

HELMERICH & PAYNE INC
Form DEF 14A
January 26, 2011

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

HELMERICH & PAYNE, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
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- o Fee paid previously with preliminary materials.
 - o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 - (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:
-

1437 South Boulder Avenue
Tulsa, Oklahoma 74119

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Notice is hereby given that the Annual Meeting of Stockholders of Helmerich & Payne, Inc. (the "Company"), will be held at Boulder Towers, Granite Room, First Floor, 1437 South Boulder Avenue, Tulsa, Oklahoma, at 12:00 noon, Tulsa time, on Wednesday, March 2, 2011, for the following purposes:

1. To elect two Directors comprising the class of Directors of the Company known as the "Second Class" for a three-year term expiring in 2014.
2. To ratify the appointment of Ernst & Young LLP as our independent auditors for fiscal 2011.
3. To consider and vote upon approval of the proposed Helmerich & Payne, Inc. 2010 Long-Term Incentive Plan (a copy of which is attached hereto as Appendix "A").
4. To cast an advisory vote to approve the compensation of our executives disclosed in this Proxy Statement.
5. To cast an advisory vote on whether a stockholder advisory vote to approve executive compensation should occur ever 1, 2 or 3 years.
6. To consider, if properly presented, a non-binding stockholder proposal to eliminate classification of terms of the Company's Board of Directors to require that all directors stand for election annually.
7. To consider and transact any other business which properly may come before the meeting or any adjournment thereof.

In accordance with the By-laws, the close of business on January 10, 2011, has been fixed as the record date for the determination of the stockholders entitled to notice of, and to vote at, said meeting. The stock transfer books will not close.

The Company's Proxy Statement is submitted herewith and is first being sent or given to the stockholders on or about January 26, 2011. The Annual Report for the year ended September 30, 2010, accompanies this Proxy Statement.

STOCKHOLDERS WHO DO NOT EXPECT TO ATTEND IN PERSON, BUT WISH THEIR STOCK TO BE VOTED ON MATTERS TO BE TRANSACTED, ARE URGED TO SIGN, DATE, AND MAIL THE ENCLOSED PROXY IN THE ACCOMPANYING ENVELOPE, TO WHICH NO POSTAGE NEED BE AFFIXED IF MAILED IN THE UNITED STATES. YOU ALSO HAVE THE OPTION OF VOTING YOUR SHARES ON THE INTERNET OR BY TELEPHONE. VOTING INSTRUCTIONS ARE PRINTED ON YOUR PROXY. IF YOU VOTE BY INTERNET OR BY TELEPHONE, YOU DO NOT NEED TO MAIL BACK YOUR PROXY. THE PROMPT RETURN OF YOUR SIGNED PROXY, REGARDLESS OF THE NUMBER OF SHARES YOU HOLD, WILL AID THE COMPANY IN REDUCING THE EXPENSE OF ADDITIONAL PROXY SOLICITATION. THE GIVING OF SUCH PROXY DOES NOT AFFECT YOUR RIGHT TO VOTE IN PERSON IN THE EVENT YOU ATTEND THE MEETING.

BY ORDER OF THE BOARD OF DIRECTORS

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STEVEN R. MACKEY
Secretary

Tulsa, Oklahoma
January 26, 2011

1437 South Boulder Avenue
Tulsa, Oklahoma 74119

PROXY STATEMENT

General Information

The enclosed proxy is being solicited by and on behalf of the Board of Directors of Helmerich & Payne, Inc., and will be voted at the Annual Meeting of Stockholders on March 2, 2011. This statement and the accompanying proxy, together with the Annual Report for the year ended September 30, 2010, are first being sent or given to stockholders on or about January 26, 2011.

Throughout this Proxy Statement, Helmerich & Payne, Inc. is referred to as the "Company," "we," "our" or "us."

Any stockholder giving a proxy may revoke it at any time before it is voted by voting in person at the Annual Meeting or by delivery of a later-dated proxy.

The cost of this solicitation will be paid by us. In addition, arrangements may be made with brokerage houses and other custodians, nominees, and fiduciaries to send proxies and proxy material to their principals. Solicitation of proxies may be made by mail, telephone, personal interviews or by other means by our officers and employees who will not be additionally compensated therefor. We have also engaged Georgeson Inc. ("Georgeson") as a proxy solicitor to assist us in the solicitation of votes and to provide governance consulting. Georgeson's fee for these services is anticipated to be approximately \$25,000, plus out-of-pocket disbursements and expenses.

At the close of business on January 10, 2011, there were 106,596,407 issued and outstanding shares of our common stock, the holders of which are entitled to one vote per share on all matters. We have no other class of securities entitled to vote at the meeting. Only stockholders of record at the close of business on January 10, 2011, will be entitled to vote at the Annual Meeting.

Security Ownership of Certain Beneficial Owners

The following table sets forth the name and address of each of our stockholders who, to our knowledge, beneficially owns more than 5% of our common stock, the number of shares beneficially owned by each, and the percentage of outstanding stock so owned, as of January 10, 2011.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)	Percent of Class
Common Stock	State Farm Mutual Automobile Insurance Company One State Farm Plaza Bloomington, Illinois 61710	8,257,200 (2)	7.75%

(1) Unless otherwise indicated, all shares are owned directly by the named entity, with such entity possessing sole voting and dispositive power with respect to such shares.

(2) This information is based upon State Farm Mutual Automobile Insurance Company's Schedule 13G Amendment dated January 29, 2010.

Security Ownership of Management

The following table sets forth the total number of shares of common stock beneficially owned by each of the present Directors and nominees, our Chief Executive Officer ("CEO") and all other executive officers named in the Summary Compensation Table, and all Directors and executive officers as a group, and the percent of the outstanding common stock so owned by each as of January 10, 2011.

Directors and Named Executive Officers	Title of Class	Amount and Nature of Beneficial Ownership (1)	Percent of Class (2)
W. H. Helmerich, III	Common Stock	2,291,500 (3)	2.15%
Hans Helmerich	Common Stock	1,925,701 (4)	1.79%
John W. Lindsay	Common Stock	342,520 (5)	
Douglas E. Fears	Common Stock	268,410 (6)	
M. Alan Orr	Common Stock	220,507 (7)	
Steven R. Mackey	Common Stock	154,436 (8)	
Juan Pablo Tardio	Common Stock	13,796 (9)	
Hon. Francis Rooney	Common Stock	90,055 (10)	
John D. Zeglis	Common Stock	48,573 (11)	
William L. Armstrong	Common Stock	44,573 (12)	
Edward B. Rust, Jr.	Common Stock	41,373 (13)	
Paula Marshall	Common Stock	27,615 (14)	
Randy A. Foutch	Common Stock	14,257 (15)	
All Directors and Executive Officers as a Group	Common Stock	5,483,316 (16)	5.05%

- (1) Unless otherwise indicated, all shares are owned directly by the named person, and he or she has sole voting and investment power with respect to such shares. Shares owned include restricted shares over which the named person has voting but not investment power. Stock options held by the named person include options exercisable within 60 days of January 10, 2011.
- (2) Percentage calculation not included if beneficial ownership is less than one percent of class.
- (3) Includes 140,000 shares owned by The Helmerich Foundation, an Oklahoma charitable trust, for which Mr. Helmerich is Trustee, and 40,000 shares owned by Ivy League, Inc., of which Mr. Helmerich is President and Director. Mr. Helmerich possesses sole voting and investment power over all indirectly owned shares.
- (4) Includes options to purchase 1,149,020 shares; 33,333 restricted shares; 21,577 shares fully vested under our 401(k) Plan; 37,045 shares owned by Mr. Helmerich's wife and 38,135 shares held by Mr. Helmerich's children, with respect to which he has disclaimed all beneficial ownership; 29,600 shares held by Mr. Helmerich as Trustee for various trusts for members of his immediate family, as to which he has sole voting and investment power; 4,000 shares held by Mr. Helmerich as a Co-trustee for a family trust for which he shares voting and investment power; and 35,000 shares held by The Helmerich Trust, an Oklahoma charitable trust, for which Mr. Helmerich is a Co-trustee, and for which he shares voting and investment power.
- (5) Includes options to purchase 256,250 shares; 40,334 restricted shares; and 9,270 shares fully vested under our 401(k) Plan.
- (6) Includes options to purchase 211,250 shares; 456 shares fully vested under our 401(k) Plan; and 5,000 shares owned by a charitable foundation, for which Mr. Fears is Co-trustee, and for which he shares voting and investment power.

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- (7) Includes options to purchase 168,250 shares; 10,000 restricted shares; and 16,470 shares fully vested under our 401(k) Plan.
- (8) Includes options to purchase 114,500 shares; 17,000 restricted shares; and 3,603 shares fully vested under our 401(k) Plan.
- (9) Includes 12,667 restricted shares and 1,129 shares fully vested under our 401(k) Plan.
- (10) Includes options to purchase 24,055 shares and 66,000 shares held by entities controlled by Mr. Rooney
- (11) Includes options to purchase 34,573 shares.
- (12) Includes options to purchase 34,573 shares.
- (13) Includes options to purchase 34,573 shares.
- (14) Includes options to purchase 27,215 shares.
- (15) Includes options to purchase 14,257 shares.
- (16) Includes options to purchase 2,068,516 shares; 113,334 restricted shares; and 52,505 shares fully vested under our 401(k) Plan.

PROPOSAL 1 ELECTION OF DIRECTORS

Our Board of Directors ("Board") is divided into three classes—First Class, Second Class, and Third Class—whose terms expire in different years. The terms of the Directors of the Second Class expire this year, and their successors are to be elected at this Annual Meeting. The terms of the Directors of the Third Class and the First Class do not expire until 2012 and 2013, respectively, and consequently their successors are not to be elected at this Annual Meeting. Upon the conclusion of this Annual Meeting, the First and Third Classes of Directors will be comprised of three Directors each, and the Second Class of Directors will be comprised of two Directors.

The Directors belonging to the First Class and the Third Class, which are not coming up for election at this meeting, and Nominees for Directors of the Second Class, are set forth below. The information that follows, including principal occupation or employment for the past five or more years and a summary of each individual's experience, qualifications, attributes or skills that have led to the conclusion that each individual should serve as a Director in light of our current business and structure, is furnished with respect to each nominee and each of the continuing members of our Board of Directors.

Directors of the First Class

Hans Helmerich Mr. Helmerich, age 52, has served as President and Chief Executive Officer of the Company since 1989, and he holds positions of Chairman, President and Chief Executive Officer of subsidiary companies. He has been a Director of the Company since 1987. Mr. Helmerich is a director of Atwood Oceanics, Inc., a publicl traded company engaged in the business of international offshore drilling, and Cimarex Energy Co., a publicly-traded energy exploration and production company. He is also a trustee of The Northwestern Mutual Life Insurance Company. He is a graduate of Dartmouth College and completed the Harvard Business School Program for Management Development. Mr. Helmerich, the son of Mr. W. H. Helmerich, III, has worked for the Company since 1981. The Board believes that Mr. Helmerich brings to the Board and the Company in-depth experience as a business executive in the contract drilling industry. For over 20 years, as CEO, Mr. Helmerich has provided continuity of leadership and strategic vision which has resulted in the Company's significant growth and outstanding performance relative to its competitors.

Paula Marshall Ms. Marshall, age 57, has served as a Director of the Company since 2002. She has served since 1984 as the President and Chief Executive Officer of The Bama Companies, Inc. (a major bakery product manufacturing company with multiple facilities in the U.S. and China). She was a Director of publicly held BOK Financial Corporation from 2003 to 2009, and prior thereto served as a Director of the Federal Reserve Bank of Kansas City and American Fidelity Corporation (insurance holding company). In 2001, Ms. Marshall chaired the Tulsa Chamber of Commerce. Through her company leadership expertise, business background and entrepreneurial experience, the Board believes Ms. Marshall brings to the Board and the Company meaningful input and advice.

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Randy A. Foutch Mr. Foutch, age 59, has served as a Director of the Company since 2007. In 2007, Mr. Foutch founded Laredo Petroleum, Inc., a Mid-Continent focused oil and natural gas exploration and production company, where he serves as Chairman of the Board and Chief Executive Officer. He also founded Latigo Petroleum, Inc. in 2002 and served as its President and Chief Executive Officer until its sale to Pogo Producing Company in May 2006. In 1996, Mr. Foutch founded Lariat Petroleum, Inc. and served as its President until January 2001, when it was sold to Newfield Exploration, Inc. Since 2006, Mr. Foutch has been serving as a Director of Bill Barrett Corporation, a publicly-traded exploration and production company. Mr. Foutch also serves on several nonprofit and private industry boards. As a result of Mr. Foutch's service as a chief executive officer and in other executive positions and as a director of several oil and gas exploration and development companies, the Board believes that he provides valuable business, leadership and management experience and insights into many aspects of the oil, natural gas and contract drilling industries.

