HELMERICH & PAYNE INC
Form DEF 14A
January 26, 2007

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

SCHEDULE 14A

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

Filed by the Registrant x
Filed by a Party other than the Registrant o
Check the appropriate box:

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

Helmerich & Payne, Inc.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

x	No fee required.	
o	Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.	
	(1)	Title of each class of securities to which transaction applies:
	(2)	Aggregate number of securities to which transaction applies:
	(3)	Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
	(4)	Proposed maximum aggregate value of transaction:
	(5)	Total fee paid:
o	Fee paid previously with preliminary materials.	
o	Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.	
	(1)	Amount Previously Paid:
	(2)	Form, Schedule or Registration Statement No.:
	(3)	Filing Party:
	(4)	Date Filed:

1437 South Boulder Avenue
Tulsa, Oklahoma 74119

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Notice is hereby given that the Annual Meeting of Stockholders of Helmerich & Payne, Inc. (the Company), will be held at Boulder Towers, Granite Room, First Floor, 1437 South Boulder Avenue, Tulsa, Oklahoma, at 12:00 noon, Tulsa time, on Wednesday, March 7, 2007, for the following purposes:

1. To elect three Directors comprising the class of Directors of the Company known as the First Class for a three-year term expiring in 2010.

2. To consider and transact any other business which properly may come before the meeting or any adjournment thereof.

In accordance with the By-laws, the close of business on January 10, 2007, has been fixed as the record date for the determination of the stockholders entitled to notice of, and to vote at, said meeting. The stock transfer books will not close.

The Company s Proxy Statement is submitted herewith and is first being sent or given to the stockholders on or about January 26, 2007. The Annual Report for the year ended September 30, 2006, has either been mailed previously to stockholders or accompanies this Proxy Statement.

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

BY ORDER OF THE BOARD OF DIRECTORS

STEVEN R. MACKEY
Secretary

Tulsa, Oklahoma
January 26, 2007

1437 South Boulder Avenue
Tulsa, Oklahoma 74119

PROXY STATEMENT

General Information

The enclosed proxy is being solicited by and on behalf of the Board of Directors of Helmerich & Payne, Inc. (the Company), and will be voted at the Annual Meeting of Stockholders on March 7, 2007. This statement and the accompanying proxy are first being sent or given to stockholders on or about January 26, 2007.

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

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

On March 1, 2006, the Board of Directors declared a two-for-one split of the Company s common stock. The stock split, payable in the form of a stock dividend, was distributed on July 7, 2006, to stockholders of record on June 26, 2006. The number and price of shares of common stock and the number, exercise price and value of stock options referenced in this Proxy Statement have been adjusted to give full effect to such stock split.

At the close of business on January 10, 2007, there were 103,471,570 issued and outstanding shares of the common stock of the Company, the holders of which are entitled to one vote per share on all matters. There is no other class of securities of the Company entitled to vote at the meeting. Only stockholders of record at the close of business on January 10, 2007, will be entitled to vote at the Annual Meeting.

Security Ownership of Certain Beneficial Owners

The following table sets forth the name and address of each stockholder of the Company who, to the knowledge of the Company, beneficially owns more than 5% of the Company s common stock, the number of shares beneficially owned by each, and the percentage of outstanding stock so owned, as of January 11, 2007.

Title of Class	**Name and Address of Beneficial Owner**	**Amount and Nature of Beneficial Ownership** (1)	**Percent of Class**
Common Stock	State Farm Mutual Automobile Insurance Company One State Farm Plaza Bloomington, Illinois 61710	8,257,200**(2)**	7.98%
Common Stock	Goldman Sachs Asset Management, L.P. 32 Old Slip New York, New York 10005	5,651,370**(3)**	5.461%

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

(2) State Farm Mutual Automobile Insurance Company has sole power to vote or to direct the vote of 8,257,200 shares. This information is based upon State Farm Mutual Automobile Insurance Company s Schedule 13G Amendment dated January 11, 2007.

(3) Goldman Sachs Asset Management, L.P. has sole power to vote 4,373,878 shares and has sole dispositive power over 5,651,370 shares. This information is based upon Goldman Sachs Asset Management, L.P. s Schedule 13G dated January 31, 2006.

Security Ownership of Management

The following table sets forth the total number of shares of common stock beneficially owned by each of the present Directors and nominees, the Company s Chief Executive Officer (CEO) and all other executive officers named in the Summary Compensation Table, and all Directors and executive officers as a group, and the percent of the outstanding common stock so owned by each as of January 11, 2007.

