

HELMERICH & PAYNE, INC.

FORM DEF 14A (Proxy Statement (definitive))

Filed 01/27/99 for the Period Ending 03/03/99

Address	1437 S. BOULDER AVE. SUITE 1400 TULSA, OK, 74119
Telephone	918-742-5531
CIK	0000046765
Symbol	HP
SIC Code	1381 - Drilling Oil and Gas Wells
Industry	Oil & Gas Drilling
Sector	Energy
Fiscal Year	09/30

HELMERICH & PAYNE INC

FORM DEF 14A (Proxy Statement (definitive))

Filed 1/27/1999 For Period Ending 3/3/1999

Address	UTICA AT 21ST ST TULSA, Oklahoma 74114
Telephone	918-742-5531
CIK	0000046765
Industry	Oil Well Services & Equipment
Sector	Energy
Fiscal Year	09/30

SCHEDULE 14A
(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934 (AMENDMENT NO.)**

Filed by the Registrant [X]

Filed by a Party other than the Registrant []

Check the appropriate box:

- | | |
|--|---|
| <input type="checkbox"/> Preliminary Proxy Statement | <input type="checkbox"/> Confidential, for Use of the Commission
Only (as permitted by Rule 14a-6(e)(2)) |
| <input checked="" type="checkbox"/> Definitive Proxy Statement | |
| <input type="checkbox"/> Definitive Additional Materials | |
| <input type="checkbox"/> Soliciting Material Pursuant to sec. 240.14a-11(c) or sec. 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:

Common

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

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:

[HELMERICH & PAYNE, INC.]

Utica at Twenty-first
Tulsa, Oklahoma 74114

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Notice is hereby given that the Annual Meeting of Stockholders of Helmerich & Payne, Inc., will be held at The Philbrook Museum of Art, Patti Johnson Wilson Hall, 2727 South Rockford Road, Tulsa, Oklahoma, at 12:00 noon, Tulsa time, on Wednesday, March 3, 1999, for the following purposes:

1. To elect three Directors comprising the class of Directors of the Corporation known as the "Second Class" for a three-year term expiring in 2002.
2. 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 8, 1999, 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 Corporation's Proxy Statement is submitted herewith. The annual report for the year ended September 30, 1998, has been mailed previously to all stockholders.

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. THE PROMPT RETURN OF YOUR SIGNED PROXY, REGARDLESS OF THE NUMBER OF SHARES YOU HOLD, WILL AID THE CORPORATION 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

/s/ STEVEN R. MACKEY
STEVEN R. MACKEY
Secretary

Tulsa, Oklahoma
January 27, 1999

[HELMERICH & PAYNE, INC.]

Utica at Twenty-first
Tulsa, Oklahoma 74114

PROXY STATEMENT

GENERAL INFORMATION

The enclosed proxy is being solicited by and on behalf of the Board of Directors of Helmerich & Payne, Inc. (the "Corporation"), and will be voted at the Annual Meeting of Stockholders on March 3, 1999. This statement and the accompanying proxy are first being sent or given to stockholders on or about January 27, 1999.

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 the Corporation. In addition to solicitation by mail, arrangements may be made with brokerage houses and other custodians, nominees and fiduciaries to send proxies and proxy material to their principals. The Corporation does not intend to cause a solicitation to be made by specially engaged employees or other paid solicitors.

On December 3, 1997, the Board of Directors declared a 2-for-1 split of the Corporation's common stock with a record date of December 15, 1997. The number and price of shares of common stock and the number, exercise price and value of stock options referenced in this Proxy Statement have been adjusted to give full effect to such stock split.

At the close of business on January 8, 1999, there were 53,528,952 issued and outstanding shares of the common stock of the Corporation, the holders of which, except the Corporation which is the holder of 4,112,270 shares of treasury stock, are entitled to one vote per share on all matters. There is no other class of securities of the Corporation entitled to vote at the meeting. Only stockholders of record at the close of business on January 8, 1999, 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 stockholder of the Corporation who, to the knowledge of the Corporation, beneficially owns more than 5% of the Corporation's common stock, the number of shares beneficially owned by each, and the percentage of outstanding stock so owned, as of January 8, 1999.

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	4,128,600	8.356%

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

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, the Corporation's Chief Executive Officer ("CEO") and the other four most highly compensated executive officers (the Chief Executive Officer and other four most highly compensated executive officers collectively, the "named executive officers"), and all directors and executive officers as a group, and the percent of the outstanding common stock so owned by each as of January 8, 1999.