Directors of the Third Class

W. H. Helmerich, III Mr. Helmerich, age 88, has served as Chairman of the Board of the Company since 1987 and as a Director since 1949. Mr. Helmerich is the son of Company founder, W. H. Helmerich. Mr. Helmerich joined the Company in 1950, served as the President from 1960 to 1987, and was the Chief Executive Officer from 1987 to 1989. He is a former Director of Atwood Oceanics, Inc., Bank One, Oklahoma, N.A., Caterpillar Inc., Combustion Engineering, Inc., Whitman Corporation, and previously served as a Trustee of The Northwestern Mutual Life Insurance Company. In addition to his expertise in the energy sector and his experience as a Director of large, publicly-traded corporations, his 60-year history with the Company provides numerous benefits to the Board in all areas of its oversight.

Hon. Francis Rooney Amb. Rooney, age 57, has served as a Director of the Company since 2008. He is the Chief Executive Officer of Rooney Holdings, Inc. (holding company with interests in construction, construction management, and electronics). Amb. Rooney is also a Director of Vetra Energy Group, LLC (since 2009), Laredo Petroleum, Inc. (since 2010) and was previously a board member of publicly-traded Bank of Florida Corporation (2008-2009), Cimarex Energy Co. (2002-2005), and BOK Financial Corporation (1995-2005). He is a trustee for The Center for the Study of the Presidency and Congress, in Washington D.C. Amb. Rooney is a member of the Advisory Board of the Panama Canal Authority and served as the U.S. Ambassador to the Holy See (2005-2008). Amb. Rooney was a Director of the Company from 1996 to 2005 when he assumed service as an Ambassador. Amb. Rooney serves or has served on several nonprofit and private industry boards. The Board believes that Amb. Rooney's broad business and financial experience and service as a Director of several, publicly-traded corporations enables him to provide the Board and the Company with valuable input and guidance.

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Edward B. Rust, Jr. Mr. Rust, age 60, has served as a Director of the Company since 1997. Mr. Rust has been since 1987 Chairman of the Board and Chief Executive Officer of State Farm Insurance Companies, the largest insurer of automobiles and homes in the United States. Mr. Rust was also President of State Farm Insurance Companies from 1985 to 1998, and was re-elected President in 2007. He has been a Director of Caterpillar, Inc. (manufacturer of construction and mining equipment) since 2003 and a Director of The McGraw-Hill Companies, Inc. (global information services provider serving the education, financial services and business information markets) since 2001. His role as chief executive officer at a major corporation and experience as a Director of large, publicly-traded multi-national corporations enables Mr. Rust to provide significant input and guidance to the Board and the Company. The Board believes that Mr. Rust's significant financial and business experience is valuable to the Board and the Company and provides the necessary expertise to serve as Chairman of the Audit Committee of the Board of Directors.

Nominees for Directors of the Second Class

John D. Zeglis Mr. Zeglis, age 63, has served as a Director of the Company since 1989. From 1999 until his retirement in 2004, Mr. Zeglis served as Chief Executive Officer and Chairman of the Board of AT&T Wireless Services, Inc. He served as President of AT&T Corporation from 1998 to 2000, Vice Chairman from 1997 to 1998, General Counsel and Senior Executive Vice President from 1996 to 1997 and Senior Vice President and General Counsel from 1986 to 1996. Mr. Zeglis is presently a Director of AMX Corporation, State Farm Mutual Automobile Corporation, and Telstra Limited. He is a former Director of Georgia-Pacific Corporation (2001-2005), Sara Lee Corporation (1998-2000) and Illinois Power Company (1992-1996). Through his past service as a chief executive officer at a major corporation and service as a Director of large, publicly-traded multi-national corporations, Mr. Zeglis brings to the Board large company leadership, expertise and experience in many areas including corporate governance, and general business and financial strategic oversight. The Board believes Mr. Zeglis provides significant insight and guidance to the Board and the Company and has the necessary expertise with respect to executive compensation matters to serve as the Chairman of the Human Resources Committee of the Board of Directors.

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William L. Armstrong Mr. Armstrong, age 73, has served as a Director of the Company since 1992. He has been the President of Colorado Christian University since 2006 and has been Chairman of the Board of Trustees of Denver-based Oppenheimer Funds since 2003. Mr. Armstrong has started or purchased a number of private firms including four mortgage banking firms and was formerly the Chairman of Cherry Creek Mortgage Company (from 1990-2009). Mr. Armstrong has been a Director of six public companies and chairman/owner/operator of thirteen private companies, including radio and television stations, a daily newspaper, investment firms, a real-estate brokerage company, and a title insurance company. Mr. Armstrong also served in the U.S. House of Representatives from 1972-1978 and the U.S. Senate from 1978 to 1990. The Board believes that Mr. Armstrong's diverse and extensive business experience provides the Board and the Company with unique knowledge and perspective on a wide variety of matters, including corporate governance. The Board believes Mr. Armstrong's background provides the necessary expertise to serve as the Chairman of the Nominating and Corporate Governance Committee of the Board of Directors.

Mr. Hans Helmerich is a Director of Atwood Oceanics, Inc. ("Atwood"), and the Company, through its wholly-owned subsidiary, owns common stock of Atwood. As a result, Atwood may be deemed to be an affiliate of the Company. Mr. Hans Helmerich is a son of Mr. W. H. Helmerich, III.

OUR BOARD UNANIMOUSLY RECOMMENDS A VOTE "FOR" EACH OF THE PERSONS NOMINATED BY THE BOARD.

CORPORATE GOVERNANCE

The Board has adopted Corporate Governance Guidelines to address significant corporate governance issues. The guidelines, as well as all Board committee charters, our Code of Business Conduct and Ethics, applicable to all our Directors, officers, and employees, the Code of Ethics for Principal Executive Officer and Senior Financial Officers, the Related Person Transaction Policies and Procedures, the Foreign Corrupt Practices Act Compliance Policy, and certain Audit Committee Practices are available on our website, www.hpinc.com, under the "Governance" section. The information on our website is not incorporated by reference in this Proxy Statement. A printed copy of the above mentioned documents will be provided without charge upon written request to our Corporate Secretary.

Our Corporate Governance Guidelines provide a framework for our corporate governance initiatives and cover topics such as director independence and selection and nomination of director candidates, communication with the Board, Board committee matters, and other areas of import. Certain highlights from our Corporate Governance Guidelines, as well as other corporate governance matters, are discussed below.

Director Independence

Our Corporate Governance Guidelines provide that a majority of the Board must meet the requirements for being an independent director under the listing standards of the New York Stock Exchange ("NYSE") and applicable law, including the requirement that the Board affirmatively determine that the Director has no material relationship with us. To guide its determination of whether a Director is independent, the Board has adopted the following categorical standards:

A Director will not be independent if: (i) the Director is, or has been, within the last three years, our employee, or an immediate family member is, or has been within the last three years, our executive officer; (ii) the Director has received, or an immediate family member has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from us, other than Director and committee fees and pension and other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service); (iii) the Director is a current partner or employee of a firm that is our internal or external auditor; (iv) the Director has an immediate family member who is a current partner of a firm that is our internal or external auditor; (v) the Director has an immediate family member who is a current employee of a firm that is our internal or external auditor and who personally works on the Company's audit; (vi) the Director or an immediate family member was within the last three years a partner or employee of a firm that is our internal or external auditor and personally worked on our audit within that time; (vii) the Director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of our present executive officers at the same time serves or served on that company's compensation committee; or (viii) the Director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, us for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1,000,000 or two percent (2%) of such other company's consolidated gross revenues.

In addition, the following commercial and charitable relationships will not be considered material relationships that would impair a director's independence: (i) the Director (or an immediate family member of the Director) is, or during the last fiscal year has been, an affiliate or executive officer of another company (including banks or financial institutions) to which we were indebted, or to which such other company was indebted to us, during the last or current fiscal year and the total amount of indebtedness did not exceed two percent (2%) of the total consolidated assets of the indebted entity at the end of such fiscal year; (ii) the Director (or an immediate family member of the Director) is, or during the last fiscal year has been, an executive officer, director or trustee of a charitable organization where our annual discretionary charitable contributions to the charitable organization, in the last or current fiscal

year did not exceed the greater of \$1,000,000 or two percent (2%) of that organization's consolidated gross revenues; (iii) the Director (or an immediate family member of a Director) is a member of, employed by, or of counsel to a law firm or investment banking firm that performs services for us, provided the payments made by us to the firm during a fiscal year do not exceed two percent (2%) of the firm's gross revenues for the fiscal year, and the Director's relationship with the firm is such that his or her compensation is not linked directly or indirectly to the amount of payments the firm receives from us; or (iv) a relationship arising solely from a Director's position as a director of another company that engages in a transaction with us shall not be deemed a material relationship or transaction that would cause a Director to not be independent.

Finally, a Director who is a member of our Audit Committee will not be independent if such Director: (i) other than in his or her capacity as a member of the Audit Committee, the Board or any other Board committee, accepts directly or indirectly any consulting, advisory or other compensatory fee from us or any subsidiary (except for retirement benefits to the extent permitted by applicable SEC rules); or (ii) is an affiliated person (as defined by the SEC) of us or any subsidiary.

Generally, relationships not addressed by the NYSE rules or otherwise described above will not cause an otherwise independent Director to be considered not independent. For relationships that do not fall within the categories delineated above, the Directors who are otherwise independent under the guidelines will determine whether a relationship is material and, therefore, whether the Director would be independent.

In determining the independence of Ms. Marshall and Messrs. Armstrong, Foutch, Rooney, Rust, and Zeglis, the Board of Directors considered (i) State Farm Mutual Automobile Insurance Company's ownership of our common stock and that it held approximately \$3 million of our long-term unsecured debt, and (ii) Mr. Rust's position as Chairman, President and Chief Executive Officer of State Farm Mutual Automobile Insurance Company.

After applying the standards set forth above in our Corporate Governance Guidelines, the Board determined that Ms. Marshall and Messrs. Armstrong, Foutch, Rooney, Rust and Zeglis had no material relationship with the Company and that each is independent under the categorical standards and the applicable requirements of the NYSE and applicable law.

Director Identification, Evaluation, and Nomination

General Principles and Procedures. We are of the view that the continuing service of qualified incumbents promotes stability and continuity in the boardroom, contributing to the Board's ability to work as a collective body, while giving us the benefit of familiarity and insight into our affairs that our Directors have accumulated during their tenure. Accordingly, the process for identifying nominees shall reflect our practice of re-nominating incumbent Directors who continue to satisfy the Nominating and Corporate Governance Committee's ("Committee") criteria for membership on the Board, whom the Committee believes continue to make important contributions to the Board, and who consent to continue their service on the Board.

In general, and as more fully outlined in the Corporate Governance Guidelines, in considering candidates for election at annual meetings of stockholders, the Committee will (i) consider if the Director continues to satisfy the minimum qualifications for director candidates as set forth in the Corporate Governance Guidelines, (ii) assess the performance of the Director during the preceding term, and (iii) determine whether there exist any special, countervailing considerations against re-nomination of the Director.

If the Committee determines that (i) an incumbent Director consenting to re-nomination continues to be qualified and has satisfactorily performed his or her duties as Director during the preceding term, and (ii) there exist no reasons, including considerations relating to the composition and functional needs of the

Board as a whole, why in the Committee's view the incumbent should not be re-nominated, then the Committee will, absent special circumstances, propose the incumbent Director for re-election.

The Committee will identify and evaluate new candidates for election to the Board where there is no qualified and available incumbent, including for the purpose of filling vacancies or a decision of the Directors to expand the size of the Board. The Committee will solicit recommendations for nominees from persons that the Committee believes are likely to be familiar with qualified candidates. The Committee may also determine to engage a professional search firm to assist in identifying qualified candidates.

As to each recommended candidate that the Committee believes merits consideration, the Committee will (i) cause to be assembled information concerning the background and qualifications of the candidate, (ii) determine if the candidate satisfies the minimum qualifications required by our Corporate Governance Guidelines, (iii) determine if the candidate possesses any of the specific qualities or skills that the Committee believes must be possessed by one or more members of the Board, (iv) consider the contribution that the candidate can be expected to make to the overall functioning of the Board, and (v) consider the extent to which the membership of the candidate on the Board will promote diversity among the Directors.

