



Helmerich & Payne, Inc.
Petroleum Equipment Suppliers Association
Supply Chain Seminar
February 1, 2012

Disclaimer

Statements within this presentation are “forward-looking statements” within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, and are based on current expectations and assumptions that are subject to risks and uncertainties. All statements other than statements of historical facts included in this release, including, without limitation, statements regarding the registrant’s future financial position, business strategy, budgets, projected costs and plans and objectives of management for future operations, are forward looking statements. For information regarding risks and uncertainties associated with the Company’s business, please refer to the “Risk Factors” and “Management’s Discussion & Analysis of Financial Condition and Results of Operations” sections of the Company’s SEC filings, including but not limited to, its annual report on Form 10-K and quarterly reports on Form 10-Q. As a result of these factors, Helmerich & Payne, Inc.’s actual results may differ materially from those indicated or implied by such forward-looking statements. We undertake no duty to update or revise our forward-looking statements based on changes in internal estimates, expectations or otherwise, except as required by law.





The Impact of Economic Uncertainty on Oil & Gas Supply Chains

- **H&P Overview – Who we are - Growth, Performance, & Results**
- **The Changing Markets**
- **The Impact of Economic Uncertainty**





H&P Basics

331 Drilling Rigs*

~\$5 Billion in Assets

~8,700 Employees

~10% Debt/Cap



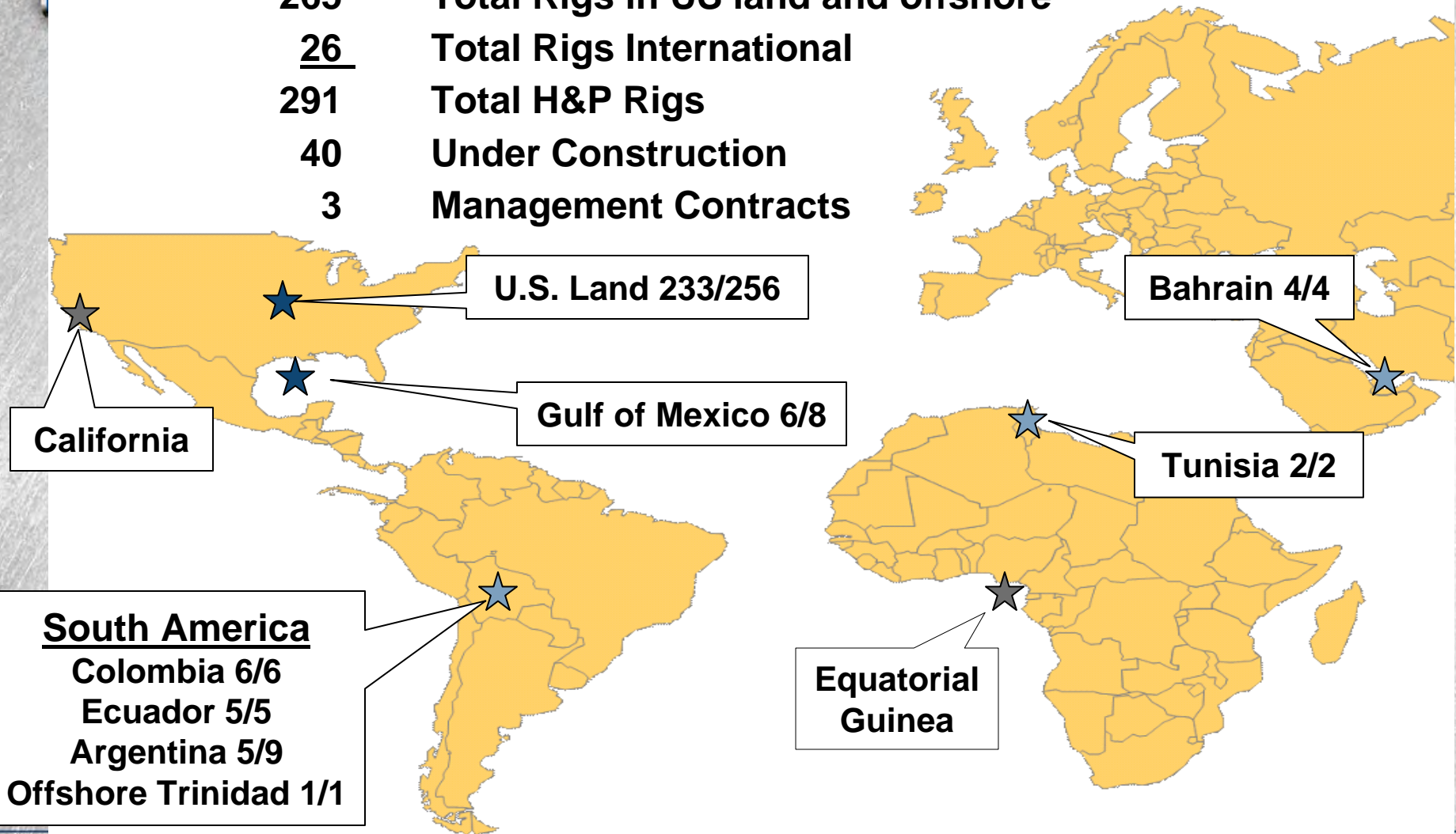
* Includes 40 announced new FlexRigs under construction with customer commitments that are scheduled for completion during fiscal 2012 and fiscal 2013.