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	2,278,070 (3)	4.610%
Hans Helmerich	Common Stock	382,037 (4)	
George S. Dotson	Common Stock	228,243 (5)	
Steven R. Shaw	Common Stock	116,521 (6)	
Douglas E. Fears	Common Stock	82,205 (7)	
Steven R. Mackey	Common Stock	39,590 (8)	
L. F. Rooney, III	Common Stock	31,400 (9)	
John D. Zeglis	Common Stock	5,400	
Glenn A. Cox	Common Stock	4,400 (10)	
George A. Schaefer	Common Stock	4,400	
William L. Armstrong	Common Stock	9,400	
Edward B. Rust, Jr.	Common Stock	1,800	
All Directors and Executive Officers as a Group	Common Stock	3,207,302 (11)	6.446%

(1) Unless otherwise indicated, all shares are owned directly by the named person, and he has sole voting and investment power with respect to such shares.

(2) Percentage calculation not included if beneficial ownership is less than one percent of class.

(3) Includes 200,000 shares owned by The Helmerich Foundation, an Oklahoma charitable trust, for which Mr. Helmerich is Trustee, and 20,000 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 117,460 shares exercisable within 60 days; 7,925 shares fully vested under the Helmerich & Payne, Inc. 401(k) Plan as of September 30, 1998; 22,120 shares owned by Mr. Hans Helmerich's wife, with respect to which he has disclaimed all beneficial ownership; 14,800 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; 2,000 shares held by Mr. Helmerich as a Co-trustee for a family trust for which he shares voting and investment power; and 15,000 shares held by The Helmerich Trust, an Oklahoma charitable trust, for which Mr. Helmerich is a Co-trustee, for which he shares voting and investment power.

(5) Includes options to purchase 80,960 shares exercisable within 60 days; 14,350 shares fully vested under the Helmerich & Payne, Inc. 401(k) Plan as of September 30, 1998; 1,300 shares held in a trust for a family member for which Mr. Dotson, as a Co-trustee, shares voting and investment power; 900 shares

owned by Mr. Dotson's wife, with respect to which he has disclaimed all beneficial ownership; and 11,225 shares owned by The Dotson Family Charitable Foundation, for which Mr. Dotson is Co-trustee, and for which he shares voting and investment power.

(6) Includes options to purchase 56,460 shares exercisable within 60 days; and 6,645 shares fully vested under the Helmerich & Payne, Inc. 401(k) Plan as of September 30, 1998.

(7) Includes options to purchase 40,460 shares exercisable within 60 days; 2,343 shares fully vested under the Helmerich & Payne, Inc. 401(k) Plan as of September 30, 1998; and 1,600 shares owned by Joseph's Storehouse, a charitable foundation, for which Mr. Fears is Co-trustee, and for which he shares voting and investment power.

(8) Includes options to purchase 32,210 shares exercisable within 60 days; and 2,180 shares fully vested under the Helmerich & Payne, Inc. 401(k) Plan as of September 30, 1998.

(9) Includes 29,000 shares held by a corporation controlled by Mr. Rooney.

(10) Includes 2,000 shares held in a revocable trust known as the Glenn A. Cox Trust, UTA, with respect to which voting and investment power are shared with Mr. Cox's wife.

(11) Includes options to purchase 342,856 shares exercisable within 60 days; and 34,995 shares fully vested under the Helmerich & Payne, Inc. 401(k) Plan as of September 30, 1998.

ELECTION OF DIRECTORS

The Board of Directors of the Corporation ("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 2000 and 2001, respectively, and consequently their successors are not to be elected at this Annual Meeting. Upon the conclusion of this Annual Meeting, the First, Second and Third Classes of Directors will be comprised of three Directors each.

The Directors belonging to the Third Class and the First Class, which are not coming up for election at this meeting, and the Nominees for Directors of the Second Class, are as follows:

DIRECTORS OF THE THIRD CLASS

NAME -----	AGE ---	EXPIRATION OF PRESENT TERM -----	PRINCIPAL OCCUPATION AND CURRENT DIRECTORSHIPS -----	YEAR FIRST BECAME DIRECTOR -----
W. H. Helmerich, III ----- Photo omitted -----	76	2000	Chairman of the Board of the Corporation. Director of Atwood Oceanics, Inc.	1949
Glenn A. Cox ----- Photo omitted -----	69	2000	Retired President and Chief Operating Officer of Phillips Petroleum Company (large integrated oil company). Director of Bank of Oklahoma, N.A.; BOK Financial Corporation; and The Williams Companies, Inc.	1992
Edward B. Rust, Jr. ----- Photo omitted -----	48	2000	Chairman of the Board and Chief Executive Officer of State Farm Mutual Automobile Insurance Company.	1997

