

HELMERICH & PAYNE, INC.

FORM 10-Q (Quarterly Report)

Filed 02/03/09 for the Period Ending 12/31/08

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

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

FORM 10-Q

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For quarterly period ended: **December 31, 2008**

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: **1-4221**

HELMERICH & PAYNE, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

73-0679879
(I.R.S. Employer I.D. Number)

1437 South Boulder Avenue, Tulsa, Oklahoma, 74119
(Address of principal executive office)(Zip Code)

(918) 742-5531
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year,
if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a small reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "small reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

CLASS
Common Stock, \$0.10 par value

OUTSTANDING AT January 31, 2009
105,319,272

Total Number of Pages - 31



HELMERICH & PAYNE, INC. AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION
 HELMERICH & PAYNE, INC. AND SUBSIDIARIES
 CONSOLIDATED CONDENSED BALANCE SHEETS
 (Unaudited)
 (in thousands, except share and per share amounts)

ITEM 1. FINANCIAL STATEMENTS

	<u>December 31,</u> <u>2008</u>	<u>September 30,</u> <u>2008</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 138,024	\$ 121,513
Accounts receivable, less reserve of \$1,336 at December 31, 2008 and \$1,331 at September 30, 2008	460,566	462,833
Inventories	41,994	33,098
Deferred income tax	15,606	21,939
Prepaid expenses and other	60,151	51,264
Total current assets	<u>716,341</u>	<u>690,647</u>
Investments	173,549	199,266
Property, plant and equipment, net	2,885,454	2,682,251
Other assets	12,667	15,881
Total assets	<u>\$ 3,788,011</u>	<u>\$ 3,588,045</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
Current liabilities:		
Accounts payable	\$ 184,872	\$ 153,851
Accrued liabilities	150,201	128,373
Notes payable	—	1,733
Long-term debt due within one year	25,000	25,000
Total current liabilities	<u>360,073</u>	<u>308,957</u>
Noncurrent liabilities:		
Long-term notes payable	490,000	475,000
Deferred income taxes	492,885	479,963
Other	58,608	58,651
Total noncurrent liabilities	<u>1,041,493</u>	<u>1,013,614</u>
Shareholders' equity:		
Common stock, \$.10 par value, 160,000,000 shares authorized, 107,057,904 shares issued	10,706	10,706
Preferred stock, no par value, 1,000,000 shares authorized, no shares issued	—	—
Additional paid-in capital	170,197	169,497
Retained earnings	2,222,515	2,082,518
Accumulated other comprehensive income	16,956	38,407
Treasury stock, at cost	(33,929)	(35,654)
Total shareholders' equity	<u>2,386,445</u>	<u>2,265,474</u>
Total liabilities and shareholders' equity	<u>\$ 3,788,011</u>	<u>\$ 3,588,045</u>

The accompanying notes are an integral part of these statements.

HELMERICH & PAYNE, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF INCOME
(Unaudited)
(in thousands, except per share data)

	Three Months Ended December 31,	
	2008	2007
Operating revenues:		
Drilling – U.S. Land	\$ 475,204	\$ 347,644
Drilling – Offshore	50,488	27,281
Drilling – International Land	95,178	78,602
Other	2,884	3,136
	<u>623,754</u>	<u>456,663</u>
Operating costs and other:		
Operating costs, excluding depreciation	330,928	235,795
Depreciation	54,772	43,984
General and administrative	15,148	13,903
Research and development	1,677	—
Gain from involuntary conversion of long-lived assets	(277)	(4,810)
Income from asset sales	(914)	(842)
	<u>401,334</u>	<u>288,030</u>
Operating income	222,420	168,633
Other income (expense):		
Interest and dividend income	1,786	1,115
Interest expense	(3,700)	(4,831)
Gain on sale of investment securities	—	130
Other	128	(616)
	<u>(1,786)</u>	<u>(4,202)</u>
Income before income taxes and equity in income of affiliate	220,634	164,431
Income tax provision	81,248	60,146
Equity in income of affiliate net of income taxes	5,889	3,545
	<u>5,889</u>	<u>3,545</u>
NET INCOME	\$ 145,275	\$ 107,830
Earnings per common share:		
Basic	\$ 1.38	\$ 1.04
Diluted	\$ 1.36	\$ 1.02
Weighted average shares outstanding:		
Basic	105,249	103,509
Diluted	106,431	105,615
Dividends declared per common share	\$ 0.050	\$ 0.045

The accompanying notes are an integral part of these statements.

HELMERICH & PAYNE, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)
(in thousands)

	Three Months Ended December 31,	
	2008	2007
OPERATING ACTIVITIES:		
Net income	\$ 145,275	\$ 107,830
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	54,772	43,984
Provision for bad debt	8	681
Equity in income of affiliate before income taxes	(9,500)	(5,718)
Stock-based compensation	2,200	2,059
Gain from involuntary conversion of long-lived assets	(277)	(4,810)
Income from asset sales	(914)	(842)
Other	1	(1)
Deferred income tax expense	28,141	22,944
Change in assets and liabilities-		
Accounts receivable	2,259	(30,281)
Inventories	(8,896)	(102)
Prepaid expenses and other	(5,675)	(7,123)
Accounts payable	20,611	(42,533)
Accrued liabilities	21,834	21,193
Deferred income taxes	3,884	2,136
Other noncurrent liabilities	856	1,474
Net cash provided by operating activities	<u>254,579</u>	<u>110,891</u>
INVESTING ACTIVITIES:		
Capital expenditures	(250,381)	(149,844)
Insurance proceeds from involuntary conversion	277	8,500
Proceeds from asset sales	1,411	1,386
Other	(16)	—
Net cash used in investing activities	<u>(248,709)</u>	<u>(139,958)</u>
FINANCING ACTIVITIES:		
Decrease in notes payable	(1,733)	—
Proceeds from line of credit	920,000	830,000
Payments on line of credit	(905,000)	(790,000)
Increase in bank overdraft	2,330	—
Dividends paid	(5,273)	(4,668)
Proceeds from exercise of stock options	300	1,365
Excess tax benefit from stock-based compensation	17	662
Net cash provided by financing activities	<u>10,641</u>	<u>37,359</u>
Net increase in cash and cash equivalents	16,511	8,292
Cash and cash equivalents, beginning of period	121,513	89,215
Cash and cash equivalents, end of period	<u>\$ 138,024</u>	<u>\$ 97,507</u>

The accompanying notes are an integral part of these statements.

HELMERICH & PAYNE, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENT OF SHAREHOLDERS' EQUITY
THREE MONTHS ENDED DECEMBER 31, 2008
(in thousands, except per share amounts)

	<u>Common Stock</u>		<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Treasury Stock</u>		<u>Total Shareholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>				<u>Shares</u>	<u>Amount</u>	
Balance, September 30, 2008	107,058	\$ 10,706	\$169,497	\$2,082,518	\$ 38,407	1,835	\$(35,654)	\$ 2,265,474
Comprehensive Income:								
Net income				145,275				145,275
Other comprehensive income, Unrealized losses on available-for-sale securities (net of \$13,147 income tax)					(21,451)			(21,451)
Total comprehensive income								<u>123,824</u>
Capital adjustment of equity investee			174					174
Cash dividends (\$0.05 per share)				(5,278)				(5,278)
Exercise of stock options			(150)			(23)	450	300
Tax benefit of stock-based awards, including excess tax benefits of \$21			(249)					(249)
Treasury stock issued for vested restricted stock			(1,275)			(66)	1,275	—
Stock-based compensation			<u>2,200</u>					<u>2,200</u>
Balance, December 31, 2008	<u>107,058</u>	<u>\$ 10,706</u>	<u>\$170,197</u>	<u>\$2,222,515</u>	<u>\$ 16,956</u>	<u>1,746</u>	<u>\$(33,929)</u>	<u>\$ 2,386,445</u>

The accompanying notes are an integral part of these statements.

HELMERICH & PAYNE, INC. AND SUBSIDIARIES
 NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
 (Unaudited)

1. Basis of Presentation

The accompanying unaudited consolidated condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States and applicable rules and regulations of the Securities and Exchange Commission (the "Commission") pertaining to interim financial information. Accordingly, these interim financial statements do not include all information or footnote disclosures required by accounting principles generally accepted in the United States for complete financial statements and, therefore should be read in conjunction with the consolidated financial statements and notes thereto in the Company's 2008 Annual Report on Form 10-K and other current filings with the Commission. In the opinion of management, all adjustments, consisting of those of a normal recurring nature, necessary to present fairly the results of the periods presented have been included. The results of operations for the interim periods presented may not necessarily be indicative of the results to be expected for the full year.

Certain amounts in the accompanying consolidated financial statements for prior periods have been reclassified to conform to current year presentation. Specifically, the Real Estate segment shown separately at December 31, 2007, has been included with all other non-reportable business segments.

2. Earnings per Share

Basic earnings per share is based on the weighted-average number of common shares outstanding during the period. Diluted earnings per share includes the dilutive effect of stock options and restricted stock.

A reconciliation of the weighted-average common shares outstanding on a basic and diluted basis is as follows (in thousands):

	Three Months Ended December 31,	
	2008	2007
Basic weighted average shares	105,249	103,509
Effect of dilutive shares:		
Stock options and restricted stock	1,182	2,106
Diluted weighted average shares	106,431	105,615

For the three months ended December 31, 2008, options to purchase 1,869,424 shares of common stock were outstanding but were not included in the computation of diluted earnings per share. Inclusion of these shares would be antidilutive.

For the three months ended December 31, 2007, options to purchase 741,938 shares of common stock were outstanding but were not included in the computation of diluted earnings per share. Inclusion of these shares would be antidilutive.

3. Inventories

Inventories consist primarily of replacement parts and supplies held for use in the Company's drilling operations.

HELMERICH & PAYNE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Unaudited)

4. Investments

The following is a summary of available-for-sale securities, which excludes securities accounted for under the equity method of accounting, investments in limited partnerships carried at cost and assets held in a Non-qualified Supplemental Savings Plan.

	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value</u>
	(in thousands)			
Equity securities 12/31/08	\$ 7,685	\$ 33,269	\$ —	\$ 40,954
Equity securities 09/30/08	\$ 7,685	\$ 67,867	\$ —	\$ 75,552

The investment in the limited partnership carried at cost was \$12.4 million at December 31, 2008 and September 30, 2008. The estimated fair value of the investments carried at cost was \$14.5 million and \$17.3 million at December 31, 2008 and September 30, 2008, respectively. The assets held in the Non-qualified Supplemental Savings Plan are valued at fair market which totaled \$5.5 million at December 31, 2008 and \$6.4 million at September 30, 2008. The recorded amounts for investments accounted for under the equity method are \$114.7 million and \$104.9 million at December 31, 2008 and September 30, 2008, respectively. During the three months ended December 31, 2008, the Company increased the equity investment \$0.3 million (\$0.2 million, net of tax) to account for capital transactions of Atwood Oceanics, Inc. (Atwood). At December 31, 2008, the Company owned 8,000,000 shares of Atwood.

5. Comprehensive Income

Comprehensive income, net of related income taxes, is as follows (in thousands):

	<u>Three Months Ended December 31,</u>	
	<u>2008</u>	<u>2007</u>
Net Income	\$ 145,275	\$ 107,830
Other comprehensive income:		
Unrealized appreciation (depreciation) on securities	(34,598)	(8,393)
Income taxes	13,147	3,189
	<u>(21,451)</u>	<u>(5,204)</u>
Reclassification of realized gains in net income	—	(130)
Income taxes	—	49
	<u>—</u>	<u>(81)</u>
Minimum pension liability adjustments	—	(3)
Income taxes	—	1
	<u>—</u>	<u>(2)</u>
Total comprehensive income	<u>\$ 123,824</u>	<u>\$ 102,543</u>

HELMERICH & PAYNE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Unaudited)

The components of accumulated other comprehensive income, net of related income taxes, are as follows (in thousands):

	December 31, 2008	September 30, 2008
Unrealized appreciation on securities, net	\$ 20,627	\$ 42,078
Unrecognized actuarial gain (loss) and prior service cost	(3,671)	(3,671)
Accumulated other comprehensive income	<u>\$ 16,956</u>	<u>\$ 38,407</u>

6. Fair Value Measurement

On September 15, 2006, the Financial Accounting Standards Board (“FASB”) issued SFAS No. 157 which addresses standardizing the measurement of fair value for companies who are required to use a fair value measure for recognition or disclosure purposes. The FASB defines fair value as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.” The Company’s adoption of the required portions of SFAS 157 as of October 1, 2008 did not have a material impact on the Company’s financial position, results of operations and cash flows. In February 2008, the FASB issued Staff Position No. FAS 157-2, *Effective Date of FASB Statement No. 157 (FSP 157-2)*, which delayed the required adoption of portions of SFAS 157 related to nonfinancial assets and nonfinancial liabilities, except for items recognized or disclosed at fair value on a recurring basis. Accordingly, the Company will adopt the provisions of SFAS 157 related to nonfinancial assets and nonfinancial liabilities recognized or disclosed at fair value on a nonrecurring basis in fiscal 2010. The Company is currently evaluating the impact, if any, of the adoption of FSP 157-2 on its financial position, results of operations or cash flows.

SFAS 157 establishes a fair value hierarchy to prioritize the inputs used in valuation techniques into three levels as follows:

- Level 1 – Observable inputs that reflect quoted prices in active markets for identical assets or liabilities in active markets.
- Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Valuations based on inputs that are unobservable and not corroborated by market data.

At December 31, 2008, the Company’s financial assets utilizing Level 1 inputs include cash equivalents as well as equity securities with active markets. For these items, quoted current market prices are readily available. The Company does not currently have any financial instruments utilizing Level 2 and Level 3 inputs.

HELMERICH & PAYNE, INC. AND SUBSIDIARIES
 NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
 (Unaudited)

The following table presents information about the Company's fair value hierarchy for financial assets as of December 31, 2008:

	Total Measure at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(in thousands)			
Money market funds	\$ 90,704	\$ 90,704	\$ —	\$ —
Investments	40,954	40,954	—	—
Total assets at fair value	<u>\$ 131,658</u>	<u>\$ 131,658</u>	<u>\$ —</u>	<u>\$ —</u>

The following information presents the supplemental fair value information about long-term fixed-rate debt at December 31, and September 30, 2008.

	December 31, 2008	September 30, 2008
	(in thousands)	
Carrying value of long-term fixed-rate debt	\$ 175.0	\$ 175.0
Fair value of long-term fixed-rate debt	\$ 210.2	\$ 198.0

The fair value of the long-term fixed-rate debt was calculated using discounted future cash flows.

In February 2007, the FASB issued SFAS No. 159 which permits companies to choose, at specified election dates, to measure many financial instruments and certain other items at fair value that are not currently measured at fair value. Unrealized gains and losses on items for which the fair value option has been elected would be reported in earnings at each subsequent reporting date. Upfront costs and fees related to items for which the fair value option is elected shall be recognized in earnings as incurred and not deferred. The Company did not elect the fair value option for any of its existing financial instruments other than those already measured at fair value. Therefore, the Company's adoption of SFAS No. 159 as of October 1, 2008 did not have an impact on the Company's financial position, results of operations or cash flows.

7. Cash Dividends

The \$0.05 cash dividend declared September 3, 2008, was paid December 1, 2008. On December 2, 2008, a cash dividend of \$0.05 per share was declared for shareholders of record on February 13, 2009, payable March 2, 2009.

8. Stock-Based Compensation

The Company has one plan providing for common-stock based awards to employees and to non-employee Directors. The plan permits the granting of various types of awards including stock options and restricted stock awards. Restricted stock may be granted for no consideration other than prior and future services. The purchase price per share for stock options may not be less than market price of the underlying stock on the date of grant. Stock options expire ten years after the grant date. Vesting requirements are determined by the Human Resources Committee of the Company's Board of Directors. Readers should refer to Note 5 of the consolidated financial statements in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2008 for additional information related to stock-based compensation.

HELMERICH & PAYNE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Unaudited)

The Company uses the Black-Scholes formula to estimate the value of stock options granted. The fair value of the options is amortized to compensation expense on a straight-line basis over the requisite service periods of the stock awards, which are generally the vesting periods. The Company has the right to satisfy option exercises from treasury shares and from authorized but unissued shares.

A summary of compensation cost for stock-based payment arrangements recognized in general and administrative expense is as follows (in thousands):

	Three Months Ended December 31,	
	2008	2007
Compensation expense		
Stock options	\$ 1,837	\$ 1,697
Restricted stock	363	362
	<u>\$ 2,200</u>	<u>\$ 2,059</u>

STOCK OPTIONS

The following summarizes the weighted-average assumptions utilized in determining the fair value of options granted during the three months ended December 31, 2008 and 2007:

	2008	2007
Risk-free interest rate	1.7%	3.3%
Expected stock volatility	43.4%	31.1%
Dividend yield	.9%	.5%
Expected term (in years)	5.8	4.8

Risk-Free Interest Rate. The risk-free interest rate is based on U.S. Treasury securities for the expected term of the option.