HELMERICH & PAYNE, INC.



H&P's Global Rig Fleet (as of 1/9/12)

265 Total Rigs in US land and offshore
26 Total Rigs International
291 Total H&P Rigs
40 Under Construction
3 Management Contracts



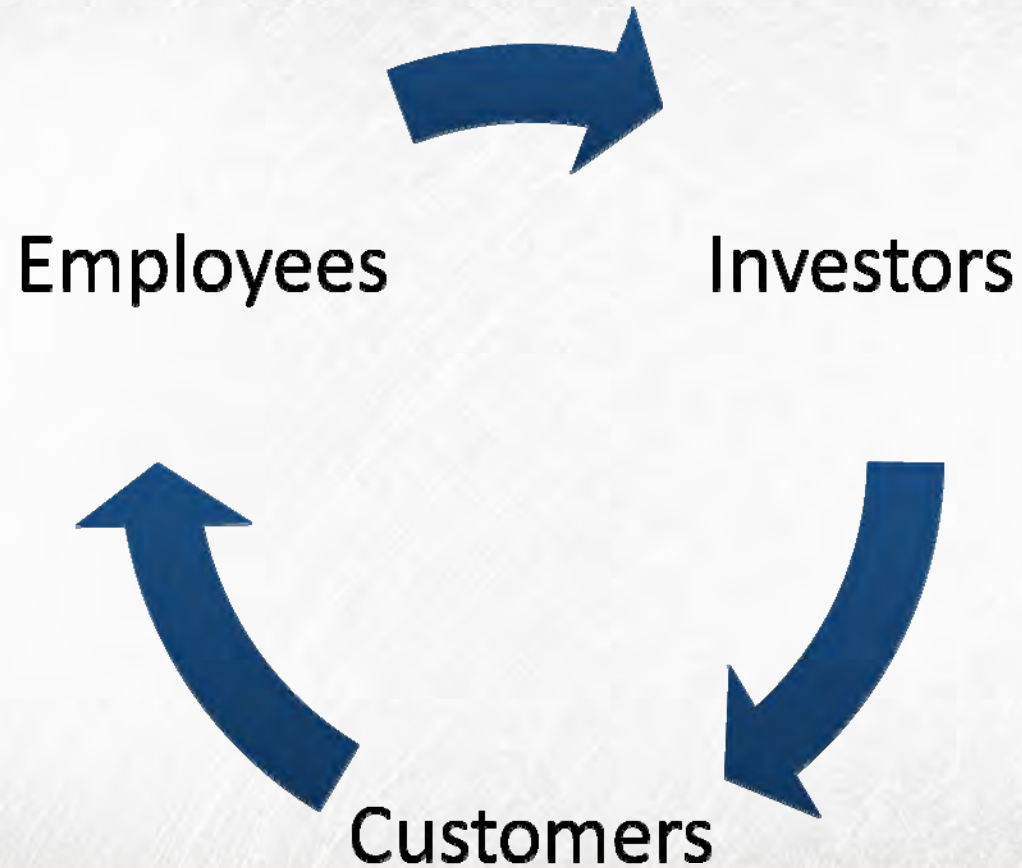


BUSINESS MODEL



H&P Culture & Value Proposition

The Master's We Serve





Performance is Not Only About Better Rigs

It's also about:

- **People & Safety**
- **Experience**
- **Training**
- **Culture**
- **Supply Chain**
- **Support Structure**
- **Processes**
- **Maintenance**





Why FlexRig?