DIRECTORS OF THE FIRST CLASS

NAME -----	AGE ---	EXPIRATION OF PRESENT TERM -----	PRINCIPAL OCCUPATION AND CURRENT DIRECTORSHIPS -----	YEAR FIRST BECAME DIRECTOR -----
Hans Helmerich ----- Photo omitted -----	40	2001	President of the Corporation and Chief Executive Officer; holds similar positions as Chairman or President and as Chief Executive Officer of subsidiary companies. Director of Atwood Oceanics, Inc.	1987
George S. Dotson ----- Photo omitted -----	58	2001	Vice President of the Corporation and President and Chief Operating Officer of Helmerich & Payne International Drilling Co.; holds similar positions as President and Chief Operating Officer of Helmerich & Payne International Drilling Co. subsidiary companies. Director of Atwood Oceanics, Inc. and Varco International, Inc.	1990
George A. Schaefer ----- Photo omitted -----	70	2001	Retired Chairman and Chief Executive Officer of Caterpillar Inc. (Manufacturer of earth-moving, construction, and materials-handling machinery and equipment). Director of Aon Corporation and Caterpillar Inc.	1988

NOMINEES FOR THE DIRECTORS OF THE SECOND CLASS

NAME -----	AGE ---	EXPIRATION OF PRESENT TERM -----	PRINCIPAL OCCUPATION AND CURRENT DIRECTORSHIPS -----	YEAR FIRST BECAME DIRECTOR -----
John D. Zeglis ----- Photo omitted -----	51	1999	President of American Telephone and Telegraph Company (telecommunications services). Director of AT&T; Illinova Corp.; and Sara Lee Corp.	1989
William L. Armstrong ----- Photo omitted -----	61	1999	Chairman of Transland Financial Services, Inc. (mortgage banking); Cherry Creek Mortgage Company (mortgage banking); and Frontier Real Estate, Inc. (residential real estate brokerage). Director of The Provident Companies and Storage Technology Corp.	1992
L. F. Rooney, III ----- Photo omitted -----	45	1999	Chairman, Manhattan Construction Company (construction and construction management services) and President of Rooney Brothers Company (holding company with interests in construction, electronics and building components). Director of BOK Financial Corp. and Bank of Oklahoma, N.A.	1996

With regard to the election of the Directors, stockholders may vote in favor of all nominees, withhold their votes as to all nominees, or withhold their votes as to specific nominees. Unless otherwise specified, the proxies on the enclosed form which are executed and returned will be voted for the nominees listed above as

"Nominees for Directors of the Second Class." The proxies executed and returned on the enclosed form can be voted only for the named nominees. If any one of the nominees is not a candidate at the Annual Meeting, an event which management does not anticipate, the proxies will be voted for a substitute nominee. The election of Directors will require the affirmative vote of a plurality of the shares of common stock voting in person or by proxy at the Annual Meeting. In all matters other than election of directors, a majority of shares of common stock voting in person or by proxy is required for approval. Abstentions and broker non-votes shall not be counted except for purposes of determining the presence of a quorum at the meeting.

The Corporation's transfer agent will tabulate all votes which are received prior to the date of the Annual Meeting. The Corporation has appointed two employee inspectors to receive the transfer agent's tabulation, to tabulate all other votes, and to certify the voting results.

The principal occupation of each of the Directors and the Nominees for Directors of the Second Class is as set forth in the tables above and has been the same occupation for the past five years except with respect to Mr. John D. Zeglis, who was Senior Vice President - General Counsel and Government Affairs of AT&T prior to October, 1997; Mr. L. F. Rooney, III who was Chief Executive Officer of Manhattan Construction Company prior to October, 1995 and was President of Manhattan Construction Company prior to May, 1994; and Mr. Edward B. Rust, Jr. who was President of State Farm Mutual Automobile Insurance Company prior to September, 1998. Mr. Hans Helmerich is a son of Mr. W. H. Helmerich, III.

ATTENDANCE

There were four regularly scheduled meetings of the Board held during fiscal 1998. No Director attended fewer than 75% of the aggregate of the total number of the meetings of the Board of Directors and its committees held during fiscal 1998.