Based on all available information and relevant considerations, the Committee will select and recommend to the Board a candidate who, in the view of the Committee, is most suited for membership on the Board.

Stockholder Recommendations. The Committee shall consider recommendations for the nomination of qualified Directors submitted by holders of our shares entitled to vote generally in the election of Directors. The Committee will give consideration to these recommendations for positions on the Board where the Committee has determined not to re-nominate a qualified incumbent Director.

For each annual meeting of stockholders, the Committee will accept for consideration only one recommendation from any stockholder or affiliated group of stockholders. The Committee will only consider recommendations of nominees for Director who satisfy the minimum qualifications prescribed by our Corporate Governance Guidelines.

Only those recommendations whose submission complies with the following procedural requirements will be considered by the Committee: (1) *Stockholder Nominations to the Committee.* The Committee will consider qualified nominees recommended by stockholders who may submit recommendations to our Corporate Secretary at our headquarters address. To be considered by the Committee, stockholder nominations must be submitted before our fiscal year-end and must include the information listed in paragraph 2(i) and (ii)(a), (c) and (d) below, together with a statement of the number of shares of our stock beneficially owned by the stockholder making the nomination and by any other supporting stockholders. (2) *Stockholder Nominations at the Annual Meeting.* Our By-laws provide that any stockholder who is entitled to vote for the election of Directors at a meeting called for such purpose may nominate persons for election to the Board. A stockholder desiring to nominate a person or persons for election to the Board must send a timely (see Stockholder Proposals on page 53) written notice to the Corporate Secretary setting forth in reasonable detail the following: (i) as to each person whom the stockholder proposes to nominate for election all information relating to such person that is required to be included in a proxy statement filed pursuant to the proxy rules of the SEC (including such person's written consent to being named in the proxy statement as a nominee and to serving as a Director if elected); and (ii) as to the stockholder giving notice (a) the name and address of the stockholder making the nomination, (b) a representation that the stockholder is a holder of record of our stock entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to present the nomination, (c) the class or series and number of shares of our capital stock which are owned beneficially or of record by the stockholder, and (d) a description of all arrangements or understandings between the stockholder and any other person or persons (naming such person or persons) pursuant to which the nomination is to be made by the stockholder.

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Candidates for Director who are properly recommended by our stockholders will be evaluated in the same manner as any other candidate for Director. The Committee may require the candidate to furnish other information as the Committee may reasonably request to assist the Committee in determining the eligibility of the candidate to serve as a Director. The Committee (or the presiding officer at any meeting of the stockholders) may disregard the purported nomination of any person not made in compliance with these procedures.

Director Qualification Standards

All persons nominated to serve as one of our Directors should possess the following minimum qualifications more fully discussed in our Corporate Governance Guidelines: all candidates (i) must be individuals of personal integrity and ethical character; (ii) should be free of conflicts of interest that would materially impair his or her judgment; (iii) must be able to represent fairly and equally all of our stockholders; (iv) must have demonstrated achievement in business, professionally, or the like; (v) must have sound judgment; (vi) must have a general appreciation regarding major issues facing public companies of a size and operational scope similar to ours; (vii) must have, and be prepared to devote, adequate time to the Board and its committees; and (viii) must not conflict with any of our term or age limits for Directors. The Committee will also ensure that: (i) at least a majority of the Directors serving at any time on the Board are independent, as defined under the rules of the NYSE and applicable law; (ii) at least three of the Directors satisfy the financial literacy requirements required for service on the Audit Committee under the rules of the NYSE; and (iii) at least some of the independent Directors have experience as senior executives of a public or substantial private company.

Our Corporate Governance Guidelines also provide, in lieu of a formal diversity policy, that as part of the nomination process, the Committee will consider diversity in professional background, experience, expertise, perspective, age, gender, and ethnicity with respect to Board composition as a whole. With respect to diversity, we place particular emphasis on identifying candidates whose experiences and talents complement and augment those of other Board members with respect to matters of importance to the Company. We attempt to balance the composition of the Board to promote comprehensive consideration of issues. Our current Board composition achieves this through widely varying levels and types of business and industry experience among current Board members.

The foregoing qualification attributes are only threshold criteria, however, and the Committee will also consider the contributions that a candidate can be expected to make to the collective functioning of the Board based upon the totality of the candidate's credentials, experience, and expertise, the composition of the Board at the time, and other relevant circumstances.

Board Leadership Structure

The Company's By-laws provide that, in general, any two or more offices may be held by the same person, including the offices of Chairman of the Board ("Chairman") and Chief Executive Officer ("CEO"). The Board believes that this flexibility in the allocation of the responsibilities of these two roles is beneficial and enables the Board to adapt the leadership function to changing circumstances. Two different individuals hold the positions of Chairman and CEO at the Company. Mr. W. H. Helmerich, III, a Director since 1949, has served as Chairman of the Board since 1987 and was the Chief Executive Officer from 1987 to 1989. His son, Mr. Hans Helmerich, has served as a Director since 1987 and became the President and Chief Executive Officer in 1989. Mr. W. H. Helmerich, III's long experience with the Company and the drilling industry have provided him with significant institutional knowledge of the Company, its business, operations and industry that allows him to effectively carry out the Chairman's responsibilities and provide leadership to the Board. Mr. Hans Helmerich, who has over 20 years of successful experience as CEO and possesses in-depth knowledge of the Company, its operations and the evolving drilling and energy industry, is responsible for the general supervision, direction and control of the Company's business. The Board believes that the interests of all stockholders are best served at this time by

this leadership model of a separate Chairman and CEO. The experience and knowledge of Messrs. W. H. Helmerich, III and Hans Helmerich provide the Board and the Company with continuity of leadership that has enabled the Company's success for more than 20 years.

In addition, the Board has demonstrated its commitment and ability to provide independent oversight and management. We believe that the most effective board structure is one that emphasizes board independence and ensures that the board's deliberations are not dominated by management. With the exception of Messrs. W. H. Helmerich, III and Hans Helmerich, our Board is composed entirely of independent Directors. Each of our standing Board committees is comprised of only independent Directors. Further, while the Board does not currently have a lead independent Director, it appoints a presiding, independent Director for each executive session of the Board when it meets without Messrs. W. H. Helmerich, III, Hans Helmerich, or management. While the Board believes this practice provides for independent leadership without the need to designate a single lead director, the Board intends to examine during 2011 whether the appointment of a lead Director would enhance the Board's effectiveness.

Board Meeting Attendance

There were four regularly scheduled meetings of the Board held during fiscal 2010. We require each Director to make a diligent effort to attend all Board and Committee meetings as well as the Annual Meeting of the Stockholders. All of our Directors attended the 2010 Annual Meeting of the Stockholders. During fiscal 2010, no incumbent Director attended fewer than 75% of the aggregate of the total number of meetings of the Board and its committees of which he or she is a member.

Board Committees

Messrs. Rust (Chairman), Foutch and Rooney are members of the Audit Committee. The Board has adopted a written charter for the Audit Committee. The primary functions of the Audit Committee are to assist the Board in fulfilling its independent and objective oversight responsibilities of financial reporting and internal financial and accounting controls of the Company and to monitor the qualifications, independence, and performance of our independent registered public accounting firm. The Board has determined that Mr. Edward B. Rust, Jr. is an "audit committee financial expert" as defined by Item 407 of Regulation S-K of the Securities and Exchange Commission ("SEC"). During the fiscal year ended September 30, 2010, the Audit Committee held thirteen meetings.

Ms. Marshall and Messrs. Armstrong and Zeglis (Chairman) are members of the Human Resources Committee (which functions as our compensation committee). The Board has adopted a written charter for the Human Resources Committee. The primary functions of the Human Resources Committee are to evaluate the performance of our executive officers, to review and make decisions regarding compensation of our executive officers and make recommendations regarding compensation of non-employee members of our Board, and to review and make recommendations or decisions regarding incentive compensation and equity-based compensation plans. The Human Resources Committee may not delegate any of its authority to other persons or committees. During the fiscal year ended September 30, 2010, the Human Resources Committee held six meetings.

Ms. Marshall and Messrs. Armstrong (Chairman), Foutch, Rooney, Rust, and Zeglis are members of the Nominating and Corporate Governance Committee. The Board has adopted a written charter for the Nominating and Corporate Governance Committee. The primary functions of the Committee are to identify and to recommend to the Board the selection of Director nominees for each annual meeting of stockholders or for any vacancies on the Board, to make recommendations to the Board regarding the adoption or amendment of corporate governance principles applicable to us, and to assist the Board in developing and evaluating potential candidates for executive positions and generally oversee management succession planning. During the fiscal year ended September 30, 2010, the Nominating and Corporate Governance Committee held four meetings.

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The non-management Directors, in fiscal 2010, met in executive session without management, prior to each regularly scheduled Board meeting. Mr. Armstrong was presiding Director for all executive sessions.

Transactions with Related Persons, Promoters and Certain Control Persons

The Company has adopted written Related Person Transaction Policies and Procedures. The Audit Committee is responsible for applying such policies and procedures. The Audit Committee reviews all transactions, arrangements, or relationships in which the aggregate amount involved will or may be expected to exceed \$120,000 in any fiscal year, the Company is a participant, and any related person has or will have a material direct or indirect interest. In general, a related person is any Company executive officer, Director, or nominee for election as a Director, any greater than 5 percent beneficial owner of our common stock, and immediate family members of any of the foregoing.

The Audit Committee applies the applicable policies and procedure by reviewing the material facts of all interested transactions that require the Audit Committee's approval and either approves or disapproves of the entry into the interested transaction, subject to the exceptions described below. Any member of the Audit Committee who is a related person with respect to a transaction under review may not participate in the deliberations or vote respecting approval or ratification of the transaction. In determining whether to approve an interested transaction, the Audit Committee takes into account, among other factors it deems appropriate, the nature of the related person's interest in the interested transaction, the material terms of the interested transaction including whether the interested transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances, the materiality of the related person's direct or indirect interest in the interested transaction, the materiality of the interested transaction to us, the impact of the interested transaction on the related person's independence (as defined in our Corporate Governance Guidelines and the New York Stock Exchange Listing Standards), and the actual or apparent conflict of interest of the related person participating in the transaction (as contemplated under our Code of Business Conduct and Ethics). The following transactions are deemed to be pre-approved under the applicable policies and procedures: (i) Director and executive officer compensation otherwise required to be disclosed in our proxy statement, (ii) transactions where all of our stockholders receive proportional benefits, (iii) certain banking related services, and (iv) transactions available to our employees generally.

Except for the consulting arrangement pertaining to Mr. W. H. Helmerich, III discussed below under the Director Compensation Table, there are no related person transactions required to be reported in this Proxy Statement.

Compensation Committee Interlocks and Insider Participation

During fiscal 2010, the members of our Human Resources Committee were Ms. Marshall and Messrs. Armstrong and Zeglis. No executive officer or Director of the Company has any relationship covered by the Compensation Committee Interlock and Insider Participation regulations.

Communication with the Board

The Board has established several means for employees, stockholders, and other interested persons to communicate their concerns to the Board. If the concern relates to our financial statements, accounting practices or internal controls, the concern may be submitted in writing to the Chairperson of the Audit Committee in care of our Corporate Secretary at our headquarters address. If the concern relates to our governance practices, business ethics, or corporate conduct, the concern may be submitted in writing to the Chairperson of the Nominating and Corporate Governance Committee in care of our Corporate Secretary at our headquarters address. If the concern is intended for the presiding Director or the non-management or independent Directors as a group, the concern may be submitted in writing to such presiding Director or groups in care of our Corporate Secretary at our headquarters address. If the employee, stockholder, or

other interested person is unsure as to which category his or her concern relates, he or she may submit it in writing to the Board or any one of the Directors in care of our Corporate Secretary at our headquarters address. Our headquarters address is 1437 South Boulder Avenue, Tulsa, OK 74119.

Each communication intended for any management or non-management or independent Director(s) or for the entire Board and received by the Corporate Secretary which is related to our operations will be promptly forwarded to the specified party(ies).