Expected Volatility Rate. Expected volatility is based on the daily closing price of the Company's stock based upon historical experience over a period which approximates the expected term of the option.

Dividend Yield. The expected dividend yield is based on the Company's current dividend yield.

Expected Term. The expected term of the options granted represents the period of time that they are expected to be outstanding. The Company estimates the expected term of options granted based on historical experience with grants and exercises.

HELMERICH & PAYNE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Unaudited)

A summary of stock option activity under the Plan for the three months ended December 31, 2008 is presented in the following table:

December 31, 2008 Options	Shares (in thousands)	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term	Aggregate Intrinsic Value (in thousands)
Outstanding at October 1, 2008	4,819	\$ 20.02		
Granted	865	21.07		
Exercised	(23)	12.95		
Forfeited/Expired	(5)	29.12		
Outstanding at December 31, 2008	<u>5,656</u>	<u>\$ 20.20</u>	6.17	<u>\$ 14,425</u>
Vested and expected to vest at December 31, 2008	<u>5,596</u>	<u>\$ 20.15</u>	6.14	<u>\$ 14,536</u>
Exercisable at December 31, 2008	<u>3,844</u>	<u>\$ 17.08</u>	4.81	<u>\$ 21,785</u>

The weighted-average fair value of options granted in the first quarter of fiscal 2009 was \$8.16.

The total intrinsic value of options exercised during the three months ended December 31, 2008 was \$0.3 million.

As of December 31, 2008, the unrecognized compensation cost related to the stock options was \$16.5 million. That cost is expected to be recognized over a weighted-average period of 2.9 years.

RESTRICTED STOCK

Restricted stock awards consist of the Company's common stock and are time vested over 3-5 years. The Company recognizes compensation expense on a straight-line basis over the vesting period. The fair value of restricted stock awards is determined based on the closing trading price of the Company's shares on the grant date.

A summary of the status of the Company's restricted stock awards as of December 31, 2008 and changes during the three months then ended is presented below:

Restricted Stock Awards	Three months ended December 31, 2008	
	Shares (in thousands)	Weighted- Average Grant-Date Fair Value
Unvested at October 1,	243	\$ 29.27
Granted	—	—
Vested	(66)	29.52
Forfeited	—	—
Unvested at December 31,	<u>177</u>	<u>\$ 30.06</u>

As of December 31, 2008, there was \$3.3 million of total unrecognized compensation cost related to restricted stock options granted under the Plan. That cost is expected to be recognized over a weighted-average period of 2.2 years.

HELMERICH & PAYNE, INC. AND SUBSIDIARIES
 NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
 (Unaudited)

9. Notes Payable and Long-term Debt

At December 31, 2008, the Company had the following unsecured long-term debt outstanding (in thousands):

Maturity Date	Interest Rate	
Fixed rate debt:		
August 15, 2009	5.91%	\$ 25,000
August 15, 2012	6.46%	75,000
August 15, 2014	6.56%	75,000
Senior credit facility:		
December 18, 2011	.83%-2.26%	340,000
		515,000
Less long-term debt due within one year		25,000
Long-term debt		<u>\$ 490,000</u>

The terms of the fixed rate debt obligations require the Company to maintain a minimum ratio of debt to total capitalization.

The Company has an agreement with a multi-bank syndicate for a \$400 million senior unsecured credit facility which matures December 2011. While the Company has the option to borrow at the prime rate for maturities of less than 30 days, the Company anticipates that the majority of all of the borrowings over the life of the facility will accrue interest at a spread over the London Interbank Bank Offered Rate (LIBOR). The Company pays a commitment fee based on the unused balance of the facility. The spread over LIBOR as well as the commitment fee is determined according to a scale based on a ratio of the Company's total debt to total capitalization. The LIBOR spread ranges from .30 percent to .45 percent depending on the ratios. At December 31, 2008, the LIBOR spread on borrowings was .35 percent and the commitment fee was .075 percent per annum. At December 31, 2008, the Company had three letters of credit totaling \$25.9 million under the facility and had \$340 million borrowed against the facility with \$34.1 million available to borrow. The advances bear interest ranging from 0.83 percent to 2.26 percent. Subsequent to December 31, 2008, the debt was reduced \$105 million with proceeds from a new line of credit discussed below and by an additional \$15 million from funds generated by operating activities.

On January 21, 2009, the Company closed on an agreement with a five-bank syndicate for a \$105 million unsecured line of credit that will mature January 2010. The Company anticipates that this loan will remain funded for the entire term and that all borrowings will accrue interest at a spread over 30 day LIBOR. The spread over LIBOR is determined according to the same scale of debt to total capitalization used in the Company's \$400 million facility which is described in the preceding paragraph. The LIBOR spread range for the new facility has increased to a range of 2 percent to 2.75 percent. As of the closing, the initial LIBOR spread on the borrowing was 2.25 percent. Simultaneous with the closing of this facility, the Company entered into an interest-rate swap with the same maturity and a notional amount of \$105 million. The Company believes that the swap will act to fix the annualized interest rate of the facility at approximately 3.17 percent assuming the spread at closing remains at 2.25 percent.

HELMERICH & PAYNE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Unaudited)

Financial covenants in both facilities require the Company to maintain a funded leverage ratio (as defined) of less than 50 percent and an interest coverage ratio (as defined) of not less than 3.00 to 1.00. Both facilities contain additional terms, conditions, and restrictions that the Company believes are usual and customary in unsecured debt arrangements for companies that are similar in size and credit quality. At December 31, 2008, the Company was in compliance with all debt covenants.

As of December 31, 2008, the Company had unsecured letters of credit totaling \$6.3 million and a \$0.7 million secured letter of credit both of which were used to obtain surety bonds for the international operations. Subsequent to December 31, 2008, the \$0.7 million secured letter of credit and the underlying collateral was released.

10. Income Taxes

The Company's effective tax rate for the three months ended December 31, 2008 and 2007 was 36.8 percent and 36.6 percent, respectively. The effective rate differs from the U.S. federal statutory rate of 35.0 percent primarily due to state and foreign taxes.

It is reasonably possible that the amount of the unrecognized tax benefit with respect to certain unrecognized tax positions will increase or decrease during the next 12 months; however, the Company does not expect the change to have a material effect on results of operations or financial position.

11. Contingent Liabilities and Commitments

In conjunction with the Company's current drilling rig construction program, purchase commitments for equipment, parts and supplies of approximately \$384.4 million are outstanding at December 31, 2008.

Various legal actions, the majority of which arise in the ordinary course of business, are pending. The Company maintains insurance against certain business risks subject to certain deductibles. None of these legal actions are expected to have a material adverse effect on the Company's financial condition, cash flows or results of operations.

The Company is contingently liable to sureties in respect of bonds issued by the sureties in connection with certain commitments entered into by the Company in the normal course of business. The Company has agreed to indemnify the sureties for any payments made by them in respect of such bonds.

12. Segment Information

The Company operates principally in the contract drilling industry. The Company's contract drilling business includes the following reportable operating segments: U.S. Land, Offshore, and International Land. The contract drilling operations consist mainly of contracting Company-owned drilling equipment primarily to major oil and gas exploration companies. The Company's primary international areas of operation include Venezuela, Colombia, Ecuador, Argentina and other South American countries. The International Land operations have similar services, have similar types of customers, operate in a consistent manner and have similar economic and regulatory characteristics. Therefore, the Company has aggregated its International Land operations into one reportable segment. Each reportable segment is a strategic business unit which is managed separately. Other includes non-reportable operating segments.

HELMERICH & PAYNE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Unaudited)

The Company evaluates segment performance based on income or loss from operations (segment operating income) before income taxes which includes:

- revenues from external and internal customers
- direct operating costs
- depreciation and
- allocated general and administrative costs

but excludes corporate costs for other depreciation, income from asset sales and other corporate income and expense.

General and administrative costs are allocated to the segments based primarily on specific identification and, to the extent that such identification is not practical, on other methods which the Company believes to be a reasonable reflection of the utilization of services provided.

Segment operating income is a non-GAAP financial measure of the Company's performance, as it excludes general and administrative expenses, corporate depreciation, income from asset sales and other corporate income and expense.

The Company considers segment operating income to be an important supplemental measure of operating performance by presenting trends in the Company's core businesses. This measure is used by the Company to facilitate period-to-period comparisons in operating performance of the Company's reportable segments in the aggregate by eliminating items that affect comparability between periods. The Company believes that segment operating income is useful to investors because it provides a means to evaluate the operating performance of the segments and the Company on an ongoing basis using criteria that are used by our internal decision makers. Additionally, it highlights operating trends and aids analytical comparisons. However, segment operating income has limitations and should not be used as an alternative to operating income or loss, a performance measure determined in accordance with GAAP, as it excludes certain costs that may affect the Company's operating performance in future periods.

Due to the continued growth of the drilling segments over the past few years, the Company re-evaluated its reportable segments. With the growth of the drilling segments, the Real Estate segment has become a smaller percentage of total segment operating income. In the evaluation of segment reporting, the Company determined that the total of external revenues reported by the three reportable operating segments, U.S. Land, Offshore and International Land, comprised more than 75 percent of total consolidated revenue. As a result, the Real Estate segment previously shown as a reportable segment has been included with all other non-reportable business segments. Revenues included in all other consist primarily of rental income. The three months ended December 31, 2007 have been restated to reflect this change.

HELMERICH & PAYNE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Unaudited)

Summarized financial information of the Company's reportable segments for the three months ended December 31, 2008, and 2007, is shown in the following tables:

(in thousands)	External Sales	Inter-Segment	Total Sales	Segment Operating Income (Loss)
December 31, 2008				
Contract Drilling:				
U.S. Land	\$ 475,204	\$ —	\$ 475,204	\$ 194,048
Offshore	50,488	—	50,488	14,710
International Land	95,178	—	95,178	22,628
	<u>620,870</u>	<u>—</u>	<u>620,870</u>	<u>231,386</u>
Other	2,884	223	3,107	(861)
	<u>623,754</u>	<u>223</u>	<u>623,977</u>	<u>230,525</u>
Eliminations	—	(223)	(223)	—
Total	<u>\$ 623,754</u>	<u>\$ —</u>	<u>\$ 623,754</u>	<u>\$ 230,525</u>

(in thousands)	External Sales	Inter-Segment	Total Sales	Segment Operating Income
December 31, 2007				
Contract Drilling:				
U.S. Land	\$ 347,644	\$ —	\$ 347,644	\$ 143,841
Offshore	27,281	—	27,281	4,114
International Land	78,602	—	78,602	21,156
	<u>453,527</u>	<u>—</u>	<u>453,527</u>	<u>169,111</u>
Other	3,136	213	3,349	1,524
	<u>456,663</u>	<u>213</u>	<u>456,876</u>	<u>170,635</u>
Eliminations	—	(213)	(213)	—
Total	<u>\$ 456,663</u>	<u>\$ —</u>	<u>\$ 456,663</u>	<u>\$ 170,635</u>

The following table reconciles segment operating income per the table above to income before income taxes and equity in income of affiliate as reported on the Consolidated Condensed Statements of Income.

	Three Months Ended December 31,	
	2008	2007
	(in thousands)	
Segment operating income	\$ 230,525	\$ 170,635
Gain from involuntary conversion of long-lived assets	277	4,810
Income from asset sales	914	842
Corporate general and administrative costs and corporate depreciation	(9,296)	(7,654)
Operating income	<u>222,420</u>	<u>168,633</u>
Other income (expense):		
Interest and dividend income	1,786	1,115
Interest expense	(3,700)	(4,831)
Gain on sale of investment securities	—	130
Other	128	(616)
Total other expense	<u>(1,786)</u>	<u>(4,202)</u>
Income before income taxes and equity in income of affiliate	<u>\$ 220,634</u>	<u>\$ 164,431</u>

HELMERICH & PAYNE, INC. AND SUBSIDIARIES
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 (Unaudited)

	<u>December 31,</u> <u>2008</u>	<u>September 30,</u> <u>2008</u>
(in thousands)		
Total Assets		
U.S. Land	\$ 2,835,333	\$ 2,660,232
Offshore	157,666	152,497
International Land	411,179	368,659
Other	34,580	35,285
	<u>3,438,758</u>	<u>3,216,673</u>
Investments and Corporate Operations	349,253	371,372
Total	<u>\$ 3,788,011</u>	<u>\$ 3,588,045</u>

The following table presents revenues from external customers by country based on the location of service provided.

	<u>Three Months Ended</u> <u>December 31,</u>	
	<u>2008</u>	<u>2007</u>
(in thousands)		
Operating revenues		
United States	\$ 517,352	\$ 377,552
Venezuela	42,949	41,655
Colombia	19,458	5,970
Ecuador	12,992	19,292
Other Foreign	31,003	12,194
Total	<u>\$ 623,754</u>	<u>\$ 456,663</u>

13. Pensions and Other Post-retirement Benefits

The following provides information at December 31, 2008 and 2007 related to the Company-sponsored domestic defined benefit pension plan.

Components of Net Periodic Benefit Cost

	<u>Three Months Ended</u> <u>December 31,</u>	
	<u>2008</u>	<u>2007</u>
(in thousands)		
Interest Cost	\$ 1,217	\$ 1,190
Expected return on plan assets	(1,147)	(1,458)
Recognized net actuarial loss	—	(3)
Net pension expense	<u>\$ 70</u>	<u>\$ (271)</u>

Employer Contributions

The Company does not anticipate that it will be required to make a contribution to the Pension Plan in fiscal 2009. However, the Company expects to make discretionary contributions to fund distributions in lieu of liquidating pension assets. The Company estimates contributions to be at least \$5.0 million in fiscal 2009. However, due to the decline in the fair value of pension plan assets during 2008 and the current adverse conditions in the equity, debt and global markets, it is possible that contributions will be greater than expected. For the period October 1 through December 31, 2008, the Company has not made any contributions to the Pension Plan.

Foreign Plan

The Company maintains an unfunded pension plan in one of the international subsidiaries. Pension expense was approximately \$90,000 and \$39,000 for the three months ended December 31, 2008 and 2007, respectively.

HELMERICH & PAYNE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Unaudited)

14. Risk Factors

The Company derives its revenue in Venezuela from Petroleos de Venezuela, S.A. (PDVSA), the Venezuelan state-owned petroleum company. The Company is exposed to risks of currency devaluation in Venezuela primarily as a result of bolivar fuerte (Bsf) receivable and Bsf cash balances.

The net receivable from PDVSA, as disclosed in the Company's 2008 Annual Report on Form 10-K, was approximately \$63.9 million at November 1, 2008. At December 31, 2008, the net receivable from PDVSA was approximately \$90 million. As of February 1, 2009, the net receivable from PDVSA was approximately \$105 million. The ability to collect accounts receivables in U.S. dollars from the Company's customer in Venezuela, PDVSA, has deteriorated to the point that the Company has decided to discontinue work as contracts expire. All of the Company's eleven rigs were active in Venezuela during the first quarter; however, it is expected that further cessations will idle a total of five rigs in that country by the end of February 2009. The Company will continue these and other efforts until satisfactory payments have been received. If payments are not received, the remaining rigs will probably become idle by the end of July 2009.

The Company has made applications with the Venezuelan government requesting the approval to convert bolivar fuerte cash balances to U.S. dollars. Upon approval from the Venezuelan government, the Company's Venezuelan subsidiary will remit approximately \$28.4 million as a dividend to its U.S. based parent.

While the Company has been successful in the past in obtaining government approval for conversion of bolivar fuerte to U.S. dollars, there is no guarantee that future conversion to U.S. dollars will be permitted. In the event that conversion to U.S. dollars would be prohibited, then bolivar fuerte cash balances would increase and expose the Company to increased risk of devaluation.

The Venezuelan subsidiary has received notification from PDVSA that reimbursement of U.S. dollar invoices previously paid in Bsf will be made only when supporting documentation has been approved. The supporting documentation has been delivered to PDVSA and is awaiting approval. The approval and subsequent payment would result in reducing the foreign currency exposure by approximately \$46.3 million. The Company is unable to determine when payment will be received.

Past devaluation losses may not be reflective of the potential for future devaluation losses. Even though Venezuela continues to operate under the exchange controls in place and the Venezuelan bolivar fuerte exchange rate has remained fixed at Bsf 2.150 to one U.S. dollar since the devaluation in March 2005, the exact amount and timing of devaluation is uncertain. At December 31, 2008, the Company had the equivalent of \$40 million in cash in Bsf's exposed to the risk of currency devaluation.

While the Company is unable to predict the magnitude and timing of future devaluation in Venezuela, if current activity levels continue and if a 10 percent to 30 percent devaluation were to occur, the Company could experience potential currency devaluation losses ranging from approximately \$5.7 million to \$14.2 million.