COMMITTEES

Mr. Glenn A. Cox and Mr. L. F. Rooney, III are members of the Audit Committee. The functions of the Audit Committee include: (i) reviewing with management and the Corporation's independent accountants the scope of the various audits to be conducted during the coming year; (ii) reviewing with management and the independent accountants the results of such audits, including the auditor's comments on the Corporation's accounting policies and the adequacy of the internal controls; (iii) discussing with management and the independent accountants the Corporation's annual financial statements; (iv) reviewing fees paid to, and the scope of services provided by, the independent accountants; (v) reviewing the independence of the independent accountants; (vi) recommending to the Board of Directors the engagement or discharge of the independent accountants; and (vii) monitoring compliance with the Foreign Corrupt Practices Act. During the year ended September 30, 1998, the Audit Committee held two meetings.

Mr. William L. Armstrong, Mr. George A. Schaefer, and Mr. John D. Zeglis are members of the Human Resources Committee. The functions of the Human Resources Committee are to review and make recommendations or decisions regarding: (i) the election and salaries of officers and key management employees; (ii) bonus awards, stock option plans and awards, and other fringe benefit plans; and (iii) management succession. During the year ended September 30, 1998, the Human Resources Committee held two meetings.

The Corporation does not have a nominating committee. All nominations are presented to the Board.

EXECUTIVE COMPENSATION AND OTHER INFORMATION

SUMMARY OF CASH AND CERTAIN OTHER COMPENSATION

The information contained in the following Summary Compensation Table for fiscal years 1998, 1997, and 1996 is furnished with respect to the named executive officers.

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	YEAR	ANNUAL COMPENSATION			LONG-TERM COMPENSATION			
		SALARY (\$)	BONUS (\$)	(1) OTHER ANNUAL COMPENSATION (\$)	AWARDS		PAYOUTS	
					RESTRICTED STOCK AWARDS (\$)	(2) SECURITIES UNDERLYING OPTIONS (#)	LTIP PAYOUTS (\$)	(3) ALL OTHER COMPENSATION (\$)
Hans Helmerich President and CEO	1998	417,500	187,000	784	--	90,000	--	8,000
	1997	387,500	260,000	630	--	70,000	--	8,000
	1996	346,250	200,000	1,085	--	90,000	--	7,500
George S. Dotson Vice President and President of Drilling Subsidiary	1998	367,019	160,000	548	--	60,000	--	8,000
	1997	346,634	210,000	450	--	50,000	--	8,000
	1996	313,750	160,000	2,108	--	60,000	--	7,500
Steven R. Shaw Vice President Production	1998	258,750	70,000	604	--	50,000	--	8,000
	1997	235,500	105,000	630	--	30,000	--	7,965
	1996	213,250	80,000	1,237	--	40,000	--	7,500
Douglas E. Fears Vice President Finance	1998	216,250	73,000	639	--	30,000	--	8,000
	1997	196,250	65,000	630	--	20,000	--	9,271
	1996	166,250	50,000	666	--	30,000	--	10,313
Steven R. Mackey Vice President and General Counsel	1998	182,500	60,000	627	--	25,000	--	8,000
	1997	173,250	65,000	630	--	20,000	--	8,497
	1996	164,250	50,000	1,670	--	30,000	--	8,915

(1) The amounts specified in this column represent payments of estimated tax liability with respect to Corporation-provided health and retirement benefits. The aggregate amount of perquisites and other personal benefits was less than either \$50,000 or 10% of the total annual salary and bonus reported for each of the named executive officers.

(2) The references to "SARs" in the Summary Compensation Table and all other tables in this Proxy Statement have been omitted, since the Corporation has never authorized any SARs.

(3) With respect to each of the named executive officers, the amounts specified in this column represent only the Corporation's matching contributions to its 401(k) Plan on behalf of each such executive officer.

STOCK OPTION GRANTS

The following table provides information with respect to stock options granted during fiscal year 1998.