The Board's Role in Risk Management

The Audit Committee reviews and discusses with management the Company's processes and policies with respect to risk assessment and risk management, including the Company's enterprise risk management program. In addition, the Company's risk oversight process involves the Board receiving information from management on a variety of matters, including operations, legal, regulatory, finance and strategy, as well as information regarding any material risks associated with each matter. The full Board (or the Audit Committee) receives this information through updates from the appropriate members of management to enable it to understand and monitor the Company's risk management practices. When the Audit Committee receives an update, the chairperson of the Audit Committee reports on the discussion to the full Board during the Board committee reports portion of the next Board meeting. This enables the Board and the Audit Committee to coordinate the risk oversight role.

Compensation Risk Assessment

Management has undertaken, with input from the Human Resources Committee's independent compensation consultant, a review of our compensation programs and practices applicable to all employees, including executive officers, in order to assess the risks presented by such programs and practices. Management analyzed the likelihood and magnitude of potential risks, focusing on program elements that may create risk, including pay mix and amount, performance metrics and goals, the balance between annual and long-term incentives, the terms of equity and bonus awards, and change-in-control arrangements. The review also took into account mitigating features associated with our compensation programs and practices which include elements such as capped payouts levels for both annual bonuses and equity grants under the Company's stock plan, the Human Resources Committee's authority to exercise negative discretion over bonus payouts, stock ownership guidelines aligning the interests of executive officers with stockholders, claw-back provisions contained in stock plan award and other agreements, the use of multiple performance measures, and multi-year vesting schedules for equity awards.

Management discussed the findings of the risk assessment with the Human Resources Committee and the full Board. Based on the assessment, we have determined that our compensation programs and practices applicable to all employees, including executive officers, are aligned with the interests of stockholders, appropriately reward pay for performance, and are not reasonably likely to have a material adverse effect on the Company.

EXECUTIVE COMPENSATION DISCUSSION & ANALYSIS

Summary

During fiscal 2010, the Company, under our CEO's leadership, achieved the highest level of activity in the U.S. in the Company's history while maintaining significantly higher premiums in rig revenue and margin than our U.S. land drilling competitors. We experienced record breaking net income for fiscal 2008 and 2009, which ranked respectively as the first and third best in our history. The Company's total stockholder return for the period 2007 through 2010 ranked in the 93rd percentile relative to its peers within the Company's Compensation Peer Group. For these reasons, the CEO received a \$935,000 bonus for 2010 as shown in both the "Bonus" and "Non-Equity Incentive Plan Compensation" columns in the Summary Compensation Table on page 25, a 5% base salary increase and was awarded 80,000 non-qualified option shares and 20,000 shares of restricted stock as shown in the Grants of Plan-Based Awards in Fiscal 2010 table on page 27.

As part of its annual review of executive compensation, perquisites and related matters, the Human Resources Committee (the "Committee"):

Eliminated effective January 1, 2010, tax gross-up payments with respect to medical plan premiums. As a result, we no longer provide any type of tax gross-up payments to our executives.

Terminated in January 2011 the Survivor Income Plan as to Messrs. Hans Helmerich and Steven R. Mackey and assigned the related life insurance policies to those executives. Each executive will bear all taxes on the approximately \$25,000 cash value attributable to each policy. While three retired executives will continue to participate, the Company will have no further obligation or expense for current or future executives with regard to the Survivor Income Plan.

Revised the Annual Bonus Plan for Executive Officers to increase the bonus adjustment factor from 50% to 100% so that bonus compensation could be more significantly impacted based upon the Committee's qualitative evaluation of relative stockholder return and satisfaction of strategic performance objectives and included safety performance as a strategic performance objective.

Caused the Board to recommend for stockholder approval the Helmerich & Payne, Inc. 2010 Long-Term Incentive Plan (a copy of which is attached hereto as Appendix "A").

Caused the Board to approve executive officer and director stock ownership guidelines (see page 23).

Our Company aircraft policy was revised to provide greater transparency and simplicity with regard to personal use of aircraft by the Chairman and the named executive officers (see page 22).

Compensation Process, Philosophy and Objectives

The Committee has the responsibility for establishing, implementing and monitoring our executive compensation program. All compensation decisions relating to our Chief Executive Officer ("CEO"), Chief Financial Officer and the other executive officers identified in the Summary Compensation Table ("named executive officers") are made by the Committee after soliciting input from all independent Directors. For purposes of deciding upon named executive officer compensation, the Committee generally meets in late November and early December following the end of each fiscal year to consider salary adjustments and equity-based compensation awards for the next calendar year and bonus compensation for the completed fiscal year. Prior to making final compensation decisions, the Committee reviews proposed executive compensation with the independent Directors as a group. Generally, the types of compensation and benefits paid to our named executive officers are the same as those provided to other key employees. There are no material individual differences in compensation policies and decisions for our named executive officers.

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The objectives of our executive compensation program are to compensate executives in a manner that advances the interests of the stockholders while ensuring that we are able to attract and retain qualified executives. To that end, we have designed our executive compensation program to reward the achievement of short- and long-term corporate goals that enhance stockholder value. The Committee monitors both performance and compensation to ensure that we maintain our ability to attract and retain qualified executives and that compensation paid to our executives remains competitive relative to compensation paid to executives of competitor companies. Our compensation elements consist of:

Base salary

Bonus

Long-term equity incentive compensation

Retirement benefits

Other benefits

We believe the Company should have the ability to recover compensation paid to executive officers and key employees under certain circumstances. As a result, we have approved two policies addressing recoupment of bonus and equity compensation from executive officers and certain other key employees. The following is a summary of those policies:

In the event the Board determines that any fraud or intentional misconduct caused or was a substantial contributing factor to a restatement of our financials, the Board may require reimbursement of any bonus compensation paid to an executive officer or certain other key employees to the extent the bonus paid exceeded what would have been paid had the financial results been properly reported. This policy applies to all bonuses paid after September 30, 2008, which coincide with the fiscal years that are subject to the restatement.

If the Committee reasonably believes that a participant under our 2005 Long-Term Incentive Plan ("2005 Plan") has committed certain acts of misconduct, including fraud, embezzlement, or deliberate disregard of our rules or policies, that may reasonably be expected to result in damage to us, the Committee may cancel all or part of any outstanding award under the 2005 Plan whether or not vested or deferred. Additionally, if the misconduct occurs during a fiscal year in which there was also an exercise or receipt of an award under the 2005 Plan, the Committee may recoup any value received from such award.

Role of Executive Officers in Compensation

The Committee annually evaluates the performance of the CEO and determines the CEO's compensation in light of the objectives of our compensation program. The CEO provides an annual assessment of his performance and the performance of the other named executive officers, together with his recommendations as to the compensation of the other named executive officers. The Committee considers the CEO's recommendations and, in its discretion, may modify his recommendations. The other named executive officers do not play a role in their own compensation decisions, other than discussing individual performance objectives with the CEO. The Executive Vice President and General Counsel and the Director of Human Resources review the compensation consultant's annual draft of its compensation analysis and provide comments for the consultant's consideration. They also attend Committee meetings and provide requested information to the Committee.

Role of Compensation Consultant

The Committee has engaged Deloitte Consulting LLP ("Deloitte") as its independent compensation consultant to provide research, market data, and survey information regarding executive and director compensation. At the Committee's request, Deloitte advises the Committee on all principal aspects of

executive and director compensation including the competitiveness of program design and award values. It provides the Committee with an annual written executive compensation analysis with respect to the named executive officers. The written analysis for fiscal 2010 addressed, among other things:

Comparison and assessment of named executive officers' compensation values to peer group proxy and survey data

Recent trends in executive compensation

Assessment of non-employee director compensation

The Committee generally reviews the compensation of the named executive officers in late November and early December following the end of a particular fiscal year. Deloitte attends at least one meeting and presents its written compensation analysis covering the named executive officers.

Deloitte periodically provides the Committee with a written director compensation analysis. The Committee reviews the analysis and determines whether to recommend to our Board a compensation increase for non-employee directors. The executive officers do not play a role in determining or recommending the amount or form of director compensation.

Deloitte was first retained by the Committee in December of 2003. Deloitte reports directly to the Committee although they may meet with management from time to time to gather information or to obtain management's perspective on executive compensation matters. The Committee has the sole authority under its Charter to retain or terminate the compensation consultant at any time. In addition, the Committee may conduct or authorize investigations of matters within its scope of responsibilities and may retain, at our expense, independent counsel or other advisors as it deems necessary.

Determining Executive Compensation

In making compensation decisions, the Committee compares each element of compensation against a peer group of publicly-traded contract drilling and oilfield service companies (collectively "Compensation Peer Group") and against published survey data. The Compensation Peer Group consists of companies that are representative of the types of companies that we compete against for talent. The companies in the Compensation Peer Group are as follows:

Diamond Offshore Drilling, Inc.	FMC Technologies, Inc.
Dresser-Rand Group Inc.	Noble Corporation
Cameron International Corporation	Nabors Industries Ltd.
Pride International, Inc.	ENSCO International Incorporated
Rowan Companies, Inc.	Patterson-UTI Energy, Inc.
Unit Corporation	Atwood Oceanics, Inc.
Key Energy Services, Inc.	Hercules Offshore, Inc.
	Parker Drilling Company

The Committee also uses survey data to assist in compensation decisions, including those instances in which a named executive officer's position or duties do not match the position or duties of Compensation Peer Group executives. The data from these surveys is statistically regressed according to our revenue. This survey data includes oilfield services, energy, and general industry data. The surveys referenced in Deloitte's 2010 compensation report were:

2009/2010 Watson Wyatt Top Management Compensation Report

2009 William M. Mercer Energy Compensation Survey

2009 William M. Mercer Executive Compensation Survey Regression Analysis

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2010 Stone Partner's Oilfield Manufacturing and Services Industry Executive Compensation Survey

2010 Towers Perrin Oilfield Services Compensation Survey

2010 ERI Economic Research Institute Executive Compensation Assessor

The Committee sets target total direct compensation for named executive officers to generally approximate the median level of compensation paid to similarly situated executives of the companies comprising the Compensation Peer Group. Variations to this objective may occur as dictated by corporate performance, experience level, internal equity, nature of duties, market factors, and retention issues. At the time the Committee makes compensation decisions, it uses prior fiscal year peer data and available survey data. This data provides peer compensation comparisons on a historical basis. However, the Committee is unable to determine how current pay of the named executive officers compares to current pay of peer executives.

A significant portion of total compensation is variable based on corporate performance and relative stockholder return. The Committee considers individual performance during its annual review of base salary and equity awards. However, no specific individual performance criteria or guidelines are used by the Committee as a controlling factor in the Committee's ultimate judgment and final decision. In deciding on the type and amount of executive compensation, the Committee focuses on both current pay and the opportunity for future compensation. The Committee does not have a specific formula for allocating each element of pay, but instead bases the allocation on peer and survey data and the Committee's judgment.

When considering long-term equity incentive compensation, the Committee primarily awards stock options to the named executive officers. Stock option awards are based on an executive's base pay and the current Black-Scholes value of our common stock. Under this methodology, the Committee has generally limited the value of annual stock option awards to a range of 250% to 300% of the CEO's base salary and 150% to 250% of the base salary of the other named executive officers. To determine the actual number of shares awarded to a named executive officer, the dollar value of the award is divided by the applicable Black-Scholes value. In determining the Black-Scholes value for stock option awards, the Committee uses an average price for our common stock over a 10-day trading period ending on the Friday before the week that stock option awards are considered by the Committee. Exceptions to this policy have occurred and may occur in the future as dictated by retention considerations and market factors. For example, the Committee has periodically awarded grants of time-vested restricted stock to the named executive officers.

The Committee generally limits annual merit salary adjustments to the same percentage that is applicable to all office-based employees.

2010 Executive Compensation Components

The principal components of compensation for named executive officers for the fiscal year ended September 30, 2010, are described below.

Base Salary

We provide named executive officers and other employees with a base salary to compensate them for services rendered during the fiscal year. Base salaries of named executive officers are set to generally approximate the median level of base salaries of similarly situated executives of companies included in the Compensation Peer Group. If base salaries of our named executive officers consistently fall below such median level, then the Committee will consider market adjustments to base salaries. Salary levels are typically considered annually as part of our review process as well as upon a promotion. Although named executive officers generally receive the same percentage salary increase applicable to office-based employees, the named executive officers may receive greater increases as a result of market adjustments.

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Effective January 1, 2010, office-based employees generally received a 3% base salary increase. Two named executive officers received market salary adjustments effective January 1, 2010, ranging from 5% to 11.7%. Three named executive officers received salary increases of approximately 3% and one named executive officer did not receive a salary increase during fiscal 2010. In April 2010, one named executive officer received a 3.17% raise as a result of a promotion.