New “clean sheet of paper” design not limited by traditional offerings with mandate to improve:

- Drilling Performance
- Safety by Design
- Mobility
- Environmental Footprint
- Ergonomics for Rig Personnel

Safely providing sustainable & consistent higher performance creates a value proposition.

Our business model is based on providing value, not competing in a commodity rig business.





H&P's New Build Advantages

- We have been improving and honing the process for over 10 years, prompting our assertion that we build a better advanced technology rig
- Safety is our core value, followed by a relentless focus on strong execution and performance in the field
- Exceptional fleet uniformity allows us to learn and improve at accelerated rates
- A strong organizational bias to consistent, repeatable, field execution
- Extensive collaboration with customers and suppliers

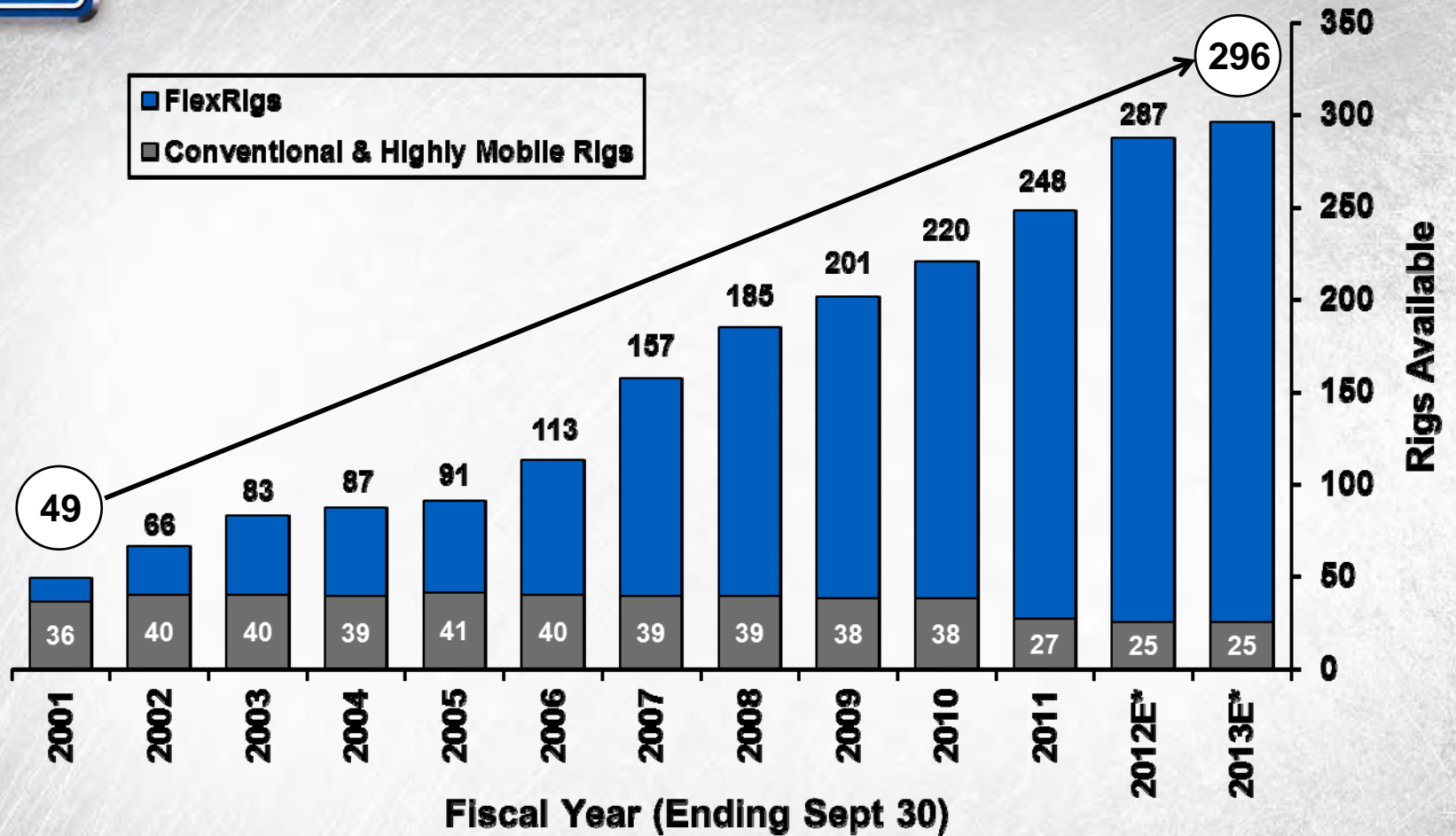




**GROWTH & PERFORMANCE
ARE NOT MUTUALLY EXCLUSIVE**



Organic U.S. Land Fleet Growth



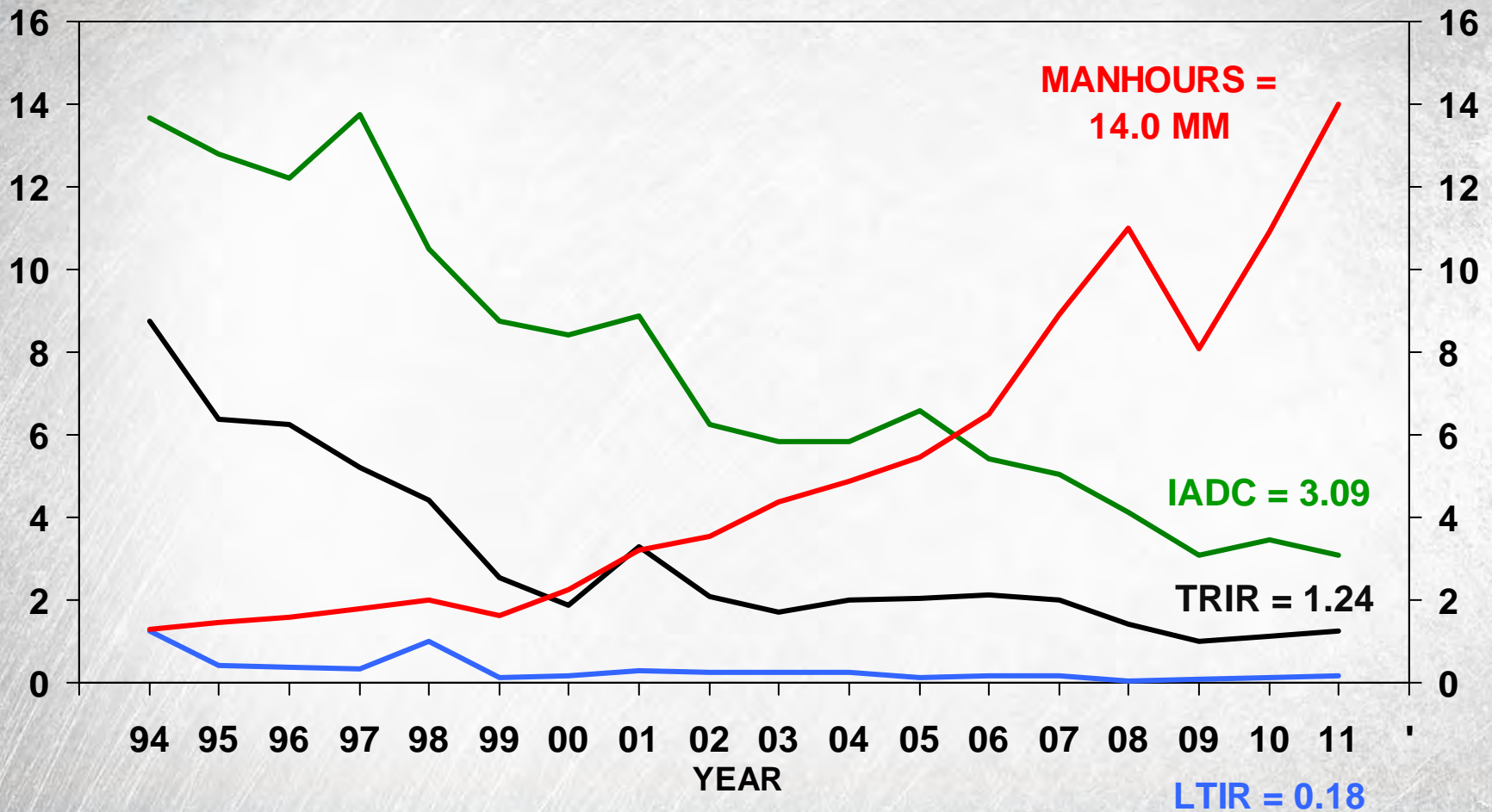
* Estimates include existing rigs and announced new build commitments.