OPTION GRANTS IN LAST FISCAL YEAR

NAME	INDIVIDUAL GRANTS				GRANT DATE VALUE
	NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED (#) (1)	PERCENT OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN FISCAL YEAR	EXERCISE OR BASE PRICE (\$/SH) (2)	EXPIRATION DATE	GRANT DATE PRESENT VALUE \$ (3)
Hans Helmerich.....	90,000	.165	36.8438	12/3/07	965,700
George S. Dotson.....	60,000	.110	36.8438	12/3/07	643,800
Steven R. Shaw.....	50,000	.092	36.8438	12/3/07	536,500
Douglas E. Fears.....	30,000	.055	36.8438	12/3/07	321,900
Steven R. Mackey.....	25,000	.046	36.8438	12/3/07	268,250

(1) These options were granted pursuant to the Helmerich & Payne, Inc. 1996 Stock Incentive Plan and are nonqualified stock options which vest annually in 25% increments, beginning one year from the date of grant.

(2) The exercise price is the fair market value of the Corporation's stock on the grant date.

(3) The hypothetical present values on grant date were calculated under a modified Black-Scholes model, which is a mathematical formula used to value options. This formula considers a number of factors in hypothesizing an option's present value. Factors used to value the options include the stock's expected annual volatility rate (32.37%), risk free rate of return (5.81%), dividend yield (.76%), term (10 years), and discounts for forfeiture of unvested shares (21.21%) and reduced term on vested shares (21.17%).

The ultimate values of these options will depend on the future market price of the Corporation's stock, which cannot be forecast with reasonable accuracy. The Corporation does not believe that the Black-Scholes model, whether modified or not modified, or any other valuation model, is a reliable method of computing the present value of the Corporation's employee stock options. The actual value, if any, the optionee will realize will depend on the excess of the market value of the Corporation's stock over the exercise price on the date of exercise.

OPTION EXERCISES AND HOLDINGS

The following table sets forth information with respect to the named executive officers of the Corporation concerning the exercise of options during the last fiscal year and unexercised options held as of the end of the fiscal year.

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND FY-END OPTION VALUES

NAME	SHARES ACQUIRED ON EXERCISE (#)	VALUE REALIZED (\$)	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT FY-END (#) EXERCISABLE (2) / UNEXERCISABLE (3)	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT FY-END (\$) (1) EXERCISABLE / Unexercisable (4)
Hans Helmerich.....	5,400	45,225	53,960 / 202,640	275,625 / 393,510
George S. Dotson.....	9,000	97,875	37,960 / 138,640	191,265 / 267,510
Steven R. Shaw.....	5,400	43,902	25,960 / 100,640	135,265 / 183,510
Douglas E. Fears.....	6,300	204,467	19,960 / 66,640	107,265 / 141,510
Steven R. Mackey.....	11,500	194,913	12,960 / 61,640	58,265 / 141,510

(1) Fair market value used for computations in this column was \$21.00 per share, which was the closing price of the Corporation's common stock on September 30, 1998.

(2) These totals contain out-of-the-money options of 14,000, 10,000, 6,000, 4,000 and 4,000 for Messrs. Helmerich, Dotson, Shaw, Fears and Mackey, respectively.

(3) These totals contain out-of-the-money options of 146,000, 100,000, 74,000, 46,000 and 41,000 for Messrs. Helmerich, Dotson, Shaw, Fears and Mackey, respectively.

(4) The Incentive Stock Option Plan pursuant to which certain options noted in this table were granted contains a cumulative restriction feature requiring sequential exercise of options granted under such plan.

LONG-TERM INCENTIVE PLANS

There were no long-term incentive plan awards to the named executive officers in the last fiscal year.

PENSION PLANS

The pension plan benefit under the Corporation's retirement plan is calculated pursuant to the following formula:

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

Pension benefits, which are accrued annually, 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. Therefore, the pension benefit is not determined primarily by final compensation and years of service.

Based upon this formula, an assumed annual salary growth rate of 6%, and an age 62 retirement date, the estimated annual benefits payable to each named executive officer at retirement are:

NAME	CURRENT AGE	ANNUAL RETIREMENT Benefit (1)
Hans Helmerich.....	40	\$541,017
George S. Dotson.....	58	\$150,210
Steven R. Shaw.....	48	\$164,889
Douglas E. Fears.....	49	\$110,605
Steven R. Mackey.....	48	\$111,326

(1) The annual retirement benefit has not been reduced for statutory compensation and benefit limits, as amounts over these limits would be payable pursuant to the Supplemental Retirement Income Plan for Salaried Employees of Helmerich & Payne, Inc. The benefits listed above are computed as a straight single life annuity and are not subject to any reduction for Social Security or other offset amounts.