Bonus

The Annual Bonus Plan for Executive Officers ("Bonus Plan") is a cash incentive plan for calculation of annual non-equity incentive-based compensation. These cash incentive awards are designed to reward short-term performance and achievement of strategic goals. Combined salaries and target bonus levels are intended to generally approximate the median of the Compensation Peer Group's combined salary and annual bonus levels.

Pursuant to the terms of the Bonus Plan, each named executive officer is assigned a threshold, target and reach bonus award opportunity expressed as a percentage of base salary. These bonus award opportunities range from 40% to 130% for the CEO and 25% to 100% for the other named executive officers and do not include the up to 100% bonus adjustment described below. An executive officer's bonus opportunity is based upon three weighted corporate performance criteria. These performance criteria and their weightings are: earnings per share (35%); return on invested capital (35%); and operating earnings before interest, taxes, depreciation, and amortization (30%). At the beginning of each fiscal year, the Committee approves the assignment of a threshold, target, and reach objective for each performance criterion based upon the operating and capital budget approved by the Board. The target objective is established with an approximate 60 to 70 percent probability of achievement with threshold objective adjusted 20% below and the reach objective adjusted up to 50% above the target objective. Actual fiscal year financial results are compared to plan objectives in order to determine the amount of any executive officer bonus. If actual financial results fall between the threshold and target or the target and reach objectives, then bonuses are proportionately increased as a result of the threshold or target objective being exceeded. Notwithstanding the other provisions of the Bonus Plan, the Committee has the right to reduce or eliminate any bonus due a named executive officer based upon the Committee's determination of individual performance, and the Committee has the discretion to adjust performance criteria during a fiscal year if, for example, the initially-established performance criteria are rendered unrealistic in light of circumstances beyond the control of the Company and its management. No adjustments were made to the corporate performance criteria during fiscal 2010.

The approved corporate performance criteria for fiscal 2010 were:

	Threshold	Target	Reach
Earnings Per Share	\$ 0.89	\$ 1.28	\$ 1.92
Return on Invested Capital	3.6%	5.1%	7.7%
Operating EBITDA	\$ 355,600,000	\$ 508,000,000	\$ 762,000,000

The bonus, if any, is then subject to being increased or decreased by up to 100% based on the Committee's overall assessment of our dayrates, utilization and continued industry leading safety performance (20% weighting) and our stockholder returns relative to both the returns of all companies and the returns of our U.S. land drilling peers within the Compensation Peer Group (80% weighting). In determining operational success, the Committee compared our dayrates, utilization and safety performance to that of our U.S. land drilling competitors, all of which are included in the Compensation Peer Group.

With the exception of the safety criterion, no specific criteria or objectives are used by the Committee when assessing our dayrates or utilization or relative stockholder returns. The Committee does consider Company safety statistics and compares those statistics to industry safety statistics. Whether the bonus of a

named executive officer is increased or decreased by up to 100% is primarily dependent upon the Committee's judgment as to the named executive officer's success in positively affecting the corporate performance factors referred to above.

Within this framework, the Committee determined that the target objective for all three performance criteria had been exceeded in fiscal 2010 and that the annual bonus for all named executive officers be increased by approximately 50% due to our operational and safety success and the achievement of favorable relative stockholder returns.

Long-Term Equity Incentive Compensation

The 2005 Plan was approved by our stockholders at the 2006 Annual Meeting of Stockholders. The 2005 Plan governs all stock-based awards granted after March 1, 2006, and the 2000 Stock Incentive Plan governs stock-based awards granted under such plan prior to March 1, 2006. The 2005 Plan allows the Committee to design stock-based compensation programs to encourage growth of stockholder value and allow key employees and non-employee Directors to participate in the long-term growth and profitability of the Company. Approximately 135 employees (including the named executive officers) and non-employee Directors receive stock-based awards on an annual basis. Stock option award levels are determined based on market data, and vary among participants based on their positions.

Under the 2005 Plan, the Committee may grant nonqualified stock options, restricted stock awards, stock appreciation rights, and performance units to selected employees and non-employee Directors. Also, the Committee may grant incentive stock options to selected employees under such Plan. To date, the Committee has only awarded non-qualified stock options and time-vested restricted stock to participants. A total of 4,000,000 shares of common stock have been authorized for award under the 2005 Plan. With the exception of new employees or non-employee Directors, the Committee only approves annual stock-based awards at its meeting in late November or early December after the end of the fiscal year. The Committee selected this time period for review of executive compensation since it coincides with executive performance reviews and allows the Committee to receive and consider final fiscal year financial information. Newly hired employees or appointed Directors are considered for stock-based awards at the time they join the Company. Exceptions to this policy may occur as dictated by retention considerations or market factors.

Stock Options

Historically, stock-based awards have primarily been made in the form of stock options. The Committee believes that stock options align the interests of executives with stockholders in that stock options only have value to the extent the price of our stock on the date of exercise exceeds the exercise price on the grant date.

The grant date for all stock options is the date the Committee approves the grant. The Committee does not make equity grants in anticipation of the release of material non-public information and does not time the release of such information based on equity award grant dates. The Committee has never approved a backdated stock option grant.

The grant price for all option grants, as provided by the 2005 Plan, is the average of the high and low stock price on the date of grant. Such Plan also prohibits repricing of stock option awards.

The majority of options granted by the Committee vest at a rate of 25% per year over the first four years of the ten-year option term. Prior to the exercise of an option, the holder has no rights as a stockholder with respect to the shares subject to the option.

The number and grant date fair value of non-qualified stock options awarded to the named executive officers in fiscal 2010 are shown in the Grants of Plan-Based Awards in Fiscal 2010 table on page 27. In

making these awards, the Committee applied the methodology discussed above and considered individual and corporate performance and the value of equity awards made by competitors.

Restricted Stock

We believe that periodic awards of restricted stock assists in retention of executives and other key employees. The Committee has periodically awarded time-vested restricted stock to the named executive officers and other key employees. Generally, all restricted stock awards fully vest over a range of 3 to 5 years from the original date of grant. During the restriction period, the participant receives quarterly payments from us equal to quarterly dividends and has the right to vote restricted shares. Unvested restricted stock is forfeited if the executive or other key employee leaves the Company.

The number of shares of restricted stock awarded to the named executive officers in fiscal 2010 are shown in the Grant of Plan-Based Awards in Fiscal 2010 table on page 27. In making these awards, the Committee considered the retentive effect of these awards during an uncertain business climate, individual and corporate performance and the value of equity awards made by competitors.

Total Direct Compensation for 2010

With the exception of Mr. Mackey, the following reflects the percentile ranking of how fiscal 2010 total direct compensation (i.e., base salary, bonus and equity awards) for the named executive officers compares to the total direct compensation of executives of the Compensation Peer Group (using a three-year average equity award value):

Hans Helmerich	49 th percentile
John W. Lindsay	69 th percentile
Juan Pablo Tardio	33 rd percentile

Due to the nature of Mr. Mackey's duties, there was insufficient peer group data to provide a meaningful percentile ranking. Since Messrs. Fears and Orr retired on April 30, 2010 and July 31, 2010, respectively, a comparison of their partial year compensation would not provide a meaningful percentile ranking.

Retirement

Pension Plans

Prior to October 1, 2003, most full-time employees, including the named executive officers, participated in our qualified Employees Retirement Plan ("Pension Plan"). The named executive officers also participated in our non-qualified Supplemental Pension Plan. Effective October 1, 2003, we revised both the Pension Plan and the Supplemental Pension Plan to close the plans to new participants and reduced benefit accruals for current participants through September 30, 2006, at which time benefit accruals were discontinued and the plans frozen.

The fiscal 2010 year-end present value of accumulated benefits for each of the named executive officers is shown in the Pension Benefits for Fiscal 2010 table on page 32.

Savings Plans

Savings plans are designed to help employees, especially long-service employees, save and prepare for retirement.

Qualified Plan

Our 401(k)/Thrift Plan ("Savings Plan") is a tax-qualified savings plan pursuant to which most employees paid in U.S. dollars, including the named executive officers, are able to contribute to the Savings Plan on a before tax basis the lesser of up to 100% of their annual compensation or the dollar limit prescribed annually by the Internal Revenue Service ("IRS"). We match 100% of the first 5% of compensation that is contributed to the Savings Plan subject to IRS annual compensation limits (\$245,000 for 2010). All employee contributions are immediately vested and matching contributions are subject to a six-year graded vesting schedule.

Supplemental Savings Plan

In addition to the Savings Plan, the named executive officers and certain other eligible employees can participate in the Supplemental Savings Plan, which is a non-qualified savings plan. Pursuant to the Supplemental Savings Plan, a participant can contribute between 1% and 40% of the participant's compensation to the Supplemental Savings Plan on a before tax basis. If the participant has not received the full Company match of the first 5% of pay in the Savings Plan, then the balance of the match would be contributed to the Supplemental Savings Plan. The Nonqualified Deferred Compensation for Fiscal 2010 table on page 33 contains additional Supplemental Savings Plan information for the named executive officers.

Other Benefits

The named executive officers are provided with other benefits, including perquisites, that the Company and the Committee believe are reasonable. The Committee annually reviews the levels of these benefits provided to the named executive officers. The compensation associated with these benefits is included in the "All Other Compensation" column of the Summary Compensation Table on page 25 and a brief explanation of these benefits is shown in footnote 7 to such table. The following is a more detailed description of certain of these benefits.

Survivor Income Plan

Effective January 2011, this Plan has been terminated as to all current and future named executive officers. See Potential Payments Upon Termination table on page 35 as to benefits payable to the named executive officers based upon an assumed employment termination date of September 30, 2010.

Executive Medical Plan

All employees, including the named executive officers, are eligible for medical coverage under our standard medical plan. The standard medical plan requires a coverage deductible, monthly medical plan premium, and 20% co-payment for medical expenses up to \$1,500 annually. Also, the named executive officers are covered by an Executive Medical Plan that provides for the payment of the applicable deductible and monthly premium and co-payment on behalf of the participant. Annual maximum coverage under the Executive Medical Plan is \$100,000 per family. The Executive Medical Plan's coverage guidelines are similar to those contained in the standard medical plan.

Company Aircraft

With the approval of the CEO, our aircraft may be used by the named executive officers and other employees for business purposes. This provides a more efficient use of their time due to more direct flights and improved flight times than are available commercially. It also provides a more secure traveling environment where sensitive business issues may be discussed.

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Effective January 1, 2011, the Chairman and CEO will each be allocated 20 hours personal use of our aircraft annually without reimbursement to us. The time attributable to our CEO's attendance at board meetings of publicly held companies will be applied against his 20-hour allocation. Any personal use by the Chairman and CEO in excess of this allotment will only be permitted under extraordinary circumstances. Also, with the approval of the CEO, the other named executive officers are permitted personal use of our aircraft, without reimbursement to us, only under extraordinary circumstances.

For tax purposes, imputed income is assessed to each named executive officer for his or his guest's personal travel based upon the Standard Industrial Fare Level of all flights during all such flights during the calendar year.

Executive Officer and Director Stock Ownership Guidelines

Because the Board believes in linking the interests of management and stockholders, the Board has adopted stock ownership guidelines for the named executive officers. Our Executive Stock Ownership Guidelines specify a number of shares that our named executive officers must accumulate and hold within five years of the later of the adoption of the guidelines or the appointment of the individual as a named executive officer. The CEO is required to own shares having a value of five times base salary, and the other named executive officers are required to own shares having a value of two times base salary. The Board has adopted a similar policy applicable to Directors requiring ownership of shares having a value equal to two times annual compensation. These ownership guidelines were adopted on December 7, 2010.

Deductibility of Executive Compensation

The Committee reviews and considers the deductibility of executive compensation under Section 162(m) of the Internal Revenue Code, which provides that we may not deduct certain compensation of more than \$1,000,000 that is paid to certain individuals. This limitation does not apply to compensation that meets the requirements under Section 162(m) for qualifying performance-based compensation. The Committee generally prefers to optimize the deductibility of compensation paid to our executive officers. However, if future compliance with Section 162(m) is inconsistent with our compensation policy or what is believed to be in the best interests of our stockholders, then future compensation arrangements may not be fully deductible under Section 162(m).