HELMERICH & PAYNE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Unaudited)

15. Gain Contingencies

During the first quarter of fiscal 2009, the Company settled the claim on U.S. Land Rig 178 that experienced a fire in August 2007. The company received \$0.3 million as final payment and the proceeds were recorded as a gain in the Consolidated Statement of Income.

The Company expects to receive additional insurance proceeds in connection with the loss of Rig 201 from Hurricane Katrina in August 2005 of less than \$0.3 million during fiscal 2009.

16. Recently Issued Accounting Standards

In November 2008, the FASB ratified EITF, Issue No. 08-6 “*Equity-Method Investment Accounting*.” EITF 08-6 concludes that the cost basis of a new equity-method investment would be determined using a cost-accumulation mode, which would continue the practice of including transaction costs in the cost of investment and would exclude the value of contingent consideration. Equity-method investment should be subject to other-than-temporary impairment analysis. It also requires that a gain or loss be recognized on the portion of the investor’s ownership sold. EITF 8-6 is effective for fiscal years beginning after December 15, 2008. The Company is currently evaluating the impact the adoption of EITF 08-6 may have on the Consolidated Financial Statements.

In June 2008, the FASB issued Staff Position (FSP) EITF 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities*, to clarify that all outstanding unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents, whether paid or unpaid, are participating securities. An entity must include participating securities in its calculation of basic and diluted earnings per share pursuant to the two-class method pursuant to SFAS No. 128, *Earnings per Share*. FSP EITF 03-6-1 is effective for fiscal years beginning after December 15, 2008. The Company is currently evaluating FSP EITF 03-6-1 to determine the impact, if any, on the Consolidated Financial Statements.

In April 2008, the FASB issued FSP SFAS No. 142-3, *Determining the Useful Life of Intangible Assets* (FSP SFAS 142-3). FSP SFAS 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS 142. This FSP is effective for fiscal years beginning after December 15, 2008, and interim periods within those years. This FSP must be applied prospectively to intangible assets acquired after the effective date. Accordingly, the Company will adopt FSP SFAS 142-3 in fiscal year 2010.

In February 2008, the FASB issued FASB Staff Position No. FAS 157-2, *Effective Date of FASB Statement No. 157* (the FSP). The FSP amends SFAS No. 157, *Fair Value Measurements*, to delay the effective date of SFAS 157 for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (that is, at least annually). For items within its scope, the FSP defers the effective date of SFAS No. 157 to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years. The Company is currently evaluating the FSP to determine the impact, if any, on the Consolidated Financial Statements.

In December 2007, the FASB issued SFAS No. 141(R), *Business Combinations* and SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51*. Both of these standards are effective for financial statements issued for fiscal years beginning after December 15, 2008. SFAS No. 141(R) will be applied prospectively to business combinations occurring after the effective date. Earlier application is prohibited. The Company is currently evaluating the potential impact of adopting SFAS No. 160 but does not expect its adoption to have a significant impact on the Consolidated Financial Statement.

HELMERICH & PAYNE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Unaudited)

On October 1, 2008, the Company adopted EITF Issue No. 06-11, *Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards* (“EITF 06-11”). EITF 06-11 requires companies to recognize a realized income tax benefit associated with dividends or dividend equivalents paid on nonvested equity-classified employee share-based payment awards that are charged to retained earnings as an increase to additional paid-in capital. The adoption of EITF 06-11 did not have a material impact on the Company’s financial position, results of operations or cash flows.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

December 31, 2008

RISK FACTORS AND FORWARD-LOOKING STATEMENTS

The following discussion should be read in conjunction with the consolidated condensed financial statements and related notes included elsewhere herein and the consolidated financial statements and notes thereto included in the Company's 2008 Annual Report on Form 10-K. The Company's future operating results may be affected by various trends and factors, which are beyond the Company's control. These include, among other factors, fluctuations in natural gas and crude oil prices, early termination of drilling contracts, forfeiture of early termination payments under fixed term contracts due to sustained unacceptable performance, unsuccessful collection of receivables, including Venezuelan receivables, inability to procure key rig components, failure to timely deliver rigs within applicable grace periods, disruption to or cessation of business of the Company's limited source vendors or fabricators, currency exchange losses, deterioration of credit markets, changes in general economic and political conditions, adverse weather conditions including hurricanes, rapid or unexpected changes in technologies, and uncertain business conditions that affect the Company's businesses. Accordingly, past results and trends should not be used by investors to anticipate future results or trends. The Company's risk factors are more fully described in the Company's 2008 Annual Report on Form 10-K and elsewhere in this Form 10-Q.

With the exception of historical information, the matters discussed in Management's Discussion & Analysis of Financial Condition and Results of Operations include forward-looking statements. These forward-looking statements are based on various assumptions. The Company cautions that, while it believes such assumptions to be reasonable and makes them in good faith, assumptions about future events and conditions almost always vary from actual results. The differences between good faith assumptions and actual results can be material. The Company is including this cautionary statement to take advantage of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995 for any forward-looking statements made by, or on behalf of, the Company. The factors identified in this cautionary statement are important factors (but not necessarily all important factors) that could cause actual results to differ materially from those expressed in any forward-looking statement made by, or on behalf of, the Company.

RESULTS OF OPERATIONS

Three Months Ended December 31, 2008 vs. Three Months Ended December 31, 2007

The Company reported net income of \$145.3 million (\$1.36 per diluted share) from operating revenues of \$623.8 million for the first quarter ended December 31, 2008, compared with net income of \$107.8 million (\$1.02 per diluted share) from operating revenues of \$456.7 million for the first quarter of fiscal year 2008. Net income for the first quarter of fiscal 2009 includes approximately \$0.8 million (\$0.01 per diluted share) of after-tax gains from the sale of assets. Net income for the first quarter of fiscal 2008 includes approximately \$3.6 million (\$0.03 per diluted share) of after-tax gains from involuntary conversion of long-lived assets.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

December 31, 2008

	Three Months Ended December 31,	
	2008	2007
	(in thousands, except days and per day amounts)	
U.S. LAND OPERATIONS		
Revenues	\$ 475,204	\$ 347,644
Direct operating expenses	233,306	165,565
General and administrative expense	4,427	4,394
Depreciation	43,423	33,844
Segment operating income	\$ 194,048	\$ 143,841
Revenue days	16,322	13,887
Average rig revenue per day	\$ 27,066	\$ 24,006
Average rig expense per day	\$ 12,246	\$ 10,895
Average rig margin per day	\$ 14,820	\$ 13,111
Rig utilization	95%	95%

U.S. LAND segment operating income increased to \$194.0 million for the first quarter of fiscal 2009 compared to \$143.8 million in the same period of fiscal 2008. Revenues were \$475.2 million and \$347.6 million in the first quarter of fiscal 2009 and 2008, respectively. Included in U.S. land revenues for the three months ended December 31, 2008 and 2007 are reimbursements for "out-of-pocket" expenses of \$33.4 million and \$14.3 million, respectively. Also included in U.S. land revenues for the first quarter of fiscal 2009 is approximately \$18.4 million related to early termination fees and penalties.

The average revenue per day for the first quarter of fiscal 2009 compared to the first quarter of fiscal 2008 increased \$3,060 of which \$1,129 is attributable to the early termination related revenue. The remaining increase of \$1,931 is a result of higher dayrates for new rigs added since the first quarter of fiscal 2008 compared to dayrates on existing rigs working at December 31, 2007. The increase in average rig expense per day for the first quarter of fiscal 2009 compared to the first quarter of fiscal 2008 is primarily due to increased wages and bonuses in the field that occurred during fiscal 2008 as a result of market demand.

U.S. land rig utilization was 95 percent for both comparable quarters. U.S. land rig activity days for the first quarter of fiscal 2009 were 16,322 compared with 13,887 for the same period of fiscal 2008, with an average of 177.4 and 150.9 rigs working during the first quarter of fiscal 2009 and 2008, respectively. The increase in rig days and average rigs working is attributable to 22 new rigs entering the fleet since the end of the first quarter of fiscal 2008.

The Company continues to receive early termination notices from operators and expects additional U.S. land rigs to become idle. Fixed-term contracts customarily provide for termination at the election of the customer, with an early termination payment to be paid to the Company if a contract is terminated prior to the expiration of the fixed term. In most instances contracts provide for additional payments for demobilization.

The economic slowdown, including the decrease in oil and gas prices and deterioration in the credit markets, has had an effect on customer spending. As a result, some operators are not renewing contracts. At December 31, 2008, 24 rigs were idle as a result of an operator not extending a contract or exercising an early termination with the number increasing to 42 at January 31, 2009. The Company has 41 rigs continuing to work in the spot market at January 31, 2009. With the current market conditions, all of these rigs are at risk of being idled.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

December 31, 2008

	Three Months Ended December 31,	
	2008	2007
(in thousands, except days and per day amounts)		
OFFSHORE OPERATIONS		
Revenues	\$ 50,488	\$ 27,281
Direct operating expenses	31,762	19,211
General and administrative expense	1,052	1,098
Depreciation	2,964	2,858
Segment operating income	\$ 14,710	\$ 4,114
Revenue days	735	460
Average rig revenue per day	\$ 53,057	\$ 41,833
Average rig expense per day	\$ 29,468	\$ 27,160
Average rig margin per day	\$ 23,589	\$ 14,673
Rig utilization	89%	56%

OFFSHORE revenues include reimbursements for "out-of-pocket" expenses of \$5.5 million and \$2.9 million for the three months ended December 31, 2008 and 2007, respectively.

Segment operating income increased in the first quarter of fiscal 2009 compared to the first quarter of fiscal 2008, primarily as a result of three rigs working in the first quarter of fiscal 2009 that were not working in the first quarter of fiscal 2008. One of the rigs working in fiscal 2009 is located in Trinidad. The increased rig activity also increased revenue days for the two comparable quarters.

At December 31, 2008, the Company had eight of its nine platform rigs working. The ninth rig began receiving stand-by revenue in January 2009 and the Company expects to commence drilling operations in the third quarter of fiscal 2009.

The Offshore segment has not been affected by the recent economic slowdown. However, if oil and gas prices do not improve, the Company believes the segment could be negatively impacted in the third quarter of fiscal 2009. The Company currently expects three rigs to finish contract commitments during the third quarter and those rigs could remain idle through the remainder of fiscal 2009.

	Three Months Ended December 31,	
	2008	2007
(in thousands, except days and per day amounts)		
INTERNATIONAL LAND OPERATIONS		
Revenues	\$ 95,178	\$ 78,602
Direct operating expenses	65,648	50,782
General and administrative expense	696	938
Depreciation	6,206	5,726
Segment operating income	\$ 22,628	\$ 21,156
Revenue days	2,383	1,981
Average rig revenue per day	\$ 36,737	\$ 34,522
Average rig expense per day	\$ 24,320	\$ 20,353
Average rig margin per day	\$ 12,417	\$ 14,169
Rig utilization	98%	81%

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS
December 31, 2008

INTERNATIONAL LAND segment operating income for the first quarter of fiscal 2009 was \$22.6 million, compared to \$21.2 million in the same period of fiscal 2008. Rig utilization for international land operations was 98 percent for the first quarter of fiscal 2009, compared with 81 percent for the first quarter of fiscal 2008. During the current quarter, an average of 26.2 rigs worked compared to an average of 21.8 rigs in the first quarter of fiscal 2008. During late fiscal 2008 and early fiscal 2009, two new FlexRigs began work and an additional five have been completed and are expected to begin work in the current fiscal year. The increase in utilization of existing rigs and the addition of two new FlexRigs contributed to the international land revenues increasing to \$95.2 million in the first quarter of fiscal 2009, compared with \$78.6 million in the first quarter of fiscal 2008. First quarter average rig expense per day for fiscal 2009 increased 19 percent from the first quarter of fiscal 2008 due to an increase in labor costs and transportation costs and customs fees recognized during the first quarter of fiscal 2009. Included in international land revenues for the three months ended December 31, 2008 and 2007 are reimbursements for "out-of-pocket" expenses of \$7.6 million and \$10.2 million, respectively.

Subsequent to the first quarter of fiscal 2009, seven international land rigs were released by operators and idle at January 31, 2009. Additionally, the ability to collect accounts receivables in U.S. dollars from the Company's customer in Venezuela, PDVSA, has deteriorated to the point that the Company has decided to discontinue work as contracts expire. At December 31, 2008, the receivable from PDVSA was approximately \$90 million. The Company anticipates the receivable to be approximately \$105 million on February 1, 2009. All of the Company's eleven rigs were active in Venezuela during the first quarter; however, it is expected that further cessations will idle a total of five rigs in that country by the end of February 2009. The Company will continue these and other efforts until satisfactory payments have been received. If payments are not received, the remaining rigs will probably become idle by the end of July 2009.

Based on the above, the Company anticipates the second quarter of fiscal 2009 could experience a 20 to 30 percent decline in rig activity and average rig margin per day compared to the current quarter ending December 31, 2008.

RESEARCH AND DEVELOPMENT

For the three months ended December 31, 2008, the Company incurred \$1.7 million research and development expenses related to ongoing development of a Rotary Steerable System. The Company anticipates research and development expenses of up to approximately \$2.5 million in each quarter to continue through June 30, 2009.

OTHER

General and administrative expenses increased to \$15.1 million in the first quarter of fiscal 2009 from \$13.9 million in the first quarter of fiscal 2008. The \$1.2 million increase is primarily due to additions in employee count that has resulted in an increase in employee compensation, including taxes and benefits, compared to the same period in fiscal 2008.

Interest expense was \$3.7 million and \$4.8 million in the first quarter of fiscal 2009 and 2008, respectively. Capitalized interest, all attributable to the Company's rig construction, was \$1.7 million and \$1.8 million for the three months ended December 31, 2008 and 2007, respectively. Interest expense before capitalized interest decreased \$1.2 million during the first quarter of fiscal 2009 compared to the first quarter of fiscal 2008 primarily due to reduced interest rates on borrowings under the credit facility.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

December 31, 2008

In the first quarter of fiscal 2009, the Company recorded income of approximately \$0.3 million from involuntary conversion of long-lived assets as a result of insurance proceeds on Rig 178 that was lost in a well blowout fire in the fourth quarter of fiscal 2007. For the three months ended December 31, 2007, income from involuntary conversion of long-lived assets was \$4.8 million, all attributable to Rig 178.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Cash and cash equivalents increased to \$138.0 million at December 31, 2008 from \$121.5 million at September 30, 2008. The following table provides a summary of cash flows for the three-month period ended December 31, (in thousands):

Net Cash provided (used) by:

	2008	2007
Operating activities	\$ 254,579	\$ 110,891
Investing activities	(248,709)	(139,958)
Financing activities	10,641	37,359
Increase in cash and cash equivalents	<u>\$ 16,511</u>	<u>\$ 8,292</u>

Operating activities

Cash flows from operating activities were \$254.6 million for the three months ended December 31, 2008 compared to \$110.9 million the same period ended December 31, 2007. The increase in cash provided from operating activities is primarily due to the net effect of increases in net income and depreciation and changes during the comparable three month periods in accounts payable and accrued liabilities. Depreciation increased to \$54.8 million for the three months ended December 31, 2008 compared to \$44.0 million during the three months ended December 31, 2007 as a result of additional rigs being placed into service during fiscal 2008. Accounts payable increased as a result of increased capital spending associated with the construction of FlexRigs. The increase in accrued liabilities is primarily attributable to an increase in current taxes payable.

Investing activities

Capital expenditures increased \$100.5 million primarily attributable to the continuing building of new FlexRigs. Proceeds from involuntary conversion of long-lived assets decreased \$8.2 million as insurance claims from 2005 and 2007 were collected during fiscal 2008.

Financing activities

The Company's net proceeds from long-term debt and notes payable totaled \$15.0 million in the first three months of fiscal 2009 compared to \$40.0 million in the first three months of fiscal 2008. Comparing the three months ended December 31, 2008 to the same period at December 31, 2007, the Company had a decrease in proceeds from the exercise of stock options and the excess tax benefit from stock-based compensation of \$1.0 million and \$0.7 million, respectively and increased bank overdraft positions of \$2.3 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

December 31, 2008

Other Liquidity

Funds generated by operating activities, available cash and cash equivalents, and credit facilities continue to be the Company's significant sources of liquidity. The Company believes these sources of liquidity will be sufficient to sustain operations and finance estimated capital expenditures, including rig construction, for fiscal 2009. If the Company is unable to meet current obligations, portfolio securities may be sold. There can be no assurance that the Company will continue to generate cash flows at current levels or obtain additional financing. The Company's indebtedness totaled \$515 million at December 31, 2008. In January 2009, the Company closed on an unsecured \$105 million line of credit that matures January 2010. For additional information regarding debt agreements, refer to Note 9 Notes Payable and Long-term Debt of the Consolidated Condensed Financial Statements.