REPORT ON REPRICING OF OPTIONS

There were no adjustments or amendments to the exercise price of stock options previously awarded to any of the named executive officers during the last fiscal year.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During fiscal 1998, the members of the Corporation's Human Resources Committee (which functions as the Corporation's compensation committee) were Mr. William L. Armstrong, George A. Schaefer, and Mr. John D. Zeglis. No executive officer or director of the Corporation has any relationship covered by the Compensation Committee Interlock and Insider Participation regulations.

EMPLOYMENT CONTRACTS AND TERMINATION OF EMPLOYMENT AND CHANGE-OF-CONTROL ARRANGEMENTS

The Helmerich & Payne, Inc. 1990 Stock Option Plan and the Helmerich & Payne, Inc. 1996 Stock Incentive Plan contain a provision whereby all stock options and restricted stock will automatically become fully vested and immediately exercisable in the event of a "change of control" of the Corporation, as defined in such plans.

If a named executive officer dies prior to age 65 while employed by the Corporation or after having retired under the Corporation's pension plan, then pursuant to an agreement with each named executive officer the surviving spouse of such deceased executive will be paid \$2,250 per month for 120 consecutive months, commencing upon the date of death. Alternatively, if the named executive officer remains in the employment of the Corporation until age 65 or has retired under the provisions of the Corporation's pension plan, then commencing on his 65th birthday such executive officer shall be paid \$225 per month for 120 consecutive months.

HUMAN RESOURCES COMMITTEE REPORT

Decisions with regard to the compensation of the Corporation's executive officers are generally made by the Human Resources Committee of the Board ("Committee"). Each member of the Committee is a non-employee director. Decisions about awards under the Corporation's stock-based compensation plans are made by the Committee and reported to the Board. All other decisions by the Committee relating to compensation of the Corporation's executive officers are reviewed and approved by the Board. Generally, the Committee meets in December following the end of a particular fiscal year to consider prospective calendar-year salary adjustments, as well as to consider bonus compensation for executive officers for the prior fiscal year.

Executive Officer Compensation Policies

The Corporation's executive compensation policies are designed to provide competitive levels of compensation that integrate pay with the Corporation's performance, recognize individual initiative and achievements, and assist the Corporation in attracting and retaining qualified executives. The Committee relies in large part on compensation studies for the determination of competitive compensation. These studies include salary and bonus compensation data from several competitor companies including certain of those companies contained within the S&P Oil & Gas (Drilling & Equipment)-500 Index. Also, when the Committee contemplates the awarding of stock options or restricted stock to its executives, it considers the nature and amount of stock awards made by competitor companies to their executive officers. In order to implement these objectives, the Corporation has developed a straightforward compensation package consisting of salary, annual bonus, and periodic awards of stock options and/or restricted stock. Each element of the compensation package serves a particular purpose. Salary and bonus are primarily designed to reward current and past performance. Base salaries are conservatively set to recognize individual performance while attempting to approximate the median level of base salaries among the Corporation's competitors. Annual bonuses to executive officers are awarded based upon corporate and/or divisional performance criteria, competitive considerations, and the Committee's subjective determination of individual performance. Awards of stock options and restricted stock are primarily designed to tie a portion of each executive's compensation to long-term future performance of the Corporation. The Committee believes that stock ownership by management through stock-based compensation arrangements is beneficial in aligning management's and stockholders' interests. The value of these awards will increase or decrease based upon the future price of the Corporation's stock.

During fiscal 1998, the Committee, with the assistance of Towers Perrin (an independent compensation consulting firm), reviewed the Corporation's executive compensation policies. As a result of this review, the Committee refined certain of its annual bonus award guidelines for fiscal 1999.

In determining executive compensation for fiscal 1998, the Committee considered the Corporation's overall historical performance and its future objectives, together with fiscal 1998 corporate performance. The Committee believes that this policy provides a certain degree of stability in executive compensation considering the cyclical nature of the Corporation's businesses. Within this framework, the Committee considered several disproportionately weighted corporate and divisional performance objectives in making its compensation decisions for fiscal 1998. The performance objectives applicable to the entire corporation and their weighting were: net income as a percentage of invested capital (70%) and earnings per share (30%). The divisional objectives and weighting for the contract drilling business were: divisional net income as a percentage of invested capital (70%); cash flow from operations (15%); and after-tax income (15%). The divisional objectives and weighting for the exploration and production business were: finding cost (50%); after-tax income (25%); and divisional net income as a percentage of invested capital (25%). The Committee determined that all of these performance objectives other than the finding cost objective had been met or exceeded during fiscal 1998.