Potential Payments Upon Change-in-Control or Termination

Change-in-Control

We have entered into change-in-control agreements with the named executive officers and certain other key employees. These agreements are entered into in recognition of the importance to us and our stockholders of avoiding the distraction and loss of key management personnel that may occur in connection with rumored or actual change-in-control of the Company. These agreements contain a "double" trigger provision whereby no benefits will be paid to an executive unless both a change-in-control has occurred and the executive's employment is terminated after a change-in-control. We believe this arrangement appropriately balances our interests and the interests of executives since we make no payments unless a termination of employment occurs.

More specifically, if we actually or constructively terminate a named executive officer's employment within 24 months after a change-in-control other than for cause, disability, death, or the occurrence of a substantial downturn, or if any of the named executive officers terminates his employment for good reason within 24 months after a change-in-control (as such terms are defined in the change-in-control agreement), any unvested benefits under our Supplemental Savings Plan and Supplemental Pension Plan and any

options or restricted stock granted to any of the named executive officers will vest in full and we will be required to pay or provide:

A lump sum payment equal to two and one-half (2¹/₂) times the base salary and annual bonus of the CEO and two (2) times the base salary and annual bonus of the other named executive officers

24 months of benefit continuation

A prorated annual bonus payable in one lump sum

Up to \$5,000 for out-placement counseling services

A lump sum payment of any accrued vacation pay, any previously deferred compensation, and base salary through the termination date

provided that the payments and benefits will be provided only if a named executive officer executes and does not revoke a release of claims in the form attached to the change-in-control agreement. No tax gross-ups are provided on payments made under these agreements. These agreements are automatically renewed for successive two-year periods unless terminated by us.

For more information regarding post-termination payments that we may be required to make to named executive officers in the event of a change-in-control, see the Potential Payments Upon Change-in-Control table on page 34.

Our long-term equity compensation plans contain a provision whereby all stock options and restricted stock will automatically become fully vested and immediately exercisable in the event of a change-in-control, as defined in such plans. This provision was included in all equity plans in order to be consistent with market practice at the time the plans were approved by stockholders. The potential value of the acceleration of vesting of stock options and restricted stock upon a change-in-control is reflected in columns 7 and 8 of the Potential Payments Upon Change-in-Control table on page 34.

Other Termination Payments

The following plans provide for potential payments to named executive officers upon termination of employment for other than change-in-control:

Supplemental Pension Plan and Supplemental Savings Plan described on pages 21 and 22 and quantified in the Pension Benefits For Fiscal 2010 and Nonqualified Deferred Compensation for Fiscal 2010 tables on pages 32 and 33.

Survivor Income Plan described on page 22 and quantified in the Potential Payments Upon Termination table on page 35, based upon an assumed September 30, 2010 termination date. Effective January 1, 2011, this Plan has been terminated as to all current and future named executive officers.

Compensation Committee Report

The Human Resources Committee of the Company has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Human Resources Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement. This report is provided by the following Directors, who comprise the Human Resources Committee:

John D. Zeglis, Chairman

William L. Armstrong

Paula Marshall

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Summary Compensation Table

The following table includes information concerning compensation paid to or earned by our named executive officers listed in the table for the fiscal years ended September 30, 2010, 2009 and 2008. Messrs. Douglas E. Fears and M. Alan Orr retired on April 30, 2010 and July 31, 2010, respectively. The other persons named below (including Mr. Juan Pablo Tardio who became Vice President and Chief Financial Officer on April 30, 2010) constitute all of the executive officers of the Company as of September 30, 2010.

Name and Principal Position	Year	Salary (\$ (1))	Bonus (\$)(2)	Stock Awards (\$ (3))	Option Awards (\$ (4))	Non-Equity Incentive Plan Compensation (\$ (5))	Change in Pension Value and Non-Equity Nonqualified Deferred Compensation (\$ (6))	All Other Compensation (\$ (7))	Total (\$)
Hans Helmerich, President and Chief Executive Officer	2010	629,519	309,811	760,300	1,411,200	625,189	102,877	126,530	3,965,426
	2009	606,442			978,856			93,533	1,678,831
	2008	601,425	370,600		1,189,100	741,400	66,935	120,707	3,090,167
John W. Lindsay, Executive Vice President, U.S. and International Operations of Drilling Subsidiary	2010	418,750	148,870	760,300	793,800	301,130	21,817	46,935	2,491,602
	2009	385,000			530,213			38,450	953,663
	2008	370,453	182,271		540,500	364,229	12,825	51,399	1,521,677
Steven R. Mackey, Executive Vice President, General Counsel, Secretary and Chief Administrative Officer	2010	316,667	112,402	570,225	529,200	227,598	84,299	41,827	1,882,218
	2009	305,000			326,285		188,843	41,854	861,982
	2008	296,750	144,205		378,350	288,545	35,078	56,426	1,199,354
Juan Pablo Tardio, Vice President and Chief Financial Officer	2010	208,333	87,924	380,150	158,760	175,076	2,240	22,430	1,034,913
M. Alan Orr, Former Executive Vice President, Engineering and Development of Drilling Subsidiary	2010	341,575		570,225	617,400	400,000	2,232	27,653	1,959,085
	2009	366,923			489,428		196,824	25,645	1,078,820
	2008	358,626	169,922		540,500	340,578	37,079	22,204	1,468,909
Douglas E. Fears, Former Executive Vice President and Chief Financial Officer	2010	201,423				350,000	24,050	28,469	603,942
	2009	320,000			326,285		215,458	30,038	891,781
	2008	314,507	151,264		378,350	302,736	38,487	40,835	1,226,179

- (1) The amounts shown in this column are salaries earned during fiscal 2010, 2009 and 2008. Annual salary adjustments become effective at the beginning of each calendar year. Thus, the salaries reported in the above table for fiscal 2010 are the sum of the named executive officers' salaries for the last three months of calendar 2009 and the new salaries for the first nine months of calendar 2010. For calendar 2009, none of the named executive officers received a salary adjustment.
- (2) The amounts shown in this column reflect the amounts paid pursuant to our Annual Bonus Plan for Executive Officers based on the Human Resources Committee's assessment of our safety and operational success and relative total stockholder return. The amounts were earned in connection with our performance for each reported fiscal year, but were paid during the first quarter of the succeeding fiscal year. Also, the amounts are over and above the amounts earned by meeting the performance objectives under the bonus plan.
- (3)

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The amounts included in this column represent the aggregate grant date fair value of stock awards determined pursuant to FASB ASC Topic 718. Because the amounts reflect our accounting expense, the amounts do not correspond to the actual value that will be recognized by the named executive officers. For additional information, including valuation assumptions with respect to the grants, refer to note 6, "Stock-Based Compensation," to our audited financial statements for the fiscal year ended September 30, 2010, included in the 2010 Annual Report on Form 10-K filed with the SEC on November 24, 2010.

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Note on Impact of SEC Rule Change: Under generally accepted accounting principles, compensation expense with respect to stock awards and option awards granted to our employees is generally recognized over the vesting periods applicable to the awards. The SEC's disclosure rules previously required that we present stock award and option award information for 2009 and 2008 based on the amount recognized during the corresponding year for financial reporting purposes with respect to these awards (which meant, in effect, that in any given year we could recognize for financial statement reporting purposes amounts with respect to grants made in that year as well as with respect to grants from past years that vested in or were still vesting during that year). However, changes in 2010 in SEC disclosure rules require that we now present stock award and option award amounts in the applicable columns of the table above with respect to 2009 and 2008 on a similar basis as the 2010 presentation using the grant date fair value of the awards granted during the corresponding year (regardless of the period over which the awards are scheduled to vest). Since this requirement differs from the SEC's past disclosure rules, the amounts reported in the table above for stock awards and option awards in 2009 and 2008 differ from the amounts previously reported in our Summary Compensation Table for these years. As a result, each named executive officer's total compensation for 2009 and 2008 also differ from the amounts previously reported in our Summary Compensation Table for these years.

(4) The amounts included in this column represent the aggregate grant date fair value of option awards determined pursuant to FASB ASC Topic 718. Because the amounts reflect our accounting expense, the amounts do not correspond to the actual value that will be recognized by the named executive officers. For additional information, including valuation assumptions with respect to the grants, refer to note 6, "Stock-Based Compensation," to our audited financial statements for the fiscal year ended September 30, 2010, included in the 2010 Annual Report on Form 10-K filed with the SEC on November 24, 2010. Due to the SEC Rule Change Impact Note in footnote (3) above, the amounts reported in our Summary Compensation Table as option awards for 2009 and 2008 differ from the amounts we have previously reported for these years. As a result, applicable total compensation figures for our named executive officers for 2009 and 2008 differ from those previously reported in our Summary Compensation Table for these years.

(5) The amounts included in this column are payments under our Annual Bonus Plan for Executive Officers based on annual performance measured against pre-established objectives whose outcome is uncertain at the time the awards are communicated to the named executive officers. The amounts were earned in connection with our performance for each reported fiscal year, but were paid during the first quarter of the succeeding year. The bonus award opportunities and financial measures and financial measure weightings for determining bonus amounts for fiscal 2010 are described in the CD&A on page 19.

(6) The amounts in this column reflect the aggregate change in the actuarial present value of the accumulated benefit of each named executive officer under our Pension Plan and our Supplemental Pension Plan. The actuarial present value calculation for fiscal 2010 for Messrs. Orr, Fears and Mackey, who are retirement eligible, is based on an immediate annuity (with an assumed retirement date of September 30, 2010), whereas the present value calculation for Messrs. Helmerich, Lindsay and Tardio, who are not retirement eligible, is based on a deferred annuity (with an assumed retirement age of 61). For fiscal 2008, a deferred annuity (with an assumed retirement of age 65) was used for all participants. The change in fiscal 2009 and continuing for 2010 was made so the calculations would be more consistent with those reflected in our financial statements. The aggregate change in the actuarial present value of the accumulated benefit of Hans Helmerich and John W. Lindsay decreased in fiscal 2009 in the amounts of \$23,083 and \$3,553, respectively.

(7) "All other compensation" for fiscal 2010 includes the following:

Our matching contribution to our 401(k)/Thrift Plan on behalf of each named executive officer as follows: Hans Helmerich \$12,250; John W. Lindsay \$12,250; Steven R. Mackey \$12,833; Juan Pablo Tardio \$10,417; M. Alan Orr \$12,250; and Douglas E. Fears \$12,500.

Our matching contribution to the nonqualified Supplemental Savings Plan for Employees of Helmerich & Payne, Inc. on behalf of each named executive officer as follows: Hans Helmerich \$54,281; John W. Lindsay \$25,563; Steven R. Mackey \$16,375; Juan Pablo Tardio \$9,425; M. Alan Orr \$0; and Douglas E. Fears \$938.

For Hans Helmerich, the amount reported includes \$50,145 for personal use of our aircraft. The value shown for personal use of our aircraft is the incremental cost to us of such use, which is calculated based on the variable operating costs to us per nautical mile of operation, which include fuel costs, repairs, meals, professional services, travel expenses and licenses and fees. Fixed costs that do not change based on usage, such as the cost of aircraft, pilot salaries, insurance, rent, and other costs, were not included. The amount reported includes deadhead flights and is reduced by any reimbursements to us. The amount reported is attributable primarily to flights by Mr. Helmerich in connection with attending board meetings of publicly held companies.

Our contributions toward business travel premiums, medical premiums, executive medical expenses, tax gross-up payments with respect to medical plan premiums for the period of October 1, 2009 to December 31, 2009 only, survivor life insurance premiums, club memberships, and event tickets. The values of these personal benefits are based on the incremental aggregate cost to us and are not individually quantified because none of them individually exceeded the greater of \$25,000 or 10% of the total amount of perquisites and personal benefits for each named executive officer.

Grants of Plan-Based Awards in Fiscal 2010

As described on pages 19 through 21 of the CD&A, we provide incentive award opportunities to executives, designed to reward both short-term and long-term business performance, and create a close alignment between incentive compensation and stockholders' interests. The following table provides information on non-equity incentive plan awards and restricted stock and stock options granted in fiscal 2010 to each of our named executive officers. Although the grant date fair value is shown in the table for these stock and option awards, there can be no assurance that these values will actually be realized during the terms of these grants.