Backlog

The Company's contract drilling backlog, being the expected future revenue from executed contracts with original terms in excess of one year, as of February 1, 2009 and October 31, 2008 was \$3.0 billion and \$3.4 billion, respectively. The decrease in the Company's backlog from October 31, 2008 to February 1, 2009 is primarily due to the expiration and termination of long-term contracts. Approximately 73.3 percent of the February 1, 2009 backlog is not reasonably expected to be filled in fiscal 2009. Term contracts customarily provide for termination at the election of the customer with an "early termination payment" to be paid to the Company if a contract is terminated prior to the expiration of the fixed term. However, under certain limited circumstances, such as destruction of a drilling rig, bankruptcy, sustained unacceptable performance by the Company, or delivery of a rig beyond certain grace and/or liquidated damage periods, no early termination payment would be paid to the Company. In addition, a portion of the backlog represents term contracts for new rigs that will be constructed in the future. The Company obtains certain key rig components from a single or limited number of vendors or fabricators. Certain of these vendors or fabricators are thinly capitalized independent companies located on the Texas Gulf Coast. Therefore, disruptions in rig component deliveries may occur. Accordingly, the actual amount of revenue earned may vary from the backlog reported. See the risk factors under "Item 1A. Risk Factors" of the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission on November 26, 2008, regarding fixed term contract risk, operational risks, including weather, and vendors that are limited in number and thinly capitalized.

The following table sets forth the total backlog by reportable segment as of February 1, 2009 and October 31, 2008, and the percentage of the February 1, 2009 backlog not reasonably expected to be filled in fiscal 2009:

Reportable Segment	Total Backlog		Percentage Not Reasonably Expected to be Filled in Fiscal 2009
	02/01/2009	10/31/2008	
	(in billions)		
U.S. Land	\$ 2.566	\$ 2.876	71.6%
Offshore	.180	.199	83.1%
International Land	.288	.299	82.2%
	<u>\$ 3.034</u>	<u>\$ 3.374</u>	

Capital Resources

During the three months ended December 31, 2008, the Company announced commitments to build 13 new FlexRigs for locations in the United States. These 13 contracts have term durations ranging from three to four years. These 13, along with the 127 rigs announced in fiscal years 2005 through 2008 brings the Company's commitments to a total of 140 new FlexRigs. Eight of these 140 new rigs were contracted for work in International Land operations and the remaining 132 in U.S. Land operations. The drilling services are performed on a daywork contract basis. Through the end of the first fiscal quarter of 2009, 111 rigs were completed for delivery, and 104 of the 111 had begun field operations. The remaining rigs are expected to be completed by the end of calendar 2009.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS
December 31, 2008

Capital expenditures were \$250.4 million and \$149.8 million for the first three months of fiscal 2009 and 2008, respectively. Capital expenditures increased from 2008 primarily due to the Company's current construction program of new FlexRigs.

The Company has revised the capital expenditure estimate to approximately \$850 million for fiscal 2009, including construction of new FlexRigs.

There were no other significant changes in the Company's financial position since September 30, 2008.

MATERIAL COMMITMENTS

Material commitments as reported in the Company's 2008 Annual Report on Form 10-K have not changed significantly at December 31, 2008.

CRITICAL ACCOUNTING POLICIES

The Company's accounting policies that are "critical" or the most important to understand the Company's financial condition and results of operations and that require management of the Company to make the most difficult judgments are described in the Company's 2008 Annual Report on Form 10-K. There have been no material changes in these critical accounting policies other than the adoption of SFAS No. 157, SFAS No. 159, and EITF 06-11 on October 1, 2008. The adoption of these did not have a material impact on the Company's financial position, results of operations or cash flows. The additional disclosures required by SFAS No. 157 are included in Note 6, Fair Value Measurements.

RECENTLY ISSUED ACCOUNTING STANDARDS

In November 2008, the FASB ratified EITF, Issue No. 08-6 "*Equity-Method Investment Accounting*." EITF 08-6 concludes that the cost basis of a new equity-method investment would be determined using a cost-accumulation mode, which would continue the practice of including transaction costs in the cost of investment and would exclude the value of contingent consideration. Equity-method investment should be subject to other-than-temporary impairment analysis. It also requires that a gain or loss be recognized on the portion of the investor's ownership sold. EITF 08-6 is effective for fiscal years beginning after December 15, 2008. The Company is currently evaluating the impact the adoption of EITF 08-6 may have on the Consolidated Financial Statements.

In June 2008, the Financial Accounting Standards Board ("FASB") issued Staff Position (FSP) EITF 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities*, to clarify that all outstanding unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents, whether paid or unpaid, are participating securities. An entity must include participating securities in its calculation of basic and diluted earnings per share pursuant to the two-class method pursuant to SFAS No. 128, *Earnings per Share*. FSP EITF 03-6-1 is effective for fiscal years beginning after December 15, 2008. The Company is currently evaluating FSP EITF 03-6-1 to determine the impact, if any, on the Consolidated Financial Statements.

In April 2008, the FASB issued FSP SFAS No. 142-3, *Determining the Useful Life of Intangible Assets* (FSP SFAS 142-3). FSP SFAS 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS 142. This FSP is effective for fiscal years beginning after December 15, 2008, and interim periods within those years. This FSP must be applied prospectively to intangible assets acquired after the effective date. Accordingly, the Company will adopt FSP SFAS 142-3 in fiscal year 2010.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS
December 31, 2008

In February 2008, the FASB issued FASB Staff Position No. FAS 157-2, *Effective Date of FASB Statement No. 157* (the FSP). The FSP amends SFAS No. 157, *Fair Value Measurements*, to delay the effective date of SFAS 157 for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (that is, at least annually). For items within its scope, the FSP defers the effective date of SFAS No. 157 to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years. The Company is currently evaluating the FSP to determine the impact, if any, on the Consolidated Financial Statements.

In December 2007, the FASB issued SFAS No. 141(R), *Business Combinations* and SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51*. Both of these standards are effective for financial statements issued for fiscal years beginning after December 15, 2008. SFAS No. 141(R) will be applied prospectively to business combinations occurring after the effective date. Earlier application is prohibited. The Company is currently evaluating the potential impact of adopting SFAS No. 160 but does not expect its adoption to have a significant impact on the Consolidated Financial Statement.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*. SFAS No. 159 permits companies to choose to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing companies with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. Companies are not allowed to adopt SFAS No. 159 on a retrospective basis unless they choose early adoption. The Company adopted SFAS No. 159 on October 1, 2008, and did not elect the fair value option for eligible items that existed at the date of adoption.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*. SFAS No. 157 establishes a single definition of fair value and a framework for measuring fair value, sets out a fair value hierarchy to be used to classify the source of information used in fair value measurements, and requires new disclosures of assets and liabilities measured at fair value based on their level in the hierarchy. This statement applies under other accounting pronouncements that require or permit fair value measurements. In February 2008, the FASB issued FSPs No. 157-1 and No. 157-2, which, respectively, removed leasing transactions from the scope of SFAS No. 157 and deferred for one year the effective date for SFAS No. 157 as it applies to certain nonfinancial assets and liabilities. On October 1, 2008, the Company adopted, on a prospective basis, the SFAS No. 157 definition of fair value and became subject to the new disclosure requirements (excluding FSP 157-2) with respect to our fair value measurements of (a) nonfinancial assets and liabilities that are recognized or disclosed at fair value in our financial statements on a recurring basis (at least annually) and (b) all financial assets and liabilities. The adoption did not impact the consolidated financial position or results of operations. The additional disclosures required by SFAS No. 157 are included in Note 6, *Fair Value Measurements*.

The deferral provided by FSP No. 157-2 applies to such items as nonfinancial assets and liabilities initially measured at fair value in a business combination (but not measured at fair value in subsequent periods) and nonfinancial long-lived asset groups measured at fair value for an impairment assessment. The Company is currently evaluating the impact FSP No. 157-2 will have on nonfinancial assets and liabilities that are measured at fair value, which are recognized or disclosed at fair value on a nonrecurring basis.

On October 1, 2008, the Company adopted EITF Issue No. 06-11, *Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards* ("EITF 06-11"). EITF 06-11 requires companies to recognize a realized income tax benefit associated with dividends or dividend equivalents paid on nonvested equity-classified employee share-based payment awards that are charged to retained earnings as an increase to additional paid-in capital. The adoption of EITF 06-11 did not have a material impact on the Company's financial position, results of operations or cash flows.

PART I. FINANCIAL INFORMATION
December 31, 2008

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For a description of the Company's market risks, see

- Note 4 to the Consolidated Condensed Financial Statements contained in Item 1 of Part I hereof with regard to equity price risk is incorporated herein by reference;
- "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" in the Company's 2008 Annual Report on Form 10-K filed with the Securities and Exchange Commission on November 26, 2008;
- Note 9 to the Consolidated Condensed Financial Statements contained in Item 1 of Part I hereof with regard to interest rate risk is incorporated herein by reference; and
- Note 14 to the Consolidated Condensed Financial Statements contained in Item 1 of Part I hereof with regard to credit risk and foreign currency exchange rate risk is incorporated herein by reference.

ITEM 4. CONTROLS AND PROCEDURES

As of the end of the period covered by this report, an evaluation was performed with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on that evaluation, the Company's management, including the Chief Executive Officer and Chief Financial Officer, concluded that the Company's disclosure controls and procedures were effective as of December 31, 2008, at ensuring that information required to be disclosed by the Company in the reports it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. There have been no changes in the Company's internal controls over financial reporting that occurred during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

PART II. OTHER INFORMATION

ITEM 1A. RISK FACTORS

Reference is made to the risk factors pertaining to currency devaluation risk and receivable balances in Venezuela, interest rate risk and the Company's securities portfolio in Item 1A of Part 1 of the Company's Form 10-K for the year ended September 30, 2008. In order to update these risk factors for developments that have occurred during the first quarter of fiscal 2009, the risk factors are hereby amended and updated by reference to, and incorporation herein of, Notes 4, 9 and 14 to the Consolidated Condensed Financial Statements contained in Item 1 of Part I hereof.

Except as discussed above, there have been no material changes to the risk factors disclosed in Item 1A of Part 1 in our Form 10-K for the year ended September 30, 2008.

ITEM 6. EXHIBITS

The following documents are included as exhibits to this Form 10-Q. Those exhibits below incorporated by reference herein are indicated as such by the information supplied in the parenthetical thereafter. If no parenthetical appears after an exhibit, such exhibit is filed or furnished herewith.

Exhibit Number	Description
10.1	Supplemental Retirement Income Plan for Salaried Employees of Helmerich & Payne, Inc.
10.2	Supplemental Savings Plan for Salaried Employees of Helmerich & Payne, Inc.
10.3	Helmerich & Payne, Inc. Director Deferred Compensation Plan
31.1	Certification of Chief Executive Officer, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HELMERICH & PAYNE, INC.
(Registrant)

Date: February 3, 2009

By: /S/HANS C HELMERICH
Hans C. Helmerich, President

Date: February 3, 2009

By: /S/DOUGLAS E. FEARS
Douglas E. Fears, Chief Financial Officer
(Principal Financial Officer)

EXHIBIT INDEX

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**SUPPLEMENTAL RETIREMENT INCOME PLAN
FOR SALARIED EMPLOYEES OF
HELMERICH & PAYNE, INC.**

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**SUPPLEMENTAL RETIREMENT INCOME PLAN
FOR SALARIED EMPLOYEES OF
HELMERICH & PAYNE, INC.**

THE SUPPLEMENTAL RETIREMENT INCOME PLAN FOR SALARIED EMPLOYEES OF HELMERICH & PAYNE, INC. is hereby amended and restated as set forth below effective December 2, 2008.

ARTICLE I
NAME AND PURPOSE OF PLAN

1.1 Name of Plan. This Plan is known as the SUPPLEMENTAL RETIREMENT INCOME PLAN FOR SALARIED EMPLOYEES OF HELMERICH & PAYNE, INC.

1.2 Purpose. The Plan is established and maintained by Helmerich & Payne, Inc. solely for the purpose of providing benefits for certain key management salaried employees of the Company or any Affiliate who (i) participate in the Helmerich & Payne, Inc. Employees Retirement Plan (ii) have limitations on benefits imposed by Sections 415 and/or 401(a)(17) of the Internal Revenue Code of 1986, as amended, on qualified plans to which those Sections are applicable. This Plan shall be binding upon the Company and any Affiliate. It is intended that this Plan be unfunded for federal income tax purposes and for purposes of Title I of the Employee Retirement Income Security Act of 1974.

ARTICLE II
DEFINITIONS

2.1 Definitions. Where the following capitalized words and phrases appear in this instrument, they shall have the respective meanings set forth below unless a different context is clearly expressed herein.

(a) "Actuarial Equivalent" means a benefit paid other than as a lump sum payment equal in value to a life annuity based on (i) an interest rate and factors used by the PBGC as of the beginning of the Plan Year in which the calculation or conversion is made, and (ii) the Unisex Pension Mortality Table for 1984 ("UP-84"). The Actuarial Equivalent lump sum value for payments made in any Plan Year shall be calculated:

(i) by using an interest rate no greater than the applicable interest rate if the Supplemental Retirement Benefit (using such rate) is not in excess of \$25,000, and

(ii) by using an interest rate no greater than 120 percent of the applicable interest rate if the Supplemental Retirement Benefit exceeds \$25,000 (as determined under Subsection (i) above).

In no event, however, shall the present value determined under Subsection (ii) above be less than \$25,000 (or otherwise reduced) after the application of the interest rate (or rates) required in this Subsection. For purposes of Subsections (i) and (ii) above, the term "applicable interest rate" means the interest rate (or rates) which would be used by PBGC as of the beginning of the

applicable Plan Year in which the distribution from the Qualified Plan occurs for purposes of valuing a lump sum distribution on termination of the Qualified Plan.

(b) "Affiliate" means a corporation, trade or business that, together with the Company, is treated as a single employer under Code Section 414(b) or (c).

(c) "Beneficiary" means the Participant's surviving spouse who would be entitled to receive a Qualified Plan Death Benefit upon the death of the Participant.

(d) "Cimarex Participants" means those Participants who were previously employed by the Company and who are currently employed by Cimarex Energy Co. on December 2, 2008 as a result of a spin-off of the Company's exploration and production assets in 2002.

(e) "Board" means the Board of Directors of the Company.

(f) "Code" means the Internal Revenue Code of 1986, as amended from time to time, and any regulations relating thereto.

(g) "Committee" means the Committee appointed by the Company pursuant to Article VI herein to administer the Plan.

(h) "Company" means Helmerich & Payne, a Delaware corporation, or, to the extent provided in Section 8.6 herein, any successor corporation or other entity resulting from a merger or consolidation into or with the Company or a transfer or sale of substantially all of the assets of the Company.

(i) "Compensation" means the total regular base wages and salary paid to a Participant during a Plan Year as reported by the Employer to the Internal Revenue Service on Form W-2 including (i) bonuses and overtime, (ii) vacation pay, (iii) sick pay, (iv) compensation paid for boat-time traveling to drilling rigs, (v) shift differential; and (vi) any amount deferred by a Participant pursuant to Section 401(k) of the Code with respect to an employee benefit plan sponsored by the Employer or any Affiliate or Section 125 of the Code with respect to a "cafeteria plan" sponsored by the Employer, but excluding (i) any amount recognized on the exercise of a stock option, upon becoming vested in any stock award or grant or upon the premature disposition of stock acquired under an inactive stock option, (ii) dividends received as compensation under any stock award plan, (iii) relocation allowances, (iv) deferred compensation except in the year included in income and except as provided under this Plan, and (v) all allowances, reimbursements and other extraordinary sums paid for travel, expenses or special payments for extraordinary services, (vi) coverall and uniform allowances, (vii) phantom overrides, (viii) overseas housing allowances, (ix) income attributable to group life insurance over \$50,000, (x) disability income paid under the Employer's long term disability plan, (xi) bonuses or payments mandated by foreign laws, (xii) safety awards, (xiii) expatriate foreign service premiums, (xiv) expatriate foreign service allowances, and (xv) other fringe or welfare benefits of the Employer which are includable in the income of the Participant such as executive medical reimbursements, premium payments and tax reimbursement.

(j) “Disabled” or “Disability” means the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or last for a continuous period of not less than 12 months. A Participant will be deemed to be Disabled if the Participant becomes eligible to receive disability benefits under the long-term disability benefit plan sponsored by the Company for a period of three (3) months or more.

(k) “Early Retirement Date” shall mean the first day of the month coinciding with or next following the date a Participant terminates employment, at his election, after (i) earning at least 10 years of credited service (as defined in the Qualified Plan) and (ii) attaining the age of at least 55 years.

(l) “Effective Date” means the effective date of this Plan which was January 1, 1991.

(m) “Employer” means the Company and any Affiliate who employs Participants.