Each of the executive officers was assigned a 1998 target bonus award expressed as a percentage of base salary. Each of the executive officers was also assigned a corporate and/or divisional performance weighting percentage based upon each officer's corporate and/or divisional responsibilities. Whether an executive officer earns all or a portion of his target bonus award depends upon satisfaction of corporate and/or divisional performance objectives, the corporate and/or divisional weighting assigned to an executive officer and the Committee's subjective determination of individual performance.

During fiscal 1998, stock options were awarded to the executive officers and other key employees. In making these stock option awards, the Committee considered both individual performance and the amount of stock option awards made by competitors.

Section 162(m) of the Internal Revenue Code provides that certain compensation to certain executive officers in excess of \$1 million will not be deductible for federal income tax purposes. The current compensation levels of the Corporation's executive officers are well below the \$1 million threshold. In the event that the Corporation's compensation levels approach the \$1 million deduction cap, the Committee will further analyze Section 162(m) and take such action as it deems appropriate.

Compensation Paid to the Chief Executive Officer

Mr. Helmerich's compensation is determined in the same manner as described for the other executive officers. For fiscal 1998, Mr. Helmerich earned a \$187,000 bonus and a 7.6% salary increase. Consistent with the Corporation's compensation policies, Mr. Helmerich's salary was increased in order to approximate the median level of base salaries of competitor CEOs. However, Mr. Helmerich's fiscal 1998 bonus was 28% less than the bonus he received in fiscal 1997. The reduction in Mr. Helmerich's bonus was due to the fact that the corporate performance objectives were met in fiscal 1998 but were significantly surpassed in fiscal 1997.

In addition, the Committee awarded Mr. Helmerich stock options to purchase 90,000 shares of stock. The Committee based this award on its subjective assessment of Mr. Helmerich's performance as CEO and the amount of stock options awarded to competitor CEOs.

SUBMITTED BY THE HUMAN RESOURCES COMMITTEE

William L. Armstrong George A. Schaefer John D. Zeglis

PERFORMANCE GRAPH

The following performance graph reflects the yearly percentage change in the Corporation's cumulative total stockholder return on common stock as compared with the cumulative total return of the S&P 500 Index and the S&P Oil & Gas (Drilling & Equipment)-500 Index. All cumulative returns assume reinvestment of dividends and are calculated on a fiscal year basis ending on September 30 of each year.

CUMULATIVE TOTAL RETURN ON COMMON STOCK

[PERFORMANCE CHART]

DIRECTOR COMPENSATION

Pursuant to the Non-Employee Directors' Stock Compensation Plan, each non-employee Director of the Corporation receives a minimum of 800 shares, subject to a maximum of 1,600 shares, of the Corporation's common stock as a retainer fee in lieu of a cash retainer payment. In addition, each non-employee Director receives a \$2,500 attendance fee for each regularly scheduled meeting that he attends, plus expenses incurred in connection with attending meetings. Mr. W. H. Helmerich, III receives no compensation from the Corporation for serving as its Chairman of the Board, nor do the employee Directors receive compensation for serving on the Board of Directors.

Members of the Corporation's Audit Committee and the Human Resources Committee receive a fee of \$500 per meeting attended, plus expenses incurred in connection with attending meetings. It is anticipated that there will be four regularly scheduled meetings of the Board during fiscal 1999.

TRANSACTIONS WITH MANAGEMENT AND OTHERS

Mr. W. H. Helmerich, III, Chairman of the Board, retired from the Corporation in December of 1989. Pursuant to a consulting agreement with the Corporation, he receives \$154,800 per year for a one-year term commencing January 1, 1990, plus reimbursement of reasonable business, travel, and other expenses in consideration of his agreement to provide advisory and consulting services (exclusive of services rendered by Mr. Helmerich as Chairman of the Board) to the Corporation. The consulting agreement is automatically renewed for successive one-year terms unless terminated by the Corporation or Mr. W. H. Helmerich, III.

COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

For the fiscal year ended September 30, 1998, all reports were filed on a timely basis with the Securities and Exchange Commission except that (i) Mr. George S. Dotson, a Vice President and Director of the Corporation, amended, on October 10, 1997, an otherwise timely filed Form 4 which omitted reporting the exercise, on July 7, 1997, of a stock option for 3,426 shares and (ii) Mr. L. F. Rooney, III, a Director of the Corporation, filed on December 7, 1998, a Form 4 to reflect a July 24, 1998, purchase of 10,000 shares by a corporation controlled by Mr. Rooney.