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards (1)			Estimated Future Payouts Under Equity Incentive Plan Awards	All Other Stock Awards: Number of Shares of Stock or Units (#) (2)	All Other Awards: Number of Securities Underlying Options Awards (#) (3)	Exercise Price of Awards (\$/Sh) (4)	Grant Date Fair Value of Stock and Option Awards (\$) (5)
		Threshold (\$)	Target (\$)	Maximum (\$)					
Hans Helmerich	12/1/2009	250,000	500,000	812,500					
	12/1/2009				20,000	80,000	38.015	1,411,200	
John W. Lindsay	12/1/2009	107,500	215,000	430,000					
	12/1/2009				20,000	45,000	38.015	793,800	
Steven R. Mackey	12/1/2009	81,250	162,500	325,000					
	12/1/2009				15,000	30,000	38.015	529,200	
Juan Pablo Tardio	12/1/2009	62,500	125,000	250,000					
	12/1/2009				10,000	9,000	38.015	158,760	
M. Alan Orr	12/1/2009	93,000	186,000	372,000					
	12/1/2009				15,000	35,000	38.015	617,400	
Douglas E. Fears		82,500	165,000	330,000					

- (1) These columns show the threshold, target, and maximum potential value of the payout for each named executive officer under our Annual Bonus Plan for Executive Officers if certain of our financial performance objectives are achieved for the October 1, 2009, to September 30, 2010, performance period. The amounts are based on salaries in effect as of January 1, 2010, for each named executive officer (other than Mr. Juan Pablo Tardio for which April 30, 2010 was used which coincides with his promotion to CFO) which is the basis for determining the actual payments to be made subsequent to year-end. The potential payouts are performance-driven and, therefore, are at risk. The possible payouts reflected in the table may be increased or decreased by an adjustment factor of up to 100% based on the Human Resources Committee's assessment of corporate performance. The financial measures, bonus opportunities, and adjustment factors for determining payout are described in the CD&A on pages 19 and 20.
- (2) This column shows the number of shares of restricted stock granted in fiscal 2010 to the named executive officers. The stock vests ratably in three equal annual installments, beginning on December 1, 2010, one year after the grant date. Dividends are paid on the restricted stock at the same rate applicable to other holders of our common stock.
- (3) This column shows the number of stock options granted in fiscal 2010 to the named executive officers. These options vest and become exercisable ratably in four equal annual installments, beginning on December 1, 2010, one year after the grant date.
- (4) This column shows the exercise price for the stock options granted, which was the average of the high and low prices of our stock on December 1, 2009. The closing price of our stock on December 1, 2009, was \$37.78.
- (5)

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The fair value shown for stock awards and option awards are accounted for in accordance with FASB ASC Topic 718. This column shows the full grant date fair value of the restricted stock and stock options under FASB ASC Topic 718 granted to the named executive officers in fiscal 2010. The full grant date fair value is the amount that we would expense in our financial statements over the award's vesting schedule. For restricted stock, fair value is calculated based on the average of the high and low sales prices on December 1, 2009. For stock options, fair value was calculated using the Black-Scholes value on the grant date of \$17.64. In applying the Black-Scholes model, we have made certain valuation assumptions. For additional information on the valuation assumptions, refer to note 6, "Stock-Based Compensation," to our audited financial statements for the fiscal year ended September 30, 2010, included in the 2010 Annual Report on Form 10-K filed with the SEC on November 24, 2010. The actual value, if any, the named executive officer will realize on options will depend on the excess of the market value of the common stock over the exercise price on the date the option is exercised. The values reflect the accounting expense and may not reflect the actual value realized by the named executive officer.

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Outstanding Equity Awards at Fiscal 2010 Year-End

The following table provides information on the current holdings of stock option awards and restricted stock awards by the named executive officers at September 30, 2010. This table includes exercisable and unexercisable option awards and unvested restricted stock awards, and such awards are reflected in each row below on an award-by-award basis. The vesting schedule for each grant that has not fully vested is shown following this table. For additional information about the option awards and stock awards, see the description of such awards in the CD&A on pages 20 and 21.

Name	Grant Date	Option Awards				Stock Awards		Equity Incentive Plan Awards: Number of	Equity Incentive Plan Awards: Market or Value of	
		Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Unearned Shares, Units or Other Rights That Have Not Vested (#)	Unearned Shares, Units or Other Rights That Have Not Vested (\$)
Hans Helmerich	12/6/2000	116,520			12.2955	12/6/2010				
	12/5/2001	236,520			11.3318	12/5/2011				
	12/4/2002	180,000			13.87	12/4/2012				
	12/3/2003	180,000			12.08	12/3/2013				
	12/1/2004	180,000			16.01	12/1/2014				
	12/5/2005	90,000			30.2375	12/5/2015	3,334(5)	134,894(8)		
	12/5/2006	90,000	30,000(1)		26.895	12/5/2016				
	12/4/2007	55,000	55,000(2)		35.105	12/4/2017				
	12/2/2008	30,000	90,000(3)		21.065	12/2/2018				
12/1/2009		80,000(4)		38.015	12/1/2019	20,000(6)	809,200(8)			
John W. Lindsay	12/4/2002	26,000			13.87	12/4/2012				
	12/3/2003	32,000			12.08	12/3/2013				
	12/1/2004	44,000			16.01	12/1/2014				
	12/5/2005	35,000			30.2375	12/5/2015	10,000(5)	404,600(8)		
	12/5/2006	42,750	14,250(1)		26.895	12/5/2016	15,000(7)	592,950(8)		
	12/4/2007	25,000	25,000(2)		35.105	12/4/2017				
	12/2/2008	16,250	48,750(3)		21.065	12/2/2018				
	12/1/2009		45,000(4)		38.015	12/1/2019	20,000(6)	809,200(8)		
Steven R. Mackey	12/1/2004	29,500			16.01	12/1/2014				
	12/5/2005	30,000			30.2375	12/5/2015	3,334(5)	134,894(8)		
	12/5/2006	30,000	10,000(1)		26.895	12/5/2016				
	12/4/2007	17,500	17,500(2)		35.105	12/4/2017				
	12/2/2008	10,000	30,000(3)		21.065	12/2/2018				
	12/1/2009		30,000(4)		38.015	12/1/2019	15,000(6)	606,900(8)		
Juan Pablo Tardio	12/5/2005	1,500			30.2375	12/5/2015	667(5)	26,987(8)		
	12/5/2006	1,500	1,500(1)		26.895	12/5/2016				
	12/4/2007	3,000	3,000(2)		35.105	12/4/2017				
	12/2/2008	1,750	5,250(3)		21.065	12/2/2018				
	12/1/2009		9,000(4)		38.015	12/1/2019	10,000(6)	404,600(8)		
M. Alan Orr	12/1/2004	22,000			16.01	12/1/2014				
	12/5/2005	35,000			30.2375	12/5/2015	10,000(5)	404,600(8)		
	12/5/2006	42,750	14,250(1)		26.895	12/5/2016				
	12/4/2007	25,000	25,000(2)		35.105	12/4/2017				
	12/2/2008	15,000	45,000(3)		21.065	12/2/2018				
	12/1/2009		35,000(4)		38.015	12/1/2019	15,000(6)	606,900(8)		
Douglas E. Fears	12/5/2001	15,000			11.3318	12/5/2011				

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12/4/2002	15,000		13.87	12/4/2012		
12/1/2004	60,000		16.01	12/1/2014		
12/5/2005	35,000		30.2375	12/5/2015	3,334(5)	134,894(8)
12/5/2006	30,000	10,000(1)	26.895	12/5/2016		
12/4/2007	17,500	17,500(2)	35.105	12/4/2017		
12/2/2008	10,000	30,000(3)	21.065	12/2/2018		

- (1) The options were granted on 12/5/2006, and vest ratably over a four year period commencing on the anniversary of the date of grant.
- (2) The options were granted on 12/4/2007, and vest ratably over a four year period commencing on the anniversary of the date of grant.
- (3) The options were granted on 12/2/2008, and vest ratably over a four year period commencing on the anniversary of the date of grant.
- (4) The options were granted on 12/1/2009, and vest ratably over a four year period commencing on the anniversary of the date of grant.

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- (5) The unvested shares of restricted stock were awarded on 12/5/2005. One-third of the shares vested on 12/5/2008, one-third vested on 12/5/2009 and the remainder will vest on 12/5/2010.
- (6) The unvested shares of restricted stock were awarded on 12/1/2009. The shares vest ratably over a three year period commencing on the anniversary date of the date of grant.
- (7) The unvested shares of restricted stock were awarded on 12/5/2006, and vest in one-half increments on 12/5/2011 and 12/5/2012.
- (8) The aggregate market value is based on the closing market price of the Company's stock of \$40.46 at September 30, 2010.

Option Exercises and Stock Vested in Fiscal 2010

The following table provides additional information about stock option exercises and shares acquired upon the vesting of stock awards, including the value realized, during the fiscal year ended September 30, 2010, by the named executive officers.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)(1)
Hans Helmerich	238,260	7,433,729	3,333	123,921
John W. Lindsay	10,000	278,464	10,000	371,800
Steven R. Mackey			3,333	123,921
Juan Pablo Tardio			667	24,799
M. Alan Orr	22,000	553,247	10,000	371,800
Douglas E. Fears			3,333	123,921

(1)

The value realized on vesting is calculated using the closing market price of the Company's stock of \$37.18 at December 7, 2009.

PENSION BENEFITS FOR FISCAL 2010

The Pension Benefits table below sets forth the fiscal 2010 year-end present value of accumulated benefits payable to each of our named executive officers under our Pension Plan and the Supplemental Pension Plan. Effective October 1, 2003, we revised both the Pension Plan and the Supplemental Pension Plan to close the plans to new participants and reduced benefit accruals for current participants through September 30, 2006, at which time benefit accruals were discontinued and the plans frozen.

The pension benefit under our Pension Plan for time periods prior to October 1, 2003, is calculated pursuant to the following formula:

$$\text{Compensation} \times 1.5\% = \text{Annual Pension Benefit.}$$

The pension benefit for the period commencing October 1, 2003, through September 30, 2006, is calculated as follows:

$$\text{Compensation} \times 0.75\% = \text{Annual Pension Benefit.}$$

Pension benefits are determined based on compensation received throughout a participant's career. "Compensation" includes salary, bonus, vacation pay, sick pay, Section 401(k) elective deferrals, and Section 125 "cafeteria plan" deferrals. The Pension Plan benefit formulas are the same for all employees. Therefore, retirement benefits for executives are calculated in the same manner as for other employees.

A normal retirement benefit is available under our Pension Plan if the employee retires at age 65 with at least 5 years of credited service or is otherwise fully vested. The "normal retirement date" is the first day of the month coincident with or next following the later of (i) normal retirement age (age 65) and (ii) the fifth anniversary of the employee's participation in the Plan.

An employee can take early retirement once he has reached age 55 and has completed at least 10 years of credited service. The amount of the early retirement benefit payment is reduced if the employee retires prior to age 62 and immediately begins receiving payments. The reduction in the annual benefit amount is 6% for each year ($1/2$ of 1% for each month) the employee's early retirement benefit payments start prior to age 62. The Pension Plan provides unreduced benefits for early retirement after the employee reaches age 62 and has at least 10 years of credited service. The benefit after age 62 is calculated the same as a benefit at age 65.

A vested benefit is available if the employee terminates employment before early or normal retirement and has 5 or more years of credited service. However, the employee may elect to start receiving a benefit as early as age 55 if he had 10 years of credited service. In this situation, the monthly amount will be less than what the employee would receive had he waited until age 65 since the benefit will be actuarially reduced to cover a longer period of time for payment. The actuarial reduction of the early deferred vested pension is greater than the reduction for early retirement immediately following termination of employment. However, if the employee qualified for the more favorable reduction factors at the time he leaves the Company, the benefit is based on those factors.

The employee may choose among alternative forms of retirement income payment after he becomes eligible to retire on his normal retirement date or early retirement date, as the case may be. Optional forms of payment include a single life annuity (which is an unreduced monthly pension for the rest of the employee's life), a Joint & Survivor Annuity (which is a reduced monthly pension during the employee's lifetime with payments, depending on the employee's election, of 50%, 75%, or 100% of the monthly pension continuing to the employee's spouse for the rest of the spouse's life), a guaranteed certain benefit option (which is a reduced monthly pension with payments guaranteed for 10 years and if the employee dies before the end of this period, his beneficiary will receive the payments through the end of this period) or a lump-sum (a one-time only lump sum payment, based on the present value of the monthly benefits that would have been expected to be paid for the retiree's lifetime - no survivor benefits are payable under this option).