Directors and Named Executive Officers	Title of Class	Amount and Nature of Beneficial Ownership (1)		Percent of Class (2)
W. H. Helmerich, III	Common Stock	2,764,330	**(3)**	2.67 %
Hans Helmerich	Common Stock	1,990,230	**(4)**	1.90 %
George S. Dotson	Common Stock	1,189,526	**(5)**	1.14 %
Douglas E. Fears	Common Stock	215,915	**(6)**	
John W. Lindsay	Common Stock	176,649	**(7)**	
M. Alan Orr	Common Stock	150,808	**(8)**	
Steven R. Mackey	Common Stock	104,140	**(9)**	
John D. Zeglis	Common Stock	36,377	**(10)**	
Glenn A. Cox	Common Stock	34,377	**(11)**	
William L. Armstrong	Common Stock	32,377	**(12)**	
Edward B. Rust, Jr.	Common Stock	29,177	**(13)**	
Paula Marshall	Common Stock	15,419	**(14)**	
Randy A. Foutch	Common Stock			
All Directors and Executive Officers As a Group	Common Stock	6,739,325	**(15)**	6.34 %

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

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

(3) Includes 200,000 shares owned by The Helmerich Foundation, an Oklahoma charitable trust, for which Mr. Helmerich is Trustee, and 40,000 shares owned by Ivy League, Inc., of which Mr. Helmerich is President and Director. Mr. Helmerich possesses sole voting and investment power over all indirectly owned shares.

(4) Includes options to purchase 1,373,580 shares that are exercisable within 60 days of January 11, 2007; 10,000 restricted shares; 21,790 shares fully vested under the Company s 401(k) Plan; 35,570 shares owned by Mr. Helmerich s wife, with respect to which he has disclaimed all beneficial ownership; 29,600 shares held by Mr. Helmerich as Trustee for various trusts for members of his immediate family, as to which he has sole voting and investment power; 4,000 shares held by Mr. Helmerich as a Co-trustee for a family trust for which he shares voting and investment power; and 73,674 shares held by The Helmerich Trust, an Oklahoma charitable trust, for which Mr. Helmerich is a Co-trustee, and for which he shares voting and investment power.

(5) Includes options to purchase 913,200 shares that are exercisable within 60 days of January 11, 2007; 91,108 shares owned by Mr. Dotson s wife, with respect to which he has disclaimed all beneficial ownership; and 53,250 shares owned by The Dotson Family Charitable Foundation, for which Mr. Dotson is Co-trustee, and for which he shares voting and investment power. Mr. Dotson served as Vice President of the Company and President of the Company s drilling subsidiary until his retirement on March 1, 2006.

(6) Includes options to purchase 163,460 shares that are exercisable within 60 days of January 11, 2007; 10,000 restricted shares; 461 shares fully vested under the Company s 401(k) Plan; and 1,600 shares owned by a charitable foundation, for which Mr. Fears is Co-trustee, and for which he shares voting and investment power.

(7) Includes options to purchase 122,286 shares that are exercisable within 60 days of January 11, 2007; 45,000 restricted shares; and 9,363 shares fully vested under the Company s 401(k) Plan.

(8) Includes options to purchase 104,174 shares that are exercisable within 60 days of January 11, 2007; 30,000 restricted shares; and 16,634 shares fully vested under the Company s 401(k) Plan.

(9) Includes options to purchase 82,500 shares that are exercisable within 60 days of January 11, 2007; 10,000 restricted shares; and 3,640 shares fully vested under the Company s 401(k) Plan.

(10) Includes options to purchase 22,377 shares that are exercisable within 60 days of January 11, 2007.

(11) Includes options to purchase 22,377 shares that are exercisable within 60 days of January 11, 2007, and 4,000 shares held in a revocable trust known as the Glenn A. Cox Trust, UTA, with respect to which voting and investment power are shared with Mr. Cox s wife.

(12) Includes options to purchase 22,377 shares that are exercisable within 60 days of January 11, 2007.

(13) Includes options to purchase 22,377 shares that are exercisable within 60 days of January 11, 2007.

(14) Includes options to purchase 15,019 shares that are exercisable within 60 days of January 11, 2007.

(15) Includes options to purchase 2,863,727 shares that are exercisable within 60 days of January 11, 2007, and 51,888 shares fully vested under the Company s 401(k) Plan.

PROPOSAL 1 ELECTION OF DIRECTORS

The Board of Directors of the Company (Board) is divided into three classes--First Class, Second Class, and Third Class--whose terms expire in different years. The terms of the Directors of the First Class expire this year, and their successors are to be elected at this Annual Meeting. The terms of the Directors of the Second Class and the Third Class do not expire until 2008 and 2009, respectively, and consequently their successors are not to be elected at this Annual Meeting. Upon the conclusion of this Annual Meeting, the First and Third Classes of Directors will be comprised of three Directors each, and the Second Class of Directors will be comprised of two Directors.