In making these disclosures, the Corporation has relied solely upon the written representations of its Directors and executive officers, and copies of the reports they have filed with the Securities and Exchange Commission.

INDEPENDENT ACCOUNTANTS

The independent public accounting firm selected by the Corporation for the current year which audited the accounts of the Corporation for the fiscal year most recently completed is Ernst & Young LLP. Representatives of Ernst & Young LLP are expected to be present at the stockholders' meeting with the opportunity to make a statement if they so desire and to respond to appropriate questions.

STOCKHOLDER PROPOSALS

The Corporation's annual meeting for 2000 will be held Wednesday, March 1, 2000. Any stockholder wishing to submit a proposal to the vote of the stockholders at such 2000 annual meeting must submit such proposal or proposals in writing to the Corporation at its executive office in Tulsa, Oklahoma, Attention: Corporate Secretary, on or before September 30, 1999. For any other proposal that a stockholder wishes to have considered at the Corporation's 2000 annual meeting, the Corporate Secretary must receive written notice of such proposal during the period beginning December 17, 1999, and ending January 11, 2000. Proposals which are not received in such time period will be considered untimely and the persons serving as proxies will have discretion to vote on such matters at the meeting. In addition, proposals must also comply with the Corporation's Bylaws and the rules and regulations of the Securities and Exchange Commission.

OTHER MATTERS

As of this date, management knows of no business which will come before the meeting other than that set forth in the notice of said meeting. If any other matter properly comes before the meeting, the persons named as proxies will vote on it in accordance with their best judgment.

By Order of the Board of Directors

*/s/ STEVEN R. MACKEY
STEVEN R. MACKEY
Secretary*

Dated: January 27, 1999

NOTICE OF ANNUAL MEETING

OF STOCKHOLDERS

TO BE HELD

MARCH 3, 1999

AND

PROXY STATEMENT

**[HELMERICH & PAYNE, INC. LOGO
OMITTED]**

HELMERICH & PAYNE, INC.

APPENDIX TO ELECTRONIC FILING

LIST OF IMAGE INFORMATION NOT FILED ELECTRONICALLY

Photographs of the Directors and Nominees for Directors have been omitted from Pages 4 through 6 of this Proxy Statement.

A graphic representation of the Performance Graph described on Page 14 of this Proxy Statement has been omitted.

Proxy for Annual Meeting is filed herewith as an appendix.

PROXY FOR ANNUAL MEETING

THIS PROXY IS SOLICITED BY AND ON BEHALF OF THE BOARD OF DIRECTORS.

HELMERICH & PAYNE, INC.

The undersigned hereby appoints as his/her proxies, with powers of substitution and revocation, W. H. Helmerich, III, Hans Helmerich, and Steven R. Mackey, or each of them (the "Proxies"), to vote all shares of Helmerich & Payne, Inc., which the undersigned would be entitled to vote at the Annual Meeting of Stockholders of Helmerich & Payne, Inc., to be held at The Philbrook Museum of Art, Patti Johnson Wilson Hall, 2727 South Rockford Road, Tulsa, Oklahoma, on Wednesday, March 3, 1999, at 12:00 noon, Tulsa time, and all adjournments thereof.

1. Nominees for Directors of the "Second Class" for a three-year term are William L. Armstrong, L. F. Rooney, III and John D. Zeglis.
DIRECTORS
RECOMMEND A VOTE FOR ITEM 1.

FOR all listed nominees

WITHHOLD vote from
all listed nominees

WITHHOLD vote only from

2. In their discretion, the Proxies are authorized to vote upon such other business as may properly come before the meeting.

(Continued on Next Page)

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(Continued from First Page)

THIS PROXY WILL BE VOTED IN ACCORDANCE WITH THE WISHES OF THE STOCKHOLDER AS SPECIFIED IN THE SQUARES AND ON THE LINE PROVIDED ON THE REVERSE SIDE HEREOF; HOWEVER, IF NO SPECIFICATION IS MADE IN THE SQUARES OR ON THE LINE PROVIDED, THE SHARES REPRESENTED BY THIS PROXY WILL BE VOTED FOR THE ELECTION OF THE FULL SLATE OF DIRECTORS.

PLEASE COMPLETE, SIGN, DATE, AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE.

Dated: __, 1999.

(Sign here exactly as name appears. When signing as attorney, executor, administrator, guardian, or corporate official, please give your full title as such.)

End of Filing

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