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The Supplemental Pension Plan benefit payable to the employee is the difference between the monthly amount of our Pension Plan benefit to which the employee would have been entitled if such benefit were computed without giving effect to the limitations on benefits imposed by application of Sections 415 and 401(a)(17) of the Internal Revenue Code, and the monthly amount actually payable to the employee under our Pension Plan at the applicable point in time. The benefit amount is computed as of the employee's date of termination with the Company in the form of a straight life annuity payable over the employee's lifetime (calculated in the same manner as the Pension Plan) assuming payment was to commence at the employee's normal retirement date. The employee will be paid in the form of a lump sum payment or an annual installment payable over a period of two to 10 years as designated by the employee. The employee's form of payment election under the Pension Plan will not affect the payment form under the Supplemental Pension Plan. Payment under the Supplemental Pension Plan will commence within 30 days of the later of the first business day of the seventh month following the employee's separation from service or the age (between age 55 and 65) specified on the employee's election form. However, in the event of death, payment will be paid within 30 days of the date of death.

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit (\$)(1)	Payments During Last Fiscal Year (\$)
Hans Helmerich	Pension Plan	30	336,737	
	Supplemental Pension Plan	30	431,802	
John W. Lindsay	Pension Plan	24	133,499	
	Supplemental Pension Plan	24	21,591	
Steven R. Mackey	Pension Plan	25	518,169	
	Supplemental Pension Plan	25	179,962	
Juan Pablo Tardio	Pension Plan	10	16,220	
	Supplemental Pension Plan	10		
M. Alan Orr	Pension Plan	35		605,240
	Supplemental Pension Plan	35	101,196	
Douglas E. Fears	Pension Plan	25		518,980
	Supplemental Pension Plan	25	267,081	

(1)

The actuarial present value calculation for fiscal 2010 for Mr. Mackey, who is retirement eligible, is based on an immediate annuity (with an assumed retirement date of September 30, 2010), whereas the present value calculation for Messrs. Helmerich, Lindsay and Tardio, who are not retirement eligible, is based on a deferred annuity (with an assumed retirement age of 61). Effective beginning in 2008, the lump sum basis changed under the Pension Protection Act of 2006 ("PPA"). The lump sum factor is based on the PPA 2010 Applicable Mortality Table and the following tier rates: Segment 1 2%; Segment 2 4.75%; and Segment 3 5.75%. The lump-sum assumptions are consistent with those used at September 30, 2010. The Company's pension and the assumptions are more fully described in the Company's 2010 Annual Report on Form 10-K filed with the SEC on November 24, 2010.

Mr. Mackey is currently eligible to receive a reduced early retirement benefit upon termination of employment. He would have the option of deferring his benefit to a later date in order to reduce the early retirement reduction or to receive an unreduced benefit at age 62.

Messrs. Helmerich, Lindsay and Tardio would be eligible to receive a benefit anytime after attaining age 55 upon their termination of employment. Depending on their age at termination, they would be eligible to receive either a reduced early retirement benefit or an actuarially reduced early deferred vested benefit on or after age 55.

NONQUALIFIED DEFERRED COMPENSATION FOR FISCAL 2010

Pursuant to our Supplemental Savings Plan, a participant can contribute between 1% and 40% of a participant's combined base salary and bonus to the Plan on a before-tax basis. If the participant has not received the full Company match of the first 5% of pay in the Savings Plan, then the balance of the match will be contributed to the Supplemental Savings Plan. With the exception of one stable value fund, the investment fund selections are identical in both the qualified Savings Plan and the Supplemental Savings Plan. Unless previously distributed according to the terms of a scheduled in-service withdrawal, a participant's account will become payable at the time and in the form selected by the participant upon the earlier to occur of a participant's separation from service, a participant's disability, a change-in-control or the participant's death. A participant may select payment in the form of a single lump sum payment or annual installment payments payable over a period of two to 10 years.

The following Nonqualified Deferred Compensation table summarizes the named executive officers' compensation for fiscal 2010 under our Supplemental Savings Plan.

Name	Executive Contributions in Last FY (\$ (1))	Registrant Contributions in Last FY (\$ (1))	Aggregate Earnings in Last FY (\$ (2))	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at Last FYE (\$ (3))
Hans Helmerich	31,476	54,281	6,180		92,973
John W. Lindsay	11,600	25,563	40,365		442,784
Steven R. Mackey	42,808	16,375	4,681		88,586
Juan Pablo Tardio	17,083	9,425	646		27,155
M. Alan Orr					
Douglas E. Fears	1,600	938	27,318		742,496

- (1) The amounts reflected as Registrant Contributions above are included in the Summary Compensation Table under "All Other Compensation." Executive Contributions reflected above are made monthly during the fiscal year and are based on the employee's elected deferral percentage rate. These contributions are based on salary and bonus. Executive Contributions are reported as salary and bonus in the Summary Compensation Table.
- (2) These amounts do not include any above-market earnings.
- (3) The fiscal year-end balance reported for the Supplemental Savings Plan includes the following amounts that were previously reported in the Summary Compensation Table as compensation for 2008 and 2009: Hans Helmerich \$1,036; John W. Lindsay \$89,967; Steven R. Mackey \$24,721; Juan Pablo Tardio \$0; M. Alan Orr \$0; Douglas E. Fears \$58,070.

POTENTIAL PAYMENTS UPON CHANGE-IN-CONTROL

The following table shows potential pre-tax payments to our named executive officers under existing agreements in the event of a change-in-control, assuming a September 30, 2010 termination date and using the closing price (\$40.46) of our common stock as of such date. Any payments due under the agreements are to be paid in a lump sum within 30 days after an executive's employment termination date.

Name (1)	Salary and Bonus (\$ (2))	Bonus (\$ (3))	Vacation Pay (\$ (4))	Continued Benefits (\$ (5))	Outplacement Services (\$ (6))	Stock Options (\$ (7))	Restricted Stock (\$ (8))	Non-qualified Plans (\$ (9))	Total (\$)
Hans Helmerich	2,982,548	556,000	15,023	217,106	5,000	11,935,700	944,094	515,393	17,170,864
John W. Lindsay	1,406,500	273,250	10,336	136,149	5,000	6,230,840	1,820,700	436,812	10,319,587
Steven R. Mackey	1,082,750	216,375	18,124	117,489	5,000	4,066,230	741,794	261,121	6,508,883
Juan Pablo Tardio	570,000	35,000	7,211	88,707	5,000	1,163,225	431,587	17,730	2,318,460

- (1) Messrs. Douglas E. Fears and M. Alan Orr retired on April 30, 2010 and July 31, 2010, respectively. All compensation attributable to their employment and retirement in fiscal 2010 is reflected in the Summary Compensation Table on page 25 and the Pension Benefits for Fiscal 2010 table on page 32.
- (2) For Mr. Helmerich, this amount represents a lump sum payment equal to two and one-half (2^{1/2}) times the sum of (a) base salary in effect at the time of termination and (b) an annual bonus, derived by taking the average of the annual bonus paid during the preceding two years. The computation for the other named executive officers is the same except that the multiplier in the preceding formula is two (2) times.
- (3) This amount represents an annual bonus for the fiscal year-end which coincides with the termination date of September 30, 2010. This annual bonus amount is calculated in the manner contemplated in footnote 2 above.
- (4) This column reflects accrued vacation pay not yet paid by us as of September 30, 2010.
- (5) This amount represents the value of 24 months of benefit continuation following the termination of employment. Benefits included are: 18 months of Company and executive medical COBRA, and private medical, dental and vision insurance for 6 months following COBRA; basic and supplemental life insurance; long-term disability insurance; Savings Plan match; and Supplemental Savings Plan match by us.
- (6) This amount represents payment for outplacement counseling services if utilized by the named executive officer.
- (7) This column represents the potential value of unvested stock options that would vest. The value in the column is derived by multiplying the number of shares underlying the options that vested by the difference between \$40.46, the market price of our common stock at September 30, 2010, and the exercise price of each option that vested.
- (8) This column represents the value of unvested restricted stock awards that would vest. The value on September 30, 2010, is shown at \$40.46 per share, the closing price of our common stock on that date.
- (9) This column reflects the value of, and payout under, the Supplemental Savings Plan and Supplemental Pension Plan.

POTENTIAL PAYMENTS UPON TERMINATION

The following table shows potential pre-tax payments to our named executive officers under the Survivor Income Plan, discussed in the CD&A on page 22, in the event of termination of employment at an assumed termination date of September 30, 2010. The Survivor Income Plan was terminated as discussed in the CD&A on page 22.

Name (1)	Benefit A (\$ (2))	Benefit B (\$ (3))
Hans Helmerich		
a. Termination by Reason of Death		270,000
b. Termination by Other Events		
John W. Lindsay		
a. Termination by Reason of Death		
b. Termination by Other Events		
Steven R. Mackey		
a. Termination by Reason of Death		270,000
b. Termination by Other Events	27,000	
Juan Pablo Tardio		
a. Termination by Reason of Death		
b. Termination by Other Events		
M. Alan Orr		
a. Termination by Reason of Death		270,000
b. Termination by Other Events	27,000	
Douglas E. Fears		
a. Termination by Reason of Death		270,000
b. Termination by Other Events	27,000	

- (1) In addition to the amounts reflected in this table, the named executive officers would receive applicable benefits from the Supplemental Pension Plan and the Supplemental Savings Plan as described on pages 21 and 22.
- (2) If a named executive officer remains in our employment until age 65 or has retired under the provisions of our Pension Plan (a named executive officer may receive early retirement benefits at age 55), then commencing on his 65th birthday, such executive officer shall be paid \$225 per month for 120 consecutive months. At September 30, 2010, Messrs. Orr and Fears had retired and Mr. Mackey was the only executive officer over age 55.
- (3) If a named executive officer dies prior to age 65 while employed by us or after having retired under our Pension Plan (a named executive officer may receive early retirement benefits at age 55), then the surviving spouse of such deceased executive will be paid \$2,250 per month for 120 consecutive months, commencing upon the date of death.

DIRECTOR COMPENSATION IN FISCAL 2010

Each non-employee Director receives a quarterly retainer of \$12,500. The Audit Committee chair receives a quarterly retainer of \$3,750 and the Human Resources Committee and Nominating and Corporate Governance Committee chairs each receive a quarterly retainer of \$1,250. In addition, each member of the Audit Committee receives a quarterly retainer of \$1,250. These retainer amounts became effective January 1, 2007. In addition to quarterly retainers, each non-employee Director receives an annual option to purchase shares of our common stock pursuant to the Helmerich & Payne, Inc. 2005 Long-Term Incentive Plan which has a value of \$50,000 on the date of grant. All non-employee Directors are reimbursed for expenses incurred in connection with the attending of Board or Committee meetings. Mr. W. H. Helmerich, III receives no compensation from us for serving as our Chairman of the Board. Similarly, employee Directors do not receive compensation for serving on the Board.

The Directors may participate in our Director Deferred Compensation Plan ("Plan"). Each Director participating in the Plan may defer into a separate account maintained by us, all or a portion of such Director's cash compensation paid by us for services as a Director. A Director may select between two deemed investment alternatives, being an interest investment alternative and a stock unit investment alternative. The interest investment alternative provides for the payment of interest on deferred amounts in the Director's account at a rate equal to prime plus one percent. Under the stock unit investment alternative, we credit the Director's account with a number of stock units determined by dividing the Director's deferred compensation amount by the fair market value of a share of our common stock on the compensation deferral date. The Director's account is also credited with any dividends that would have been paid by us had the Director held actual shares of our common stock. The account balance attributable to the stock unit investment alternative may increase or decrease depending upon fluctuations in the value of our common stock and the distribution of dividends. The stock units credited to a Director's account are used solely as a device for the determination of the amount of cash payment to be distributed to the Director under the Plan. No Director is entitled to a distribution of actual shares of our common stock or to any other stockholder rights with respect to the stock units credited under the Plan. Except for emergency withdrawals and a change-in-control event (as defined in the Plan), the deferred cash amounts in a Director's account are not paid until he or she ceases to be a Director. The Plan does not create a trust and the participating Directors would be general unsecured creditors of the Company. Since employee Directors do not receive compensation for serving on the Board, only non-employee Directors are able to participate in the Plan. The Plan is interpreted and administered by the Human Resources Committee of the Board.

Director Compensation Table

Name	Fees Earned or Paid in Cash (\$ (1))	Stock Awards (\$)	Option Awards (\$ (2))	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation (\$ (3))	Total (\$)
William L. Armstrong	55,000		41,436				96,436
Randy A. Foutch	55,000		41,436				96,436
W. H. Helmerich, III						200,225	200,225
Paula Marshall	50,000		41,436				