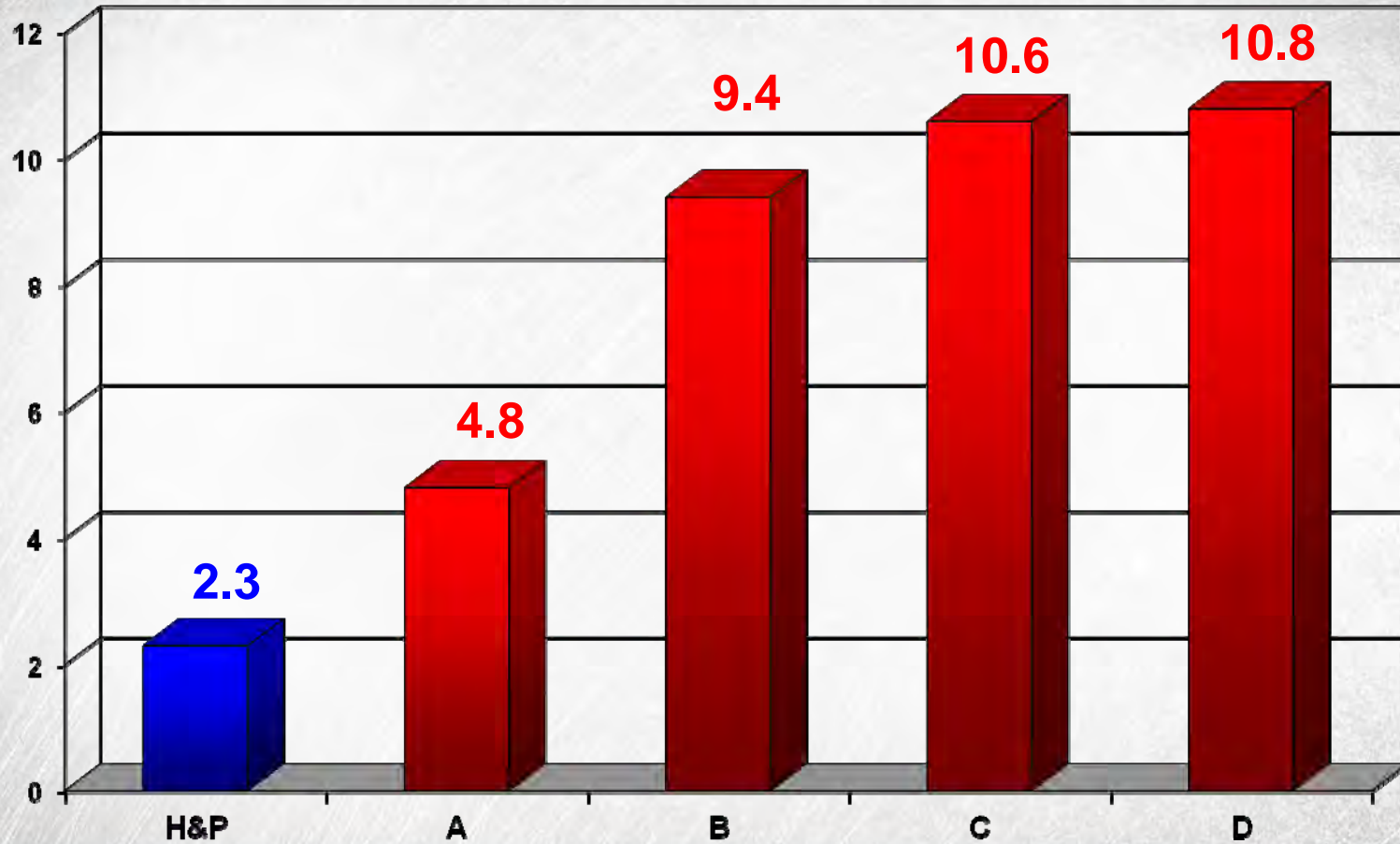
U.S. Land Safety Performance 1994 – 2011

Year-to-Date TRIR and LTIR