(n) “Limitations on Benefits” means the limitations imposed by Sections 415 and/or 401(a)(17) of the Code on the accrual of the Qualified Plan Retirement Benefits under the Qualified Plan.

(o) “Normal Retirement Date” shall mean the first day of the month coinciding with or next following the later of the date on which the Participant (i) attains age 65 and (ii) earns at least five years of credited service (as defined in the Qualified Plan).

(p) “Participant” means a key management salaried employee of the Company or any Affiliate who (i) is a participant under the Qualified Plan (or any successor or replacement retirement plan qualified under Section 401(a) and 501(a) of the Code) and to whom or with respect to whom a benefit is payable under the Plan and (ii) has been selected by the Committee to participate in the Plan.

(q) “Plan” means this “Supplemental Retirement Income Plan for Salaried Employees of Helmerich & Payne, Inc.”

(r) “Plan Year” means the annual period commencing October 1 through September 30 of each year.

(s) “Qualified Plan” means the “Helmerich & Payne, Inc. Employees Retirement Plan” amended and restated effective October 1, 1987, and each predecessor, successor or replacement employees’ retirement plan qualified under Section 401(a) and 501(a) of the Code including the prior plan to the Qualified Plan.

(t) “Qualified Plan Death Benefit” means the aggregate benefit payable at any point in time to the Beneficiary of a Participant pursuant to the Qualified Plan in the event of the death of the Participant.

(u) “Qualified Plan Retirement Benefit” means the aggregate benefit payable at any point in time to a Participant pursuant to the Qualified Plan by reason of the Participant’s termination of employment with the Company and all Affiliates for any reason other than death.

(v) “Separation from Service.” A Participant incurs a Separation from Service upon termination of employment with the Employer under the circumstances described below. Whether a Separation from Service has occurred shall be determined by the Committee in accordance with Code Section 409A.

Except in the case of a Participant on a bona fide leave of absence as provided below, a Participant is deemed to have incurred a Separation from Service if the Employer and the Participant reasonably anticipated that the level of services to be performed by the Participant after a certain date would be reduced to 20% or less of the average services rendered by the Participant during the immediately preceding 12-month period (or the total period of employment, if less than 12 months), disregarding periods during which the Participant was on a bona fide leave of absence.

A Participant who is absent from work due to military leave, sick leave, or other bona fide leave of absence shall incur a Separation from Service on the first date immediately following the later of (i) the six-month anniversary of the commencement of the leave or (ii) the expiration of the Participant’s right, if any, to reemployment under statute or contract.

For purposes of determining whether a Separation from Service has occurred, the Employer means the Employer as defined in Section 2.1(m) of the Plan, except that for purposes of determining whether another organization is an Affiliate of the Company, common ownership of at least 50% shall be determinative.

The Committee specifically reserves the right to determine whether a sale or other disposition of assets to an unrelated party constitutes a Separation from Service with respect to a Participant providing services to the seller immediately prior to the transaction and providing services to the buyer after the transaction. Such determination shall be made in accordance with the requirements of Code Section 409A.

(w) “Specified Employee” means those employees of the Company who are determined by the Committee to be a “specified employee” in accordance with I.R.C. § 409A and the regulations promulgated thereunder.

(x) “Supplemental Death Benefit” means the benefit payable to a Beneficiary pursuant to the Plan due to the death of the Participant.

(y) “Supplemental Retirement Benefit” means the benefit payable pursuant to the Plan by reason of such Participant’s termination of employment with the Company and all Subsidiaries for any reason other than death.

(z) “Trust” means the Helmerich & Payne, Inc. Supplemental Benefits Trust which has been established and may be used by the Company or any Affiliate as the device for assisting the Company or any Affiliate to meet their respective obligations under the Plan. The

Trust and any assets held by the Trust will conform to the terms of the model trust as described in Revenue Procedure 92-64, as modified by the Internal Revenue Service.

(aa) "Trustee" or "Trustees" means the entity who has been designated by the Company to serve as Trustee of the Trust.

2.2 Construction. The masculine gender, where appearing in the Plan, shall be deemed to include the feminine gender, unless the context clearly indicates to the contrary. Any word appearing herein in the plural shall include the singular, where appropriate, and likewise the singular shall include the plural, unless the context clearly indicates to the contrary.

ARTICLE III ELIGIBILITY

A Participant who (i) is eligible to receive a Qualified Plan Retirement Benefit, but the amount of such benefit is reduced by reason of the application of the Limitations on Benefits imposed by application of Sections 415 and 401(a)(17) of the Code, as in effect on the date of commencement of the Qualified Plan Retirement Benefit, or as in effect at any time thereafter, and (ii) is among a group of key management employees and who are selected to participate in this Plan shall be eligible to receive a Supplemental Retirement Benefit. If a Participant described in the preceding sentence dies prior to commencement of payment of his Qualified Plan Retirement Benefit, the Beneficiary shall be eligible to receive a Supplemental Death Benefit.

ARTICLE IV SUPPLEMENTAL RETIREMENT BENEFIT

4.1 Amount. The Supplemental Retirement Benefit payable to an eligible Participant shall be equal to the difference between (a) minus (b) below where:

(a) is the monthly amount of the Qualified Plan Retirement Benefit to which the Participant would have been entitled under the Qualified Plan if such benefit were computed without giving effect to the Limitations on Benefits and including all amounts of a Participant's compensation deferred under the Supplemental Savings Plan for Salaried Employees of Helmerich & Payne, Inc.; and

(b) is the monthly amount of the Qualified Plan Retirement Benefit actually payable to the Participant under the Qualified Plan at the applicable point in time.

The amounts described in (a) and (b) above shall be computed as of the date of Separation from Service of the Participant in the form of a straight life annuity payable over the lifetime of the Participant (calculated in the same manner as provided under the Qualified Plan) assuming payment was to commence at the Participant's Normal Retirement Date. Actual payment of the Supplemental Retirement Benefit will commence as provided under 4.3 below.

4.2 Form of Benefit. A Participant shall be entitled to receive the Actuarial Equivalent of a Supplemental Retirement Benefit paid in the form of a single lump sum payment or annual installment payments payable over a period of 2-10 years as designated by the

Participant or an election filed on or before December 31, 2008. The Participant's election under the Qualified Plan of any optional form of payment of his Qualified Plan Retirement Benefit shall in no manner whatsoever be applicable to or effect the payment of his Supplemental Retirement Benefit under this Plan.

4.3 Commencement of Benefit. Payment of the Supplemental Retirement Benefit to any Participant other than a Cimarex Participant shall commence within 30 days of the later of the first business day of the seventh month following the Participant's Separation from Service or the age (between 55 and 65) specified by Participant upon an election filed on or before December 31, 2008 unless Separation from Service occurs due to death. In the event of a Participant's death, the Supplemental Retirement Benefit shall be paid within 30 days of the date of death. Payment of the Supplemental Retirement Benefit to a Cimarex Participant shall commence within 30 days of the earlier of the age (between 55 and 65) designated by the Cimarex Participant on an election filed on or before December 31, 2008 or the date of death. If a Cimarex Participant fails to designate a distribution age, the Plan default distribution age shall be age 60.

4.4 Forfeiture of Benefits. Unless a Participant has earned a vested accrued benefit under the Qualified Plan, then, the Participant shall not be entitled to any benefit under this Plan.

4.5 Cost of Benefits. The cost of all benefits under this Plan shall be paid by the Company; however, the Company may require reimbursement for the cost of such benefits from any Affiliate whose employees have been selected to participate in this Plan.

4.6 Payment to Specified Employees Upon Separation from Service. In no event shall a Specified Employee receive a payment under this Plan following a Separation from Service prior to the first business day of the seventh month following the date of Separation from Service.

4.7 Changes in Method of Payment. The method of payment may be changed from time to time by the Participant, but in no event will such change be considered valid if the change occurs within the twelve-month period prior to the date payment would have otherwise commenced. Any requests to change the method of payment will not take effect for twelve months following the date it is received by the Committee and the first payment with respect to such election is deferred for a period of five years from the date such payment would otherwise have been made.

ARTICLE V SUPPLEMENTAL DEATH BENEFIT

5.1 Amount. If a Participant dies prior to commencement of payment of his Qualified Plan Retirement Benefit under circumstances in which a Qualified Plan Death Benefit is payable due to the death of the Participant, then, a Supplemental Death Benefit will be payable to his Beneficiary as hereinafter provided. The monthly amount used to calculate the Supplemental Death Benefit payable to a Beneficiary shall be determined as in Section 4.1 hereof in the same manner as a Participant's Supplemental Retirement Benefit, adjusted to reflect the reduced amount payable to the Beneficiary as a Qualified Plan Death Benefit.

5.2 Form and Commencement of Benefit. A Participant's Beneficiary shall be entitled to receive a Supplemental Death Benefit which shall be the Actuarial Equivalent of a Participant's Supplemental Retirement Benefit. The Supplemental Death Benefit shall be paid in a single lump sum and payment will commence no later than 90 days following the Participant's date of death.

ARTICLE VI ADMINISTRATION

6.1 Administration. The Plan shall be administered, construed and interpreted by the Committee. The Committee shall have the sole authority and discretion to determine eligibility and to construe the terms of the Plan. The determinations by the Committee as to any disputed questions arising under the Plan, including the employees who are eligible to be Participants in the Plan, the amounts payable under the Plan, and the construction and interpretation by the Committee of any provision of the Plan, shall be final, conclusive and binding upon all persons including Participants, their beneficiaries, the Company, its stockholders and employees and the Employers. The Committee may, by resolution, in its discretion, delegate certain administrative duties to a committee comprised of employees of the Company. References to "Committee" in this Article VI shall include the Committee as well as any designees.

6.2 Indemnification and Exculpation. The members of the Committee and its agents shall be indemnified and held harmless by the Company against and from any and all loss, cost, liability or expense that may be imposed upon or reasonably incurred by them in connection with or resulting from any claim, action, suit or proceeding to which they may be a party or in which they may be involved by reason of any action taken or failure to act under this Plan and against and from any and all amounts paid by them in settlement (with the Company's written approval) or paid by them in satisfaction of a judgment in any such action, suit or proceeding. The foregoing provisions shall not be applicable to any person if the loss, cost, liability or expense is due to such person's gross negligence or willful misconduct.

6.3 Rules of Conduct. The Committee shall adopt such rules for the conduct of its business and the administration of this Plan as it considers desirable, provided they do not conflict with the provisions of this Plan.

6.4 Legal, Accounting, Clerical and Other Services. The Committee may authorize one or more of its members or any agent to act on its behalf and may contract for legal, accounting, clerical and other services to carry out this Plan. The Company shall pay all expenses of the Committee.

6.5 Records of Administration. The Committee shall keep records reflecting the administration of this Plan which shall be subject to audit by the Company.

6.6 Expenses. The expenses of administering the Plan shall be paid by the Company.

6.7 Liability. No member of the Board of Directors or of the Committee shall be liable for any act or action, whether of commission or omission, taken by any other member, or by any officer, agent, or employee of the Company or of any such body, nor, except in circumstances involving his bad faith, for anything done or omitted to be done by himself.

6.8 Claims Review Procedures. The following claim procedures shall apply to the Plan.

(a) Denial of Claim. If a claim for benefits is wholly or partially denied, the claimant shall be given notice in writing of the denial within a reasonable time after the receipt of the claim, but not later than 90 days after the receipt of the claim. However, if special circumstances require an extension, written notice of the extension shall be furnished to the claimant before the termination of the 90-day period. In no event shall the extension exceed a period of 90 days after the expiration of the initial 90-day period. The notice of the denial shall contain the following information written in a manner that may be understood by a claimant:

- (i) The specific reasons for the denial;
- (ii) Specific reference to pertinent Plan provisions on which the denial is based;
- (iii) A description of any additional material or information necessary for the claimant to perfect his claim and an explanation of why such material or information is necessary;
- (iv) An explanation that a full and fair review by the Committee of the denial may be requested by the claimant or his authorized representative by filing a written request for a review with the Committee within 60 days after the notice of the denial is received; and
- (v) If a request for review is filed, the claimant or his authorized representative may review pertinent documents and submit issues and comments in writing within the 60-day period described in subsection 6.8(a)(iv).

(b) Decisions After Review. The decision of the Committee with respect to the review of the denial shall be made promptly and in writing, but not later than 60 days after the Committee receives the request for the review. However, if special circumstances require an extension of time, a decision shall be rendered not later than 120 days after the receipt of the request for review. A written notice of the extension shall be furnished to the claimant prior to the expiration of the initial 60-day period. The claimant shall be given a copy of the decision, which shall state, in a manner calculated to be understood by the claimant, the specific reasons for the decision and specific references to the pertinent Plan provisions on which the decision is based.

(c) Other Procedures. Notwithstanding the foregoing, the Committee may, in its discretion, adopt different procedures for different claims without being bound by past actions. Any procedures adopted, however, shall be designed to afford a claimant a full and fair review of his claim and shall comply with applicable regulations under ERISA.

6.9 Finality of Determinations; Exhaustion of Remedies. To the extent permitted by law, decisions reached under the claims procedures set forth in Section 6.8 shall be final and binding on all parties. No legal action for benefits under the Plan shall be brought unless and until the claimant has exhausted his remedies under Section 6.8. In any such legal action, the

claimant may only present evidence and theories which the claimant presented during the claims procedure. Any claims which the claimant does not in good faith pursue through the review stage of the procedure shall be treated as having been irrevocably waived. Judicial review of a claimant's denied claim shall be limited to a determination of whether the denial was arbitrary, capricious or an abuse of discretion based on the evidence and theories the claimant presented during the claims procedure.

6.10 Effect of Fiduciary Action. The Plan shall be interpreted by the Committee and all Plan fiduciaries in accordance with the terms of the Plan and their intended meanings. However, the Committee and all Plan fiduciaries shall have the discretion to make any findings of fact needed in the administration of the Plan, and shall have the discretion to interpret or construe ambiguous, unclear or implied (but omitted) terms in any fashion they deem to be appropriate in their sole judgment. The validity of any such finding of fact, interpretation, construction or decision shall not be given *de novo* review if challenged in court, by arbitration or in any other forum, and shall be upheld unless clearly arbitrary or capricious. To the extent the Committee or any Plan fiduciary has been granted discretionary authority under the Plan, the Committee's or Plan fiduciary's prior exercise of such authority shall not obligate it to exercise its authority in a like fashion thereafter. If any Plan provision does not accurately reflect its intended meaning, as demonstrated by consistent interpretations or other evidence of intent, or as determined by the Committee in its sole and exclusive judgment, the provision shall be considered ambiguous and shall be interpreted by the Committee and all Plan fiduciaries in a fashion consistent with its intent, as determined by the Committee in its sole discretion. The Committee, without the need for Board of Directors' approval, may amend the Plan retroactively to cure any such ambiguity. This Section may not be invoked by any person to require the Plan to be interpreted in a manner which is inconsistent with its interpretation by the Committee or by any Plan fiduciaries. All actions taken and all determinations made in good faith by the Committee or by Plan fiduciaries shall be final and binding upon all persons claiming any interest in or under the Plan.

ARTICLE VII AMENDMENT OR TERMINATION

7.1 Amendment or Termination. The Company reserves the right to amend or terminate the Plan when, in the sole opinion of the Company, such amendment or termination is advisable. Provided, no amendment or termination will be effective to the extent it provides for payment under this Plan in a manner that would result in a violation of Section 409A of the Code. Any such amendment or termination shall be made pursuant to a resolution of the Board and shall be effective as of the date of such resolution.

7.2 Effect of Amendment or Termination. No amendment to or termination of the Plan shall directly or indirectly deprive any current or former Participant or Beneficiary of all or any portion of any Supplemental Retirement Benefit or Supplemental Death Benefit payment of which has accrued prior to the effective date of such amendment or termination or which would be payable if the Participant terminated employment for any reason, including death, on such effective date of amendment or termination. Further, in the event of the termination of this Plan by the Company, each Participant shall be 100% vested and nonforfeitable in all of his benefits accrued as of such date of termination.

ARTICLE VIII
GENERAL PROVISIONS

8.1 Funding . The Plan at all times shall be entirely unfunded and no provision shall at any time be made with respect to segregating any assets of the Company or any Affiliate for payment of any benefits hereunder. No Participant, Beneficiary or any other person shall have any interest in any particular assets of the Company or any Affiliate by reason of the right to receive a benefit under the Plan and any such Participant, Beneficiary or other person shall have only the rights of a general unsecured creditor of the Company or any Affiliate with respect to any rights under the Plan. No right or benefit under this Plan shall in any manner be subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment by creditors of any Participant or Beneficiary, and any attempt to anticipate, alienate, sell, assign, pledge, encumber, or charge the same shall be void. No right or benefit hereunder shall in any manner be liable for or subject to the debts, contracts, liabilities, or torts of the person entitled to such benefit.