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

Directors of the Second Class

Name	Age	Expiration of Present Term	Principal Occupation and Current Directorships	Year First Became Director
John D. Zeglis	59	2008	Retired Chief Executive Officer and Chairman, AT&T Wireless Services, Inc. (wireless phone services company). Director of AMX Corporation; Georgia-Pacific Corporation; State Farm Mutual Automobile Insurance Company; and Telstra Corporation Limited.	1989
William L. Armstrong	69	2008	President, Colorado Christian University. Chairman of Cherry Creek Mortgage Company (mortgage banking); The El Paso Mortgage Company (mortgage banking); and Centennial State Mortgage Company (mortgage banking). Chairman of Denver-based Oppenheimer Funds.	1992

Directors of the Third Class

Name	Age	Expiration of Present Term	Principal Occupation and Current Directorships	Year First Became Director
W. H. Helmerich, III	84	2009	Chairman of the Board of the Company.	1949
Glenn A. Cox	77	2009	Retired President and Chief Operating Officer of Phillips Petroleum Company (large integrated oil company). Director of Cimarex Energy Co.	1992
Edward B. Rust, Jr.	56	2009	Chairman of the Board, President and Chief Executive Officer of State Farm Mutual Automobile Insurance Company (insurance and financial services company). Director of State Farm VP Management Corp.; State Farm Mutual Fund Trust; The McGraw-Hill Companies, Inc. and Caterpillar, Inc.	1997

Nominees for Directors of the First Class

Name	Age	Expiration of Present Term	Principal Occupation and Current Directorships	Year First Became Director
Hans Helmerich	48	2007	President of the Company and Chief Executive Officer; holds positions as Chairman, President and Chief Executive Officer of subsidiary companies. Director of Atwood Oceanics, Inc. and Cimarex Energy Co. Trustee of Northwestern Mutual.	1987
Paula Marshall	53	2007	Chief Executive Officer of The Bama Companies, Inc. (manufacturer and marketer of food products). Director of BOK Financial Corp.	2002
Randy A. Foutch	55	n/a	Chairman of the Board, President and Chief Executive Officer of Laredo Petroleum, Inc. (oil and gas exploration and production). Director of Bill Barrett Corporation.	n/a

Messrs. Hans Helmerich and George S. Dotson are Directors of Atwood Oceanics, Inc. (Atwood), and the Company, through its wholly-owned subsidiary, owns common stock of Atwood. As a result, Atwood may be deemed to be an affiliate of the Company.

The principal occupation of each of the Directors and the Nominees for Directors of the First Class is as set forth in the tables above and has been the same occupation for the past five years except as follows: (i) Mr. John D. Zeglis was Chief Executive Officer and Chairman of AT&T Wireless Services, Inc. from December, 1999 to November, 2004; (ii) Mr. William L. Armstrong became the President of Colorado Christian University in 2006; (iii) Mr. Edward B. Rust, Jr. became President of State Farm Mutual Automobile Insurance Company on January 1, 2007; and (iv) Mr. Randy A. Foutch founded Latigo

Petroleum, Inc. in 2002 and served as its President and Chief Executive Officer until May of 2006, and prior thereto served as the President and CEO of Newfield Exploration Mid-Continent Inc. and Vice President of Newfield Exploration Inc. until March of 2002. Mr. Hans Helmerich is a son of Mr. W. H. Helmerich, III.

Mr. Hans Helmerich, President and Chief Executive Officer of the Company, recommended to the Company s Nominating and Corporate Governance Committee that Mr. Randy A. Foutch be nominated for election to the First Class.

THE COMPANY S BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR EACH OF THE PERSONS NOMINATED BY THE BOARD.

Attendance

There were four regularly scheduled meetings of the Board held during fiscal 2006, plus one special meeting held via teleconference. The Company requires each Director to make a diligent effort to attend all Board and Committee meetings as well as the Annual Meeting of the Stockholders. All of the Company s Directors attended the 2006 Annual Meeting of the Stockholders with the exception of Mr. Rust. During fiscal 2006, no incumbent Director attended fewer than 75% of the aggregate of the total number of meetings of the Board and its committees of which he or she is a member.

