,788,682	26.40	135,408,009	57.56
Management						
Board of Directors	4	0.00	4,367	0.00	4,371	0.00
Board of Executive Officers	-	-	112,264	0.08	112,264	0.05
Fiscal Council	**-**	**-**	**-**	**-**	**-**	**-**
Trasury shares	**-**	**-**	**-**	**-**	**-**	**-**
Other shareholders	60,520	0.06	99,664,179	73.52	99,724,699	42.39
Total	**99,679,851**	**100.00**	**135,569,492**	**100.00**	**235,249,343**	**100.00**
Outstanding shares	**60,520**	**0.06**	**99,664,179**	**73.52**	**99,724,699**	**42.39**

17.01 SPECIAL REVIEW REPORT UNQUALIFIED OPINION

A free translation from Portuguese into English of Review Report of Independent Auditors on quarterly financial information prepared in Brazilian currency in accordance with the specific regulations issued by CVM (Brazilian Securities Exchange Commission)

REVIEW REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Shareholders of
Companhia Brasileira de Distribuição

1. We have performed a review of the accompanying unconsolidated and consolidated Quarterly Financial Information (ITR) of Companhia Brasileira de Distribuição and Companhia Brasileira de Distribuição and subsidiaries (the Company) for the quarter and nine month period ended September 30, 2008, including the balance sheets, statements of income, statements of cash flows, statements of added value, report on the Company s performance and relevant information, prepared under responsibility of management of the Company. The financial statements of the investee Miravalles Empreendimentos e Participações S.A. (which significant amounts are mentioned in note 9) for the quarter and nine-month period ended September 30, 2008, have been reviewed by other independent auditors. Our review report on investments, equity pickup and other information included in the notes to unconsolidated and consolidated Quarterly Financial Information of the Company, pertaining to said investee, are exclusively based on the financial statements reported by this investee, which have been reviewed by other auditors.

2. Our review was conducted in accordance with the specific procedures determined by the Institute of Independent Auditors of Brazil (IBRACON) and the Federal Board of Accountancy (CFC), and included principally: (a) inquiries of and discussions with the management responsible for the Company s accounting, financial and operating areas regarding the criteria adopted for the preparation of the quarterly information and (b) review of information and subsequent events which have or might have significant effects on the Company s operations and financial position.

3. Based on our review and on the review performed by other independent auditors, we are not aware of any material modification that should be made to the Quarterly Financial Information referred to above for it to comply with specific regulations issued by the Brazilian Securities Exchange Commission (CVM), applicable to the preparation of Quarterly Financial Information, including the CVM instruction no. 469 of May 2, 2008.

4. As mentioned in note 2, in December 28, 2007, was enacted Law no. 11,638, effective upon January 1st, 2008. This Law changed, revoked and inserted certain provisions to Law no. 6,404/76 and give rise to changes to the accounting practices adopted in Brazil. Although the Law is already effective, certain introduced changes depend authorities regulations to be implemented by the companies. Therefore, in the transition period, CVM, through its instruction no. 469, allowed companies not to apply all the provisions of Law no. 11,638/07 for the preparation of the Quarterly Financial Information. Therefore, data disclosed in the Quarterly Financial Information for the quarter and nine-month period ended September 30, 2008, were prepared in accordance with specific CVM instructions and do not include all the accounting practices changes introduced by Law no. 11,638/07. The previous periods information, presented for comparison purposes, were adjusted to include the changes in the accounting practices introduced in 2008.

São Paulo, October 28, 2008

ERNST & YOUNG
Auditores Independentes S.S.
CRC 2SP015199/O-6

Sergio Citeroni
Accountant CRC -1SP170652/O-1

18.02 COMMENTS ON THE PERFORMANCE OF THE SUBSIDIARY/ASSOCIATED COMPANY

Subsidiary/Associated Company: NOVASOC COMERCIAL LTDA

See Item 08.01 Comments on the Consolidated Performance during the Quarter

18.02 COMMENTS ON THE PERFORMANCE OF THE SUBSIDIARY/ASSOCIATED COMPANY

Subsidiary/Associated Company: SE SUPERMERCADOS LTDA

See Item 08.01 Comments on the Consolidated Performance during the Quarter

18.02 COMMENTS ON THE PERFORMANCE OF THE SUBSIDIARY/ASSOCIATED COMPANY

Subsidiary/Associated Company: SENDAS DISTRIBUIDORA S.A.

See Item 08.01 Comments on the Consolidated Performance during the Quarter

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18.02 COMMENTS ON THE PERFORMANCE OF THE SUBSIDIARY/ASSOCIATED COMPANY

Subsidiary/Associated Company: PA PUBLICIDADE LTDA

See Item 08.01 Comments on the Consolidated Performance during the Quarter

18.02 COMMENTS ON THE PERFORMANCE OF THE SUBSIDIARY/ASSOCIATED COMPANY

Subsidiary/Associated Company: MIRAVALLES EMP E PARTICIPAÇÕES S.A

See Item 08.01 Comments on the Consolidated Performance during the Quarter

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18.02 COMMENTS ON THE PERFORMANCE OF THE SUBSIDIARY/ASSOCIATED COMPANY

Subsidiary/Associated Company: BARCELONA COM. VAREJISTA ATACADISTA LTDA

See Item 08.01 Comments on the Consolidated Performance during the Quarter

18.02 COMMENTS ON THE PERFORMANCE OF THE SUBSIDIARY/ASSOCIATED COMPANY

Subsidiary/Associated Company: CBD HOLLAND B.V.

See Item 08.01 Comments on the Consolidated Performance during the Quarter

18.02 COMMENTS ON THE PERFORMANCE OF THE SUBSIDIARY/ASSOCIATED COMPANY

Subsidiary/Associated Company: CBD PANAMA TRADING CORP

See Item 08.01 Comments on the Consolidated Performance during the Quarter

18.02 COMMENTS ON THE PERFORMANCE OF THE SUBSIDIARY/ASSOCIATED COMPANY

Subsidiary/Associated Company: SAPER PARTICIPAÇÕES LTDA

See Item 08.01 Comments on the Consolidated Performance during the Quarter

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SIGNATURES

Pursuant to the requirement 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.

COMPANHIA BRASILEIRA DE DISTRIBUIÇÃO

Date: November 05, 2008

By: /s/ Enéas César Pestana Neto
Name: Enéas César Pestana Neto
Title: Administrative Director

By: /s/ Daniela Sabbag
Name: Daniela Sabbag
Title: Investor Relations Officer

FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates offuture economic circumstances, industry conditions, company performance and financial results. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.