8.2 No Guaranty of Benefits . Nothing contained in the Plan shall constitute a guaranty by the Company or any Affiliate that the assets of the Company or any Affiliate will be sufficient to pay any benefit hereunder.

8.3 No Enlargement of Employee Rights . No Participant or Beneficiary shall have any right to a benefit under the Plan except in accordance with the terms of the Plan. The establishment of the Plan shall not be construed to give any Participant the right to be retained in the employment service of the Company or any Affiliate.

8.4 Spendthrift Provision . No action under this Plan by the Company or any Affiliate shall be construed as creating a trust (other than the Helmerich & Payne, Inc. Supplemental Benefits Trust), escrow or other secured or segregated fund in favor of the Participant, his Beneficiary, or any other persons otherwise entitled to his Supplemental Retirement Benefit. The status of the Participant and his Beneficiary with respect to any liabilities assumed by the Company or any Affiliate hereunder shall be solely those of unsecured creditors of the Company or any Affiliate who employ such Participant. The Plan constitutes a mere promise by the Company to make benefit payments in the future. Any asset acquired or held by the Company or any Affiliate in connection with liabilities assumed by it hereunder, shall not be deemed to be held under any trust, escrow or other secured or segregated fund for the benefit of the Participant or his Beneficiary or to be security for the performance of the obligations of the Company or any Affiliate but shall be, and remain a general, unpledged, unrestricted asset of the Company or any Affiliate at all times subject to the claims of general creditors of the Company or any Affiliate.

8.5 Incapacity of Recipient . If any person entitled to a benefit payment under the Plan is deemed by the Company to be incapable of personally receiving and giving a valid receipt for such payment, then, unless and until claim therefor shall have been made by a duly appointed guardian or other legal representative of such person, the Company may provide for such payment or any part thereof to be made to any other person or institution then contributing toward or providing for the care and maintenance of such person. Any such payment shall be a payment for the account of such person and a complete discharge of any liability of the Company and the Plan therefor.

8.6 Corporate Successors. The Plan shall not be automatically terminated by a transfer or sale of assets of the Company or any Affiliate or by the merger or consolidation of the Company or any Affiliate into or with any other corporation or other entity, but the Plan shall be continued after such sale, merger or consolidation only if and to the extent that the transferee, purchaser or successor entity agrees to continue the Plan. In the event that the Plan is not continued by the transferee, purchaser or successor entity, then the Plan shall terminate subject to the provisions of Section 7.2 and the requirements of Section 409A of the Code.

8.7 Unclaimed Benefit. Each Participant shall keep the Company informed of his current address and the current address of his Beneficiary. The Company shall not be obligated to search for the whereabouts of any person. If the location of a Participant is not made known to the Company within three years after the date on which payment of the Participant's Supplemental Retirement Benefit may first be made, payment may be made as though the Participant had died at the end of the three-year period. If, within one additional year after such three-year period has elapsed, or, within three years after the actual death of a Participant, the Company is unable to locate any Beneficiary of the Participant, then, the Company shall have no further obligation to pay any benefit hereunder to such Participant or Beneficiary or any other person and such benefit shall be irrevocably forfeited.

8.8 Limitations on Liability. Notwithstanding any of the preceding provisions of the Plan, neither the Company, an Affiliate nor any individual acting as an employee or agent of the Company or an Affiliate shall be liable to any Participant, former Participant, Beneficiary or any other person for any claim, loss, liability or expense incurred in connection with the Plan unless such claim, loss, liability or expense is due to the gross negligence or willful misconduct of the Employer.

8.9 Withholding and Other Employment Taxes. The Company shall comply with all federal and state laws and regulations respecting the withholding, deposit and payment of any income or other taxes relating to any payments made under this Plan.

8.10 Applicable Law. The Plan shall be construed and administered under the laws of the State of Oklahoma.

8.11 Binding Effect. To the extent provided in this Plan, the Plan shall be binding upon the Company, its Affiliates and their successors and assigns.

HELMERICH & PAYNE, INC., a Delaware
corporation

By: _____

**SUPPLEMENTAL SAVINGS PLAN
FOR SALARIED EMPLOYEES OF
HELMERICH & PAYNE, INC.**

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**SUPPLEMENTAL SAVINGS PLAN
FOR SALARIED EMPLOYEES OF
HELMERICH & PAYNE, INC.**

**ARTICLE I
ESTABLISHMENT AND PURPOSE**

1.1 Establishment. Helmerich & Payne, Inc. (“Company”), established the Supplemental Savings Plan for Salaried Employees of Helmerich & Payne, Inc. effective November 1, 1993 (“Plan”). The Company hereby amends and restates the Plan effective December 2, 2008. This amendment and restatement applies to all amounts deferred under the Plan.

1.2 Purpose. The Plan shall provide Eligible Employees the ability to defer payment of Compensation. The Plan is also intended to provide the amount of the benefit which could otherwise be earned under the Helmerich & Payne, Inc. Employees’ 401(k)/Thrift Plan (the “Qualified Plan”) but which cannot be contributed due to the limitations imposed by (i) Section 401(a)(17) of the Internal Revenue Code of 1986, as amended (the “Code”), which limits the annual compensation that may be taken into account in computing benefits under plans qualified under Sections 401(a) and 501(a) of the Code and (ii) Sections 401(k) and 402(g) of the Code which limits benefits that may be contributed by the Company as a “matching contribution” under Section 401(m) of the Code (collectively referred to as the “IRS Limitations”).

1.3 ERISA Status. The Plan is intended to qualify for the exemptions provided under Title I of ERISA for plans that are not tax-qualified and that are maintained primarily to provide deferred compensation for a select group of management or highly compensated employees as defined in Section 201(2) of ERISA.

**ARTICLE II
DEFINITIONS**

2.1 Definitions. For purposes of this Plan, the following definitions shall apply:

(a) “Account” means the recordkeeping accounts maintained by the Company to record the payment obligation of the Company to a Participant as determined under the terms of this Plan. The Company may maintain an Account to record the total obligation to the Participant under this Plan and component accounts to reflect amounts payable at different times and in different forms. Reference to an Account means any such Account established by the Company as the context requires.

(b) “Affiliate” means a corporation, trade or business that, together with the Company, is treated as a single employer under Code Section 414(b) or (c).

(c) “Beneficiary” means the person, persons, trust, or other entity designated by a Participant on the beneficiary designation form adopted by the Company to receive benefits, if any, under this Plan at such Participant’s death pursuant to Section 6.5.

(d) “Board” means the Board of Directors of the Company.

(e) “Change of Control Event” shall mean:

(i) The date that any one person, or more than one person acting as a group (as defined in §1.409A-3(i)(5)(v)(B) of the Treasury Regulations), acquires ownership of stock that, together with stock held by such person or group, constitutes more than 50% of either (i) the then outstanding shares of common stock of the Company (the “Outstanding Company Common Stock”) or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); provided, however, that the following acquisitions shall not constitute a Change of Control Event: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (iv) any acquisition of additional stock by a person or group already considered to own more than 50% of the Outstanding Company Common Stock or Outstanding Company Voting Securities; or

(ii) The date a majority of the individuals who, as of December 2, 2008, constitute the Board (the “Incumbent Board”) are replaced during any 12-month period; provided, however, that any individual becoming a director subsequent to the date hereof whose election, appointment or nomination for election by the Company’s shareholders was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for purposes of this definition, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) The date any one person, or more than one person acting as a group (as defined in §1.409A-3(i)(5)(v)(B) of the Treasury Regulations) acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company possessing thirty percent (30%) or more of the total voting power of the stock of the Company; provided that, if a Change of Control Event occurs by reason of an acquisition described in this paragraph (iii), no additional Change of Control Event shall be deemed to occur under this paragraph (iii) or paragraph (i) by reason of the acquisition of additional control of the Company by the same Person.

(iv) The date that any one person, or more than one person acting as a group (as defined in §1.409A-3(i)(5)(v)(B) of the Treasury Regulations) acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) all or substantially all of the assets of the Company, unless such assets are transferred to:

(1) A shareholder of the Company (immediately before the asset transfer) in exchange for or with respect to its stock;

(2) An entity, 50% or more of the total value or voting power of which is owned, directly or indirectly, by the Company;

(3) A person, or more than one person acting as a group, that owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding stock of the Company; or

(4) An entity, at least 50% of the total value or voting power of which is owned, directly or indirectly, by a person described in subsection 2.1(e)(iv)(3) herein.

For purposes of subsection (iv) and except as otherwise provided in subparagraph (iv)(1), a person's status is determined immediately after the transfer of the assets.

(f) "Cimarex Participants" means those Participants who were previously employed by the Company and who are currently employed by Cimarex Energy Co. on December 2, 2008 as a result of a spin-off of the Company's exploration and production assets in 2002.

(g) "Code" means the Internal Revenue Code of 1986, as amended from time to time, and any Regulations relating thereto.

(h) "Compensation" shall mean: (1) any (i) base wages, (ii) overtime pay, (iii) pay received for vacation, holidays, bereavement, jury duty or military service, (iv) pay for meeting time (such as new hire, safety or school meetings), (v) travel time pay, (vi) bonuses (excluding new hire bonus, Wal-Mart bonus and special bonus), (vii) longevity pay, and (viii) other extraordinary pay (such as hurricane pay or back pay) and (2) any amount deferred by a Participant pursuant to Section 401(k), Section 125, Section 402(a)(8), Section 402(h) or Section 403(b) of the Code with respect to employee benefit plans sponsored by the Employer and any amounts deferred under this Plan.

(i) "Committee" means the Human Resources Committee which shall consist of at least three members of the Board who shall be appointed by the Board.

(j) "Credited Earnings" means the gains or losses applied to a Participant's Account pursuant to Section 7.2.

(k) "Deferred Amount" means the portion of a Participant's Compensation which the Participant elects to defer pursuant to Article IV. Deferred Amounts shall be determined by reference to the Plan Year in which the amount was deferred by the Participant.

(l) "Disabled" or "Disability" means the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or last for a continuous period of not less than 12 months. A Participant will be deemed to be Disabled if the Participant becomes eligible to receive disability benefits under the long-term disability benefit plan sponsored by the Company for a period of three (3) months or more.

(m) “ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

(n) “Eligible Employee” means an employee who is designated by the Committee as belonging to a “select group of management or highly compensated employees,” as such phrase is defined under ERISA and employed at a minimum salary level designated from time to time by the Committee.

(o) “Employer” shall mean the Company and/or any Affiliate that employs the Participants.

(p) “Participant” means an Eligible Employee who has Deferred Amounts and/or Supplemental Company Matching Contributions credited to an Account under this Plan.

(q) “Plan” means this Supplemental Savings Plan for Salaried Employees of Helmerich & Payne, Inc., as amended and restated effective December 2, 2008.

(r) “Plan Year” means the 12-month period beginning on January 1st and ending on December 31st.

(s) “Qualified Plan” means the Helmerich & Payne, Inc. Employees’ 401(k)/Thrift Plan.

(t) “Separation from Service.” A Participant incurs a Separation from Service upon termination of employment with the Employer under the circumstances described below. Whether a Separation from Service has occurred shall be determined by the Committee in accordance with Code Section 409A.

Except in the case of a Participant on a bona fide leave of absence as provided below, a Participant is deemed to have incurred a Separation from Service if the Employer and the Participant reasonably anticipated that the level of services to be performed by the Participant after a certain date would be reduced to 20% or less of the average services rendered by the Participant during the immediately preceding 12-month period (or the total period of employment, if less than 12 months), disregarding periods during which the Participant was on a bona fide leave of absence.

A Participant who is absent from work due to military leave, sick leave, or other bona fide leave of absence shall incur a Separation from Service on the first date immediately following the later of (i) the six-month anniversary of the commencement of the leave or (ii) the expiration of the Participant’s right, if any, to reemployment under statute or contract.

For purposes of determining whether a Separation from Service has occurred, the Employer means the Employer as defined in Section 2.1(o) of the Plan, except that for purposes of determining whether another organization is an Affiliate of the Company, common ownership of at least 50% shall be determinative.

The Committee specifically reserves the right to determine whether a sale or other disposition of assets to an unrelated party constitutes a Separation from Service with respect to a Participant providing services to the seller immediately prior to the transaction and providing services to the buyer after the transaction. Such determination shall be made in accordance with the requirements of Code Section 409A.

(u) “Specified Employee” means those employees of the Company who are determined by the Committee to be a “specified employee” in accordance with I.R.C. § 409A and the regulations promulgated thereunder.

(v) “Supplemental Matching Contribution” means the contribution made by the Company for the benefit of a Participant under Article V of the Plan in any Plan Year.

2.2 Construction. Except when otherwise indicated by the context, any masculine terminology when used in the Plan shall also include the feminine gender, and the definition of any term in the singular shall also include the plural.

2.3 Funding. The benefits described in this Plan are contractual obligations of the Employers to pay compensation for services, and shall constitute a liability to the Participants and/or their Beneficiaries in accordance with the terms hereof. All amounts paid under this Plan shall be paid in cash from the general assets of the Employers and shall be subject to the general creditors of the Company and the Employer of the Participant. Benefits shall be reflected on the accounting records of the Employers but shall not be construed to create, or require the creation of, a trust, custodial or escrow account. No special or separate fund need be established and no segregation of assets need be made to assure the payment of such benefits. No Participant shall have any right, title or interest whatever in or to any investment reserves, accounts, funds or assets that the Employer may purchase, establish or accumulate to aid in providing the benefits described in this Plan. Nothing contained in this Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust or a fiduciary relationship of any kind between an Employer or the Company and a Participant or any other person. Provided, the Company may establish and/or continue a grantor trust as defined in Section 671 of the Code to provide a source of funding for amounts deferred hereunder. Neither a Participant nor the Beneficiary of a Participant shall acquire any interest hereunder greater than that of an unsecured creditor of the Company or any Affiliate who is the Employer of such Participant.

ARTICLE III ELIGIBILITY AND PARTICIPATION

The Committee shall provide employees selected for participation in this Plan with notice of the employee’s selection for participation under this Plan and permit such Eligible Employee the opportunity to make an election pursuant to Article IV. Such notice may be given at such time and in such manner as the Committee may determine. All determinations as to an employee’s status as an Eligible Employee shall be made by the Committee. The determinations of the Committee shall be final and binding on all employees. Eligible Employees who have made an election under this Plan shall continue as a Participant as long as there is a balance credited to his or her Account.

**ARTICLE IV
ELECTIVE DEFERRALS**

4.1 Deferrals. An Eligible Employee may elect to defer up to 40% of Compensation as long as such deferral does not reduce such Eligible Employee's Compensation below an amount necessary to satisfy applicable withholding tax obligations, benefit plan contributions, and income tax withholding obligations. The Participant may elect a different percentage of deferral rates between base salary and bonus components of Compensation.

4.2 Timing of Deferral Election. An Eligible Employee must file a deferral election form for each Plan Year. Except as may be permitted by the Code or the regulations adopted thereunder, the election to defer Compensation shall apply to Compensation earned during the Plan Year which commences immediately following the Plan Year in which the election is made and is irrevocable except as otherwise provided herein. Elections to defer Compensation must be completed and filed before December 31 of the year immediately preceding the Plan Year in which the election is to apply.

4.3 Election Forms. All elections to defer shall be made on a deferral election form. In addition to the deferral election form, a Participant may be required by the Committee to complete additional forms such that they have adequate information concerning the Deferred Amount, timing of distributions and the form of payment, if applicable.

4.4 Hardship Withdrawal Under Qualified Plan. If a Participant makes a "hardship withdrawal" under the Qualified Plan and such Participant is prohibited from making future contributions under such Qualified Plan (and this Plan) by the terms of such qualified retirement plan, then, contributions by the Participant under this Plan shall be automatically suspended until Participant contributions are again permitted under the Qualified Plan.

**ARTICLE V
SUPPLEMENTAL MATCHING CONTRIBUTIONS**

Each Plan Year, the Company will make a Supplemental Matching Contribution to this Plan on behalf of each Participant in an amount equal to (a) minus (b) below:

(a) 5% of the Participant's Compensation;

(b) 5% of such Participant's "eligible 401(k) compensation" which shall, for purposes of this Article V, be defined as the Participant's Compensation less the Participant's Deferred Amount up to the IRS Limitations for the applicable Plan Year.

Provided, however, the Supplemental Matching Contribution cannot exceed the Participant's Deferred Amount for the applicable Plan Year.

**ARTICLE VI
PAYMENT**

6.1 Payment Events.

(a) General. Unless previously distributed in accordance with the terms of a Scheduled Distribution or otherwise provided in Section 6.1(b), a Participant's Account shall become payable at the time and in the form described in this Article upon the earlier to occur of the following events: (i) a Participant's Separation from Service; (ii) a Participant's Disability; (iii) a Change of Control Event or (iv) the Participant's death.

(b) Cimarex Participants. With respect to Cimarex Participants, payment of a Cimarex Participant's Account shall commence upon the earlier of the Scheduled Distribution date or death.

6.2 Method of Payment Upon Separation from Service or Disability. A Participant must specify on the election form for each Plan Year the method of payment of the portion of Participant's Account attributable to such Plan Year. A Participant may designate payment in the form of a single lump sum payment or annual installment payments payable over a period of 2—10 years. Installment payments shall be paid annually, with the first installment paid on the first business day of the seventh month following the Participant's Separation from Service or within 90 days of the date the Participant is Disabled and each subsequent installment paid on an annual basis until all installment payments have been paid. If the Participant (i) fails to make an effective designation as to the method of payment or (ii) elects to receive payment in the form of a lump sum, payment shall be automatically made in the form of a single lump sum payment within 30 days of the first business day of the seventh month following Separation from Service or in the case of Disability, within 90 days of the date the Participant was Disabled.

6.3 Method of Payment Upon a Change of Control Event. Plan Account balances that are payable upon a Change of Control Event will become payable within 30 days of the occurrence of a Change of Control Event. A Participant may designate payment in the form of a single lump sum payment or annual installment payments payable over a period of 2—10 years. If the Participant fails to make an effective designation as to the method of payment, payment will be made in the form of a lump sum.

6.4 Method of Payment Upon Death. If a Participant dies with a balance credited to the Participant's Account, such balance shall be paid to the Participant's Beneficiary. If the Participant dies prior to the time of payment of the Account, the then current balance of each of the Participant's Account or subaccount shall be paid to the Participant's Beneficiary in a lump sum commencing within 90 days of the date of Participant's death. If payment of Participant's Account has commenced as of the date of Participant's death, the then current balance of each Account or subaccount payable to a Beneficiary shall be paid under the method designated for the payment of such amount by the Participant commencing within 90 days of the date of Participant's death. Each Beneficiary of a deceased Participant who is eligible to receive payments under this Section shall have the amounts to be paid to such Beneficiary allocated to a subaccount in the name of the Beneficiary under the deceased Participant's Account. Such subaccount shall be adjusted from time to time as provided in Article VII.

6.5 Scheduled Distribution. A Participant may schedule distribution of the Deferred Amounts and Credited Earnings thereon that are attributable to a particular Plan Year (“Scheduled Distribution”) to commence in a specified Plan Year. Participants must request a Scheduled Distribution on the deferral election form that is submitted for that Plan Year. Except as provided in Section 6.10, if a Participant fails to elect a Scheduled Distribution prior to the date deferrals begin for that Plan Year, that Participant will not be eligible to obtain a Scheduled Distribution for such Plan Year.

(a) The Participant may elect either a lump sum payment payable in January of the Plan Year selected or annual installment payments for a period of 2 to 5 years.

(b) A Participant may postpone payment of a Scheduled Distribution to a date at least five years later than the previously Scheduled Distribution date by filing a written request with the Committee at least twelve months prior to the date the Scheduled Distribution is scheduled to begin.

(c) In the event of Separation from Service, Disability, the occurrence of a Change of Control Event or death, payment of Participant’s Accounts (except for Cimarex Participants) shall be determined with respect to provisions of this Plan and elections made in reference to such events, without regard to the otherwise Scheduled Distribution which shall be deemed to be cancelled.

6.6 Payment to Specified Employees Upon Separation from Service. In no event shall a Specified Employee receive a payment under this Plan following a Separation from Service prior to the first business day of the seventh month following the date of Separation from Service.

6.7 Changes in Method of Payment. Except as provided in Section 6.10, the method of payment may be changed from time to time by the Participant, but in no event will such change be considered valid if the change occurs within the twelve-month period prior to the date payment would have otherwise commenced. Any requests to change the method of payment will not take effect for twelve months following the date it is received by the Committee and the first payment with respect to such election is deferred for a period of five years from the date such payment would otherwise have been made.

6.8 Beneficiary Designations. A Participant shall designate on a beneficiary designation form a Beneficiary who, upon the Participant’s death, will receive payments that otherwise would have been paid to him under the Plan. All Beneficiary designations shall be in writing. Any such designation shall be effective only if and when delivered to the Committee during the lifetime of the Participant. A Participant may change a Beneficiary or Beneficiaries by filing a new beneficiary designation form. The latest beneficiary designation form shall apply to the combined Accounts and subaccounts of the Participant. If a Beneficiary of a Participant predeceases the Participant, the designation of such Beneficiary shall be void. If a Beneficiary to whom benefits under the Plan remain unpaid dies after the Participant and the Participant failed to specify a contingent Beneficiary on the appropriate beneficiary designation form, the remainder of such death benefit payments shall be paid to such Beneficiary’s estate. If a Participant fails to designate a Beneficiary with respect to any death benefit payments or if such

designation is ineffective, in whole or in part, any payment that otherwise would have been paid to such Participant shall be paid to the Participant's estate.

6.9 Small Account Balances . If, upon Separation from Service, the value of the Participant's Account is less than \$10,000, the balance of such Account shall be paid in a single lump sum.

6.10 Transition Rule Exceptions . Under the transition guidance issued by the Internal Revenue Service under Section 409A of the Code, an exception to the general timing rules shall apply to Account balances subject to Section 409A. Participants' elections may be revised with respect to both the time and form of payment provided that (i) it is filed on or before December 31, 2008; (ii) it does not cause amounts that were otherwise payable in 2008 to be paid in a subsequent year; and (iii) does not provide for amounts payable in a subsequent year to be paid in 2008. The Committee will administer this provision to ensure compliance with IRS Notice 2006-79.

ARTICLE VII ACCOUNTS AND INVESTMENT

7.1 Participant Accounts . The Committee shall maintain, or cause to be maintained, a bookkeeping Account for each Participant for the purpose of accounting for the Participant's interest under the Plan. The Committee shall maintain within each Participant's Account such subaccounts as may be necessary to identify each separate Deferred Amount, Supplemental Company Matching Contribution and Credited Earnings attributable thereto, by reference to the Plan Year to which each Deferred Amount and Supplemental Company Matching Contribution relates. The combination of the subaccounts maintained in the name of a Participant shall comprise the Participant's Account.

7.2 Adjustment of Accounts . Each Participant's Account shall be adjusted to reflect all Deferred Amounts and Supplemental Company Matching Contributions credited to the Participant's Account, all positive or negative Credited Earnings credited or debited to the Participant's Account as provided by Section 7.3, and all payments charged to the Participant's Account. A Participant's Deferred Amount shall be credited to such Participant's Account as of the date on which the amount being deferred would have become payable to the Participant absent the election to defer, or on such other date as the Committee specifies, and shall be credited to the applicable subaccount within such Account by reference to the applicable Plan Year. Supplemental Company Matching Contributions shall be credited to a Participant's Account. Charges to a Participant's Account to reflect payments shall be made as of the date of any such payment and charged to the applicable subaccount within such Account. As of any relevant date, the balance standing to the credit of a Participant's Account, and each separate subaccount comprising such Account, shall be the respective balance in such Account and the component subaccounts as of the close of business on such date after all applicable credits, debits and charges have been posted.

7.3 Investment of Account . The Committee will offer Participants a selection of benchmark funds as deemed investment alternatives. The benchmark funds offered will be determined in the sole discretion of the Committee. Each Participant may select among the

different benchmark funds offered. The deemed investments in benchmark funds are only for the purpose of determining the Company's payment obligation under the Plan. Credited Earnings shall be allocated to a Participant's Account pursuant to the performance of the benchmark funds selected by the Participant. A Participant may, as frequently as daily, modify his election of benchmark funds through procedures designated by the Committee. Such modification will be in accordance with rules and procedures adopted by the Committee.

7.4 Vesting. Subject to the conditions and limitations on payment of benefits under the Plan, a Participant shall always have a fully vested and nonforfeitable beneficial interest in the balance standing to the credit of the Participant's Account.

7.5 Account Statements. The Committee shall provide each Participant with a statement of the status of the Participant's Account under the Plan. The Committee shall provide such statement annually or at such other times as the Committee may determine. Annual statements shall be in the format prescribed by the Committee.

ARTICLE VIII ADMINISTRATION

8.1 Administration. The Plan shall be administered, construed and interpreted by the Committee. The Committee shall have the sole authority and discretion to determine eligibility and to construe the terms of the Plan. The determinations by the Committee as to any disputed questions arising under the Plan, including the employees who are eligible to be Participants in the Plan, the amounts payable under the Plan, and the construction and interpretation by the Committee of any provision of the Plan, shall be final, conclusive and binding upon all persons including Participants, their beneficiaries, the Company, its stockholders and employees and the Employers. The Committee may, by resolution, in its discretion, delegate certain administrative duties to a committee comprised of employees of the Company. References to "Committee" in this Article VIII shall include the Committee as well as any designees.

8.2 Indemnification and Exculpation. The members of the Committee and its agents shall be indemnified and held harmless by the Company against and from any and all loss, cost, liability or expense that may be imposed upon or reasonably incurred by them in connection with or resulting from any claim, action, suit or proceeding to which they may be a party or in which they may be involved by reason of any action taken or failure to act under this Plan and against and from any and all amounts paid by them in settlement (with the Company's written approval) or paid by them in satisfaction of a judgment in any such action, suit or proceeding. The foregoing provisions shall not be applicable to any person if the loss, cost, liability or expense is due to such person's gross negligence or willful misconduct.

8.3 Rules of Conduct. The Committee shall adopt such rules for the conduct of its business and the administration of this Plan as it considers desirable, provided they do not conflict with the provisions of this Plan.

8.4 Legal, Accounting, Clerical and Other Services. The Committee may authorize one or more of its members or any agent to act on its behalf and may contract for legal,

accounting, clerical and other services to carry out this Plan. The Company shall pay all expenses of the Committee.

8.5 Records of Administration. The Committee shall keep records reflecting the administration of this Plan which shall be subject to audit by the Company.

8.6 Expenses. The expenses of administering the Plan shall be paid by the Company.

8.7 Liability. No member of the Board of Directors or of the Committee shall be liable for any act or action, whether of commission or omission, taken by any other member, or by any officer, agent, or employee of the Company or of any such body, nor, except in circumstances involving his bad faith, for anything done or omitted to be done by himself.

8.8 Claims Review Procedures. The following claim procedures shall apply to the Plan.

(a) Denial of Claim. If a claim for benefits is wholly or partially denied, the claimant shall be given notice in writing of the denial within a reasonable time after the receipt of the claim, but not later than 90 days after the receipt of the claim. However, if special circumstances require an extension, written notice of the extension shall be furnished to the claimant before the termination of the 90-day period. In no event shall the extension exceed a period of 90 days after the expiration of the initial 90-day period. The notice of the denial shall contain the following information written in a manner that may be understood by a claimant:

(i) The specific reasons for the denial;

(ii) Specific reference to pertinent Plan provisions on which the denial is based;

(iii) A description of any additional material or information necessary for the claimant to perfect his claim and an explanation of why such material or information is necessary;

(iv) An explanation that a full and fair review by the Committee of the denial may be requested by the claimant or his authorized representative by filing a written request for a review with the Committee within 60 days after the notice of the denial is received; and

(v) If a request for review is filed, the claimant or his authorized representative may review pertinent documents and submit issues and comments in writing within the 60-day period described in subsection 8.8(a)(iv).

(b) Decisions After Review. The decision of the Committee with respect to the review of the denial shall be made promptly and in writing, but not later than 60 days after the Committee receives the request for the review. However, if special circumstances require an extension of time, a decision shall be rendered not later than 120 days after the receipt of the request for review. A written notice of the extension shall be furnished to the claimant prior to the expiration of the initial 60-day period. The claimant shall be given a copy of the decision,

which shall state, in a manner calculated to be understood by the claimant, the specific reasons for the decision and specific reasons for the decision and specific references to the pertinent Plan provisions on which the decision is based.

(c) Other Procedures . Notwithstanding the foregoing, the Committee may, in its discretion, adopt different procedures for different claims without being bound by past actions. Any procedures adopted, however, shall be designed to afford a claimant a full and fair review of his claim and shall comply with applicable regulations under ERISA.

8.9 Finality of Determinations; Exhaustion of Remedies . To the extent permitted by law, decisions reached under the claims procedures set forth in Section 8.8 shall be final and binding on all parties. No legal action for benefits under the Plan shall be brought unless and until the claimant has exhausted his remedies under Section 8.8. In any such legal action, the claimant may only present evidence and theories which the claimant presented during the claims procedure. Any claims which the claimant does not in good faith pursue through the review stage of the procedure shall be treated as having been irrevocably waived. Judicial review of a claimant's denied claim shall be limited to a determination of whether the denial was arbitrary, capricious or an abuse of discretion based on the evidence and theories the claimant presented during the claims procedure. This Section shall have no application during the 24-month period following a Change of Control Event as to a claim which is first asserted or first denied after the Change of Control Event and, as to such a claim, the de novo standard of judicial review shall apply. After the expiration of the 24-month period following a Change of Control Event, then, this Section shall again apply until the occurrence of a subsequent Change of Control Event.

8.10 Effect of Fiduciary Action . The Plan shall be interpreted by the Committee and all Plan fiduciaries in accordance with the terms of the Plan and their intended meanings. However, the Committee and all Plan fiduciaries shall have the discretion to make any findings of fact needed in the administration of the Plan, and shall have the discretion to interpret or construe ambiguous, unclear or implied (but omitted) terms in any fashion they deem to be appropriate in their sole judgment. Except as stated in Section 8.9, the validity of any such finding of fact, interpretation, construction or decision shall not be given de novo review if challenged in court, by arbitration or in any other forum, and shall be upheld unless clearly arbitrary or capricious. To the extent the Committee or any Plan fiduciary has been granted discretionary authority under the Plan, the Committee's or Plan fiduciary's prior exercise of such authority shall not obligate it to exercise its authority in a like fashion thereafter. If any Plan provision does not accurately reflect its intended meaning, as demonstrated by consistent interpretations or other evidence of intent, or as determined by the Committee in its sole and exclusive judgment, the provision shall be considered ambiguous and shall be interpreted by the Committee and all Plan fiduciaries in a fashion consistent with its intent, as determined by the Committee in its sole discretion. The Committee, without the need for Board of Directors' approval, may amend the Plan retroactively to cure any such ambiguity. This Section may not be invoked by any person to require the Plan to be interpreted in a manner which is inconsistent with its interpretation by the Committee or by any Plan fiduciaries. All actions taken and all determinations made in good faith by the Committee or by Plan fiduciaries shall be final and binding upon all persons claiming any interest in or under the Plan. This Section shall not apply to fiduciary or Committee actions or interpretations which take place or are made during the 24-month

period following a Change of Control Event. After the expiration of the 24-month period following a Change of Control Event, then, this Section shall again apply until the occurrence of a subsequent Change of Control Event.

ARTICLE IX GENERAL PROVISIONS

9.1 Conditions of Employment Not Affected by Plan. The establishment and maintenance of the Plan shall not be construed as conferring any legal rights upon any Participant to the continuation of employment with the Company, nor shall the Plan interfere with the rights of the Company to discharge any Participant with or without cause.

9.2 Restrictions on Alienation of Benefits. No right or benefit under this Plan shall be subject to anticipation, alienation, sale, assignment, pledge, encumbrance, or charge, and any attempt to anticipate, alienate, sell, assign, pledge, encumber, or charge the same shall be void. No right or benefit hereunder shall in any manner be liable for or subject to the debts, contracts, liabilities, or torts of the person entitled to such benefit. If any Participant or the Participant's Beneficiary under this Plan should become bankrupt or attempt to anticipate, alienate, sell, assign, pledge, encumber, or charge any right to a benefit hereunder, then, such right or benefit shall cease and terminate.

9.3 Information Required of Participants. Payment of benefits shall begin as of the payment date(s) provided in this Plan and no formal claim shall be required therefor; provided, in the interest of orderly administration of the Plan, the Committee may make reasonable requests of Participants and Beneficiaries to furnish information which is reasonably necessary and appropriate to the orderly administration of the Plan, and, to that limited extent, payments under the Plan are conditioned upon the Participants and Beneficiaries promptly furnishing true, full and complete information as the Committee may reasonably request.

9.4 Tax Consequences Not Guaranteed. The Company does not warrant that this Plan will have any particular tax consequences for Participants or Beneficiaries and shall not be liable to them if tax consequences they anticipate do not actually occur. The Company shall have no obligation to indemnify a Participant or Beneficiary for lost tax benefits (or other damage or loss).

9.5 Benefits Payable to Incompetents. Any benefits payable hereunder to a minor or person under legal disability may be made, at the discretion of the Committee, (i) directly to the said person, or (ii) to a parent, spouse, relative by blood or marriage, or the legal representative of said person. The Committee shall not be required to see to the application of any such payment, and the payee's receipt shall be a full and final discharge of the Committee's responsibility hereunder.

9.6 Severability. If any provision of the Plan is held invalid or illegal for any reason, any illegality or invalidity shall not affect the remaining provisions of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had never been contained therein. The Company shall have the privilege and opportunity to correct and remedy such questions of illegality or invalidity by amendment.

9.7 Tax Withholding. The Employer may withhold from a payment or accrued benefit or from the Participant's other compensation any federal, state, or local taxes required by law to be withheld with respect to such payment or accrued benefit and such sums as the Employer may reasonably estimate as necessary to cover any taxes for which the Employer may be liable and which may be assessed with regard to such payment.

**ARTICLE X
AMENDMENT AND TERMINATION**

The Board of Directors of the Company may amend, modify or terminate the Plan at any time and in any manner. Provided, no amendment shall reduce any portion of a Participant's Account that is vested. Provided further, no amendment or proposed termination will be effective to the extent it provides for payment under this Plan in a manner that would result in a violation of I.R.C. § 409A.

**ARTICLE XI
MISCELLANEOUS PROVISIONS**

11.1 Articles and Section Titles and Headings. The titles and headings at the beginning of each Article and Section shall not be considered in construing the meaning of any provisions in this Plan.

11.2 Governing Law. This Plan is subject to ERISA, but is exempt from most parts of ERISA since it is an unfunded deferred compensation plan maintained for a select group of management or highly compensated employees. In no event shall any references to ERISA in the Plan be construed to mean that the Plan is subject to any particular provisions of ERISA. The Plan shall be governed and construed in accordance with federal law and the laws of the State of Oklahoma, except to the extent such laws are preempted by ERISA.

IN WITNESS WHEREOF, the Company and each Employer have caused this instrument to be executed by their duly authorized officers in a number of copies, each of which shall be deemed an original but all of which shall constitute one and the same instrument, effective December 2, 2008.

HELMERICH & PAYNE, INC, a Delaware
corporation

By: _____

HELMERICH & PAYNE, INC.

DIRECTOR DEFERRED COMPENSATION PLAN

HELMERICH & PAYNE, INC.
DIRECTOR DEFERRED COMPENSATION PLAN

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HELMERICH & PAYNE, INC.
DIRECTOR DEFERRED COMPENSATION PLAN

PURPOSE

The purpose of this Plan is to give each Director of Helmerich & Payne, Inc., the opportunity to be compensated for service as a Director on a deferred basis. The Plan is also intended to aid the Company in attracting and retaining, as members of the Board, persons whose abilities, experience, and judgment can contribute to the success of the Company. The Plan was adopted on October 1, 2004 and is amended and restated December 2, 2008. This amendment and restatement applies to all amounts deferred under the Plan.

ARTICLE I
Definitions

Whenever the following terms are used in this Plan, they shall have the meaning specified below, unless the context clearly indicates to the contrary:

- 1.1 “Account” shall mean the bookkeeping account maintained by the Company to which will be credited Directors deferrals of Eligible Compensation and any earnings thereon.
- 1.2 “Beneficiary” means the person(s) or entity(ies) designated by the Director under Section 6.2 hereof who will receive the balance of the Director’s Account(s) in the event of his or her death.
- 1.3 “Board of Directors” or “Board” shall mean the Board of Directors of the Company.
- 1.4 “Change of Control” shall mean :
- (a) The date that any one person, or more than one person acting as a group (as defined in §1.409A-3(i)(5)(v)(B) of the Treasury Regulations), acquires ownership of stock that, together with stock held by such person or group, constitutes more than 50% of either (i) the then outstanding shares of common stock of the Company (the “Outstanding Company Common Stock”) or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); provided, however, that the following acquisitions shall not constitute a Change of Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (iv) any acquisition of additional stock by a person or group already considered to own more than 50% of the Outstanding Company Common Stock or Outstanding Company Voting Securities; or
 - (b) The date a majority of the individuals who, as of December 2, 2008, constitute the Board (the “Incumbent Board”) are replaced during any 12-month period;
-

provided, however, that any individual becoming a director subsequent to the date hereof whose election, appointment or nomination for election by the Company's shareholders was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for purposes of this definition, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

- (c) The date any one person, or more than one person acting as a group (as defined in §1.409A-3(i)(5)(v)(B) of the Treasury Regulations) acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company possessing thirty percent (30%) or more of the total voting power of the stock of the Company; provided that, if a Change of Control occurs by reason of an acquisition described in this paragraph (iii), no additional Change of Control shall be deemed to occur under this paragraph (iii) or paragraph (i) by reason of the acquisition of additional control of the Company by the same Person.
- (d) The date that any one person, or more than one person acting as a group (as defined in §1.409A-3(i)(5)(v)(B) of the Treasury Regulations) acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) all or substantially all of the assets of the Company, unless such assets are transferred to:

(i) A shareholder of the Company (immediately before the asset transfer) in exchange for or with respect to its stock;

(ii) An entity, 50% or more of the total value or voting power of which is owned, directly or indirectly, by the Company;

(iii) A person, or more than one person acting as a group, that owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding stock of the Company; or

(iv) An entity, at least 50% of the total value or voting power of which is owned, directly or indirectly, by a person described in subsection 1.4(d)(3) herein.

For purposes of subsection (d) and except as otherwise provided in subparagraph (d)(i), a person's status is determined immediately after the transfer of the assets.

1.5 "Common Stock" shall mean the common stock, par value \$0.10 per share of the Company.

1.6 "Company" shall mean Helmerich & Payne, Inc., a Delaware corporation and its successors.

- 1.7 “Director” or “Directors” shall mean, at any given time, a member of the Board of Directors of the Company.
- 1.8 “Eligible Compensation” shall mean all forms of cash compensation paid by the Company for services as a Director including, but not limited to, retainer, committee fees and meeting fees.
- 1.9 “Fair Market Value” means (A) during such time as the Common Stock is listed upon the New York Stock Exchange or other exchanges or the Nasdaq/National Market System, the average of the highest and lowest sales prices of the Common Stock as reported by such stock exchange or exchanges or the Nasdaq/National Market System on the day for which such value is to be determined, or if no sale of the Common Stock shall have been made on any such stock exchange or the Nasdaq/National Market System that day, on the next preceding day on which there was a sale of such Common Stock or (B) during any such time as the Common Stock is not listed upon an established stock exchange or the Nasdaq/National Market System, the mean between dealer “bid” and “ask” prices of the Common Stock in the over-the-counter market on the day for which such value is to be determined, as reported by the National Association of Securities Dealers, Inc.
- 1.10 “Plan” shall mean the Helmerich & Payne, Inc. Director Deferred Compensation Plan.
- 1.11 “Separation from Service” means the date a Director ceases to be a member of the Board. The determination of whether a “separation from service” has occurred shall be made in accordance with the meaning of “separation from service” under Section 409A of the Code.
- 1.12 “Stock Unit” shall mean the unit of measurement which is deemed for bookkeeping and payment purposes to represent one outstanding share of Common Stock.
- 1.13 “Year” shall mean each calendar year during the term of this Plan.

ARTICLE II Participation

- 2.1 Participation. Each Director may elect to defer, under and subject to Sections 2.2 and 2.3 of this Plan, all or any portion of his or her Eligible Compensation for any Year.
- 2.2 Timing and Types of Elections. On or before the December 31 immediately preceding each Year (or, in the case of a person who first becomes a Director during the Year, within 30 days after becoming a Director), each Director may make an irrevocable election, to (a) receive his or her Eligible Compensation for the next Year in cash, or (b) defer all or any portion of the Eligible Compensation for services to be rendered by the Director during the next Year.
- 2.3 Election Amounts. Up to 100% of Eligible Compensation is eligible for deferral and the deferred amount must be stated either in a dollar amount or percentage of Eligible Compensation to be deferred. All elections shall be in writing on forms provided by the Company. Deferral elections are not continuous from Year to Year, and are only effective for the Year indicated on the written election form.

ARTICLE III
Accounts and Investments

3.1 Establishment of Account. The Company will establish and maintain a separate Account in the name of each Director who has elected to defer Eligible Compensation under the Plan. The balance of each Account will reflect deferrals of Eligible Compensation as well as income, gains or losses from deemed investments. A Director may select between two deemed investment alternatives: (i) an interest investment alternative (as provided in Section 3.2) or (ii) a Stock Unit investment alternative (as provided in Section 3.3). Investment elections must be specified at the time the deferral election is provided to the Company. Deemed investment elections are effective for the entire Plan Year and cannot be changed until deferral elections are due for the next Plan Year. Directors may, at the time deferral elections are due for the next Plan Year, change their deemed investment selections with respect to all Plan Year deferrals.

3.2 Interest Alternative. If a Director has made an election for investment in the interest alternative, a Director's Account shall be credited as follows:

- (a) as of the date the Eligible Compensation would have been otherwise payable, the Company shall credit the Director's Account with an amount equal to the amount of the Eligible Compensation deferred; and
- (b) as of the last day of each calendar quarter, the Director's Account shall be credited to reflect interest earnings for such calendar quarter, calculated at an interest rate equal to the prime rate of interest plus 1% as published in the *Wall Street Journal* (Southwest Edition) in the Money Rate Section at the beginning of each such calendar quarter.

3.3 Stock Unit Alternative. If a Director has made a Stock Unit election, the Company shall credit the Director's Account, as of the date the Eligible Compensation would have been otherwise payable, with a number of Stock Units determined by dividing an amount which is equal to the amount of the Director's Eligible Compensation deferred by the Fair Market Value of a share of Common Stock on such date. The Director's Stock Unit Account will be valued at the end of each calendar quarter based upon the Fair Market Value of the Common Stock at such date. The Director's Account shall also be credited with any dividends that would have been paid by the Company had the Director held actual shares of Common Stock. The Account balance attributable to the Stock Unit investment alternative may increase or decrease depending upon fluctuations in value of the Company's Common Stock and the distribution of dividends.

3.4 Limitations on Rights Associated with Stock Units. The Stock Units credited to a Director's Account shall be used solely as a device for the determination of the amount of the cash payment to be eventually distributed to the Director in accordance with this Plan. The Stock Units shall not be treated as property or as a trust fund of any kind. No Director shall be entitled to a distribution of actual shares of Common Stock or to any voting or other stockholder rights with respect to Stock Units credited under this Plan.

ARTICLE IV
Distribution of Account

4.1 Manner of Distribution of Account. The cash payable under this Plan in respect of a Director's Account shall be distributed to the Director (or, in the event of his or her death, the Director's Beneficiary or estate) in such manner as elected by the Director and set forth in the Director's written deferral election form. The form of payment shall be either in a single lump sum payment or annual installments for a period of up to ten years.

4.2 Change in Manner of Distribution of Account. Subject to Section 4.1 herein, a Director may change the manner of any distribution election with respect to amounts credited under an Account by filing a written election with the Company's General Counsel on a form provided by the Company at least 12 months prior to the date payment would have otherwise commenced. Provided, however, that no election shall be effective until 12 months after the election is filed with the Company, and the first payment with respect to such election is deferred for a period of five years from the date such payment would have otherwise commenced.

4.3 Commencement of Payments. Subject to the provisions of Sections 4.1 and 4.7 and except as provided in Section 4.5, the payment of the balance of the Account(s) to a Director shall commence no later than 60 days from the date of the Director's Separation from Service. If elected by the Director, installment payments shall continue to be made in the same month of each succeeding Year until all installments have been paid.

4.4 Death Benefits. Subject to the provisions of Section 4.7, in the event that a Director dies before payment of the balance of the Director's Account(s) has commenced or has been completed, the balance(s) of the Director's Account(s) shall be distributed to the Director's Beneficiary commencing no later than 60 days following the date of the Director's death in accordance with the manner of distribution elected by the Director for payments during the Director's lifetime.

4.5 Emergency Withdrawals. In the event of an unforeseeable emergency prior to the commencement of distribution or after the commencement of installment payments, the Board may approve a distribution to a Director (or Beneficiary after the death of a Director) of the part of the Director's Account balance that is reasonably needed to satisfy the emergency need. An emergency withdrawal will be approved only in a circumstance of severe financial hardship to the Director (or Beneficiary after the death of the Director) resulting from a sudden and unexpected illness or accident of the Director (or Beneficiary, as applicable) or of a dependent of the Director (or Beneficiary, as applicable), loss of property due to casualty, or other similar extraordinary or unforeseeable circumstance arising from events beyond the control of the Director (or Beneficiary, as applicable). The investment earnings credited to the Director's Account shall be determined as if the withdrawal had been debited from the Director's Account on the first day of the month in which the withdrawal occurs.

4.6 Responsibility for Taxes. The Directors and their respective Beneficiaries will be liable for payment of any and all income or other taxes imposed on amounts payable under this Plan unless the Company is otherwise required to withhold such amounts from the payment of the Account.

4.7 Change of Control. In the event a Change of Control occurs, each Director's Account shall be payable in a lump sum to the Director or to the Director's Beneficiary or estate within 30 days of the Change of Control.

ARTICLE V
Administration, Amendment And Termination

5.1 Administration. This Plan shall be interpreted and administered by the Human Resources Committee of the Board of Directors (the "Committee"). Determinations made by the Board or the Committee pursuant to this Plan shall be final and binding on all parties.

5.2 Amendment and Termination. This Plan may be amended, modified, or terminated by the Board at any time, except that no such action shall (without the consent of affected Directors or, if appropriate, their respective Beneficiaries or personal representatives) adversely affect the rights of Directors or Beneficiaries with respect to Eligible Compensation earned and deferred under this Plan prior to the date of such amendment, modification, or termination.

ARTICLE VI
Miscellaneous Provisions

6.1 Limitation on Director's Rights. Participation in this Plan shall not give any Director the right to continue to serve as a member of the Board or any rights or interests other than as herein provided. No Director shall have any right to any payment or benefit hereunder, except to the extent provided in this Plan. This Plan shall create only a contractual obligation on the part of the Company as to such amounts and shall not be construed as creating a trust. The Plan, in and of itself, has no assets. Directors shall have only the rights of general unsecured creditors of the Company with respect to amounts credited to or payable from their Account(s).

6.2 Beneficiaries.

- (a) Beneficiary Designation. Subject to applicable laws (including any applicable community property and probate laws), each Director may designate in writing the Beneficiary that the Director chooses to receive any payments that become payable after the Director's death. A Director's Beneficiary designation shall be made on forms provided and in accordance with procedures established by the Company and may be changed by the Director at any time before the Director's death.
- (b) Definition Of Beneficiary. A Director's "Beneficiary" or "Beneficiaries" shall be the person(s), including a revocable living trust established by and for the benefit of the Director alone or for the benefit of the Director and one or more immediate family members, validly designated by the Director or, in the absence of a valid designation, entitled by will or the laws of descent and distribution to receive the amounts otherwise payable to the Director under this Plan in the event of the Director's death.

6.3 Benefits Not Transferable; Obligations Binding Upon Successors. Benefits of a Director under this Plan shall not be assignable or transferable and any purported transfer, assignment,

pledge or other encumbrance or attachment of any payments or benefits under this Plan, or any interest thereon, other than pursuant to Section 6.2, shall not be permitted or recognized. Obligations of the Company under this Plan shall be binding upon successors of the Company.

6.4 Governing Law; Severability. The validity of this Plan or any of its provisions shall be construed, administered, and governed in all respects under and by the laws of the State of Oklahoma. If any provisions of this instrument shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective.

6.5 Headings Not Part of Plan. Headings and subheadings in this Plan are inserted for reference only and are not to be considered in the construction of this Plan.

6.6 Consent to Plan Terms. By electing to participate in this Plan, a Director shall be deemed conclusively to have accepted and consented to all of the terms of this Plan and to all actions and decisions of the Company and/or Board. Such terms and consent shall also apply to and be binding upon each Director's Beneficiary or Beneficiaries, personal representative(s), and other successors in interest.

HELMERICH & PAYNE, Inc., a Delaware corporation

By: _____

CERTIFICATION

I, Hans Helmerich, certify that:

1. I have reviewed this report on Form 10-Q of Helmerich & Payne, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 3, 2009

/S/HANS HELMERICH

Hans Helmerich, Chief Executive Officer

CERTIFICATION

I, Douglas E. Fears, certify that:

1. I have reviewed this report on Form 10-Q of Helmerich & Payne, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 3, 2009

/S/DOUGLAS E. FEARS

Douglas E. Fears, Chief Financial Officer

**Certification of CEO and CFO Pursuant to
18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of Helmerich & Payne, Inc. (the "Company") on Form 10-Q for the period ended December 31, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Hans Helmerich, as Chief Executive Officer of the Company, and Douglas E. Fears, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of his knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/S/HANS HELMERICH

Hans Helmerich
Chief Executive Officer
February 3, 2009

/S/DOUGLAS E. FEARS

Douglas E. Fears
Chief Financial Officer
February 3, 2009