Committees

Messrs. Cox (Chairman), Rust, and Zeglis are members of the Audit Committee. The Board has adopted a written charter for the Audit Committee. The primary functions of the Audit Committee are to assist the Board in fulfilling its independent and objective oversight responsibilities of financial reporting and internal financial and accounting controls of the Company and to monitor the qualifications, independence and performance of the Company s independent registered public accounting firm. The Board has determined that Mr. Glenn Cox is an audit committee financial expert as defined by Item 401 of Regulation S-K of the Securities and Exchange Commission (SEC). During the fiscal year ended September 30, 2006, the Audit Committee held eight meetings.

Ms. Marshall and Messrs. Armstrong and Zeglis (Chairman) are members of the Human Resources Committee (which functions as the Company s compensation committee). The Board has adopted a written charter for the Human Resources Committee. The primary functions of the Human Resources Committee are to evaluate the performance of the Company s executive officers, to review and make decisions regarding compensation of the Company s executive officers and make recommendations regarding compensation of non-employee members of the Company s Board, and to review and make recommendations or decisions regarding incentive compensation and equity-based compensation plans. During the fiscal year ended September 30, 2006, the Human Resources Committee held three meetings.

Ms. Marshall and Messrs. Armstrong (Chairman), Cox, Rust, and Zeglis are members of the Nominating and Corporate Governance Committee. The Board has adopted a written charter for the Nominating and Corporate Governance Committee. The primary functions of the Committee are to identify and to recommend to the Board the selection of Director nominees for each annual meeting of stockholders or for any vacancies on the Board, to make recommendations to the Board regarding the adoption or amendment of corporate governance principles applicable to the Company, and to assist the Board in developing and evaluating potential candidates for executive positions and generally oversee management succession planning. During the fiscal year ended September 30, 2006, the Nominating and Corporate Governance Committee held four meetings.

The non-management Directors, in fiscal 2006, met in executive session without management, prior to each regularly scheduled Board meeting. Mr. Armstrong was presiding Director for all executive sessions.

Corporate Governance

The Board has adopted Corporate Governance Guidelines to address significant corporate governance issues. The guidelines, as well as all Board committee charters, the Company s Code of Business Conduct and Ethics, applicable to all the Company s Directors, officers and employees, and the Code of Ethics for Principal Executive Officer and Senior Financial Officers are available on the Company s website, www.hpinc.com, under Corporate Governance in the Investor Relations section. The information on the Company s website is not incorporated by reference in this Proxy Statement. A printed copy of the above mentioned documents will be provided without charge upon written request to the Corporate Secretary of the Company.

The Corporate Governance Guidelines provide a framework for the Company s corporate governance initiatives and cover topics such as director independence and selection and nomination of director candidates, communication with the Board (all of which are addressed below), Board committee matters and other areas of import.

Director Independence.

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

A Director will not be independent if: (i) the Director is, or has been, within the last three years, an employee of the Company, or an immediate family member is, or has been within the last three years, an executive officer of the Company; (ii) the Director has received, or an immediate family member has received, during any twelve-month period within the last three years, more than $100,000 in direct compensation from the Company, other than Director and committee fees and pension and other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service); (iii) the Director or an immediate family member is a current partner in a firm that is the Company s internal or external auditor; (iv) the Director is a current employee of a firm that is the Company s internal or external auditor; (v) the Director has an immediate family member who is a current employee of a firm that is the Company s internal or external auditor and who participates in the firm s audit, assurance or tax compliance (but not tax planning) practice; (vi) the Director or an immediate family member was within the last three years (but is no longer) a partner or employee of a firm that is the Company s internal or external auditor and personally worked on the Company s audit within that time; (vii) the Director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the Company s present executive officers at the same time serves or served on that company s compensation committee; or (viii) the Director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of $1,000,000 or two percent (2%) of such other company s consolidated gross revenues.

In addition, the following commercial and charitable relationships will not be considered material relationships that would impair a director s independence: (i) the Director (or an immediate family member of the Director) is, or during the last fiscal year has been, an affiliate or executive officer of another company (including banks or financial institutions) to which the Company was indebted, or to which such other company was indebted to the Company, during the last or current fiscal year and the total amount of indebtedness did not exceed two percent (2%) of the total consolidated assets of the indebted entity at the end of such fiscal year; (ii) the Director (or an immediate family member of the Director) is, or during the last fiscal year has been, an executive officer, director or trustee of a charitable organization where the Company s annual discretionary charitable contributions to the charitable organization, in the last or current fiscal year did not exceed the greater of $1,000,000 or two percent (2%) of that organization s consolidated gross revenues; (iii) the Director (or an immediate family member of a Director) is a member of, employed by, or of counsel to a law firm or investment banking firm that performs services for the Company, provided the payments made by the Company to the firm during a fiscal year do not exceed two percent (2%) of the firm s gross revenues for the fiscal year, and the Director s relationship with the firm is such that his or her compensation is not linked directly or indirectly to the amount of payments the firm receives from the Company; or (iv) a relationship arising solely from a Director s position as a director of another company that engages in a transaction with the Company shall not be deemed a material relationship or transaction that would cause a Director to not be independent.

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

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

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

Director Identification, Evaluation and Nomination.

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

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

If the Committee determines that (i) an incumbent Director consenting to re-nomination continues to be qualified and has satisfactorily performed his or her duties as Director during the preceding term, and (ii) there exist no reasons, including considerations relating to the composition and functional needs of the Board as a whole, why in the Committee s view the incumbent should not be re-nominated, then the Committee will, absent special circumstances, propose the incumbent Director for re-election.

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

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

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

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

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

Only those recommendations whose submission complies with the following procedural requirements will be considered by the Committee: (1) *Stockholder Nominations to the Committee*. The Committee will consider qualified nominees recommended by stockholders who may submit recommendations to the Company s Secretary at the Company s headquarters address. To be considered by the Committee, stockholder nominations must be submitted before the Company s fiscal year-end and must include the information listed in paragraph 2(i) and (ii)(a), (c) and (d) below, together with a statement of the number of shares of Company stock beneficially owned by the stockholder making the nomination and by any other supporting stockholders. (2) *Stockholder Nominations at the Annual Meeting*. The By-laws of the Company provide that any stockholder who is entitled to vote for the election of Directors at a meeting called for such purpose may nominate persons for election to the Board. A stockholder desiring to nominate a person or persons for election to the Board must send a timely (see Stockholder Proposals on page 22) written notice to the Corporate Secretary setting forth in reasonable detail the following: (i) as to each person whom the stockholder proposes to nominate for election all information relating to such person that is required to be included in a proxy statement filed pursuant to the proxy rules of the SEC (including such person s written consent to being named in the proxy statement as a nominee and to serving as a Director if elected); and (ii) as to the stockholder giving notice (a) the name and address of the stockholder making the nomination, (b) a representation that the stockholder is a holder of record of stock of the Company entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to present the nomination, (c) the class or series and number of shares of capital stock of the Company which are owned beneficially or of record by the stockholder, and (d) a description of all arrangements or understandings between the stockholder and any other person or persons (naming such person or persons) pursuant to which the nomination is to be made by the stockholder.

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

Director Qualification Standards.

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

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

Communication with the Board.

The Board has established several means for employees, stockholders and other interested persons to communicate their concerns to the Board. If the concern relates to the Company s financial statements, accounting practices or internal controls, the concern may be submitted in writing to the Chairperson of the Audit Committee in care of the Company s Secretary at the Company s headquarters address. If the concern relates to the Company s governance practices, business ethics or corporate conduct, the concern may be submitted in writing to the Chairperson of the Nominating and Corporate Governance Committee in care of the Company s Secretary at the Company s headquarters address. If the concern is intended for the non-management Presiding Director or the non-management Directors as a group, the concern may be submitted in writing to such non-management Director(s) in care of the Company s Secretary at the Company s headquarters address. If the employee, stockholder or other interested person is unsure as to which category his or her concern relates, he or she may submit it in writing to the Board or any one of the Directors in care of the Company s Secretary at the Company s headquarters address. The Company s headquarters address is 1437 South Boulder Avenue, Tulsa, OK 74119.

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

EXECUTIVE COMPENSATION AND OTHER INFORMATION

Summary of Cash and Certain Other Compensation

The information contained in the following Summary Compensation Table for fiscal years 2006, 2005, and 2004 is furnished with respect to the named executive officers.

Summary Compensation Table

	Annual Compensation				Long-term Compensation			
					Awards		Payouts	
Name and Principal Position	Year	Salary($)	Bonus($)	(1) Other Annual Compen-sation ($)	(2) Restricted Stock Awards ($)	Securities Underlying Options (#)	LTIP Payouts ($)	(3) All Other Compen-sation ($)
Hans Helmerich, President and CEO	2006	559,833	789,000	978	303,650	90,000		67,690
	2005	528,958	780,000	1,378		180,000		65,642
	2004	517,318	158,000	1,177		180,000		33,766
John W. Lindsay, Executive Vice President, U.S. and International Operations of Drilling Subsidiary	2006	284,814	280,000	734	910,950	35,000		40,641
	2005	192,843	160,000	2		44,000		10,694
	2004	188,600	27,000	4		32,000		8,260
M. Alan Orr, Executive Vice	2006	298,056	280,000	734	910,950	35,000		12,923
	2005	225,659	160,000			44,000		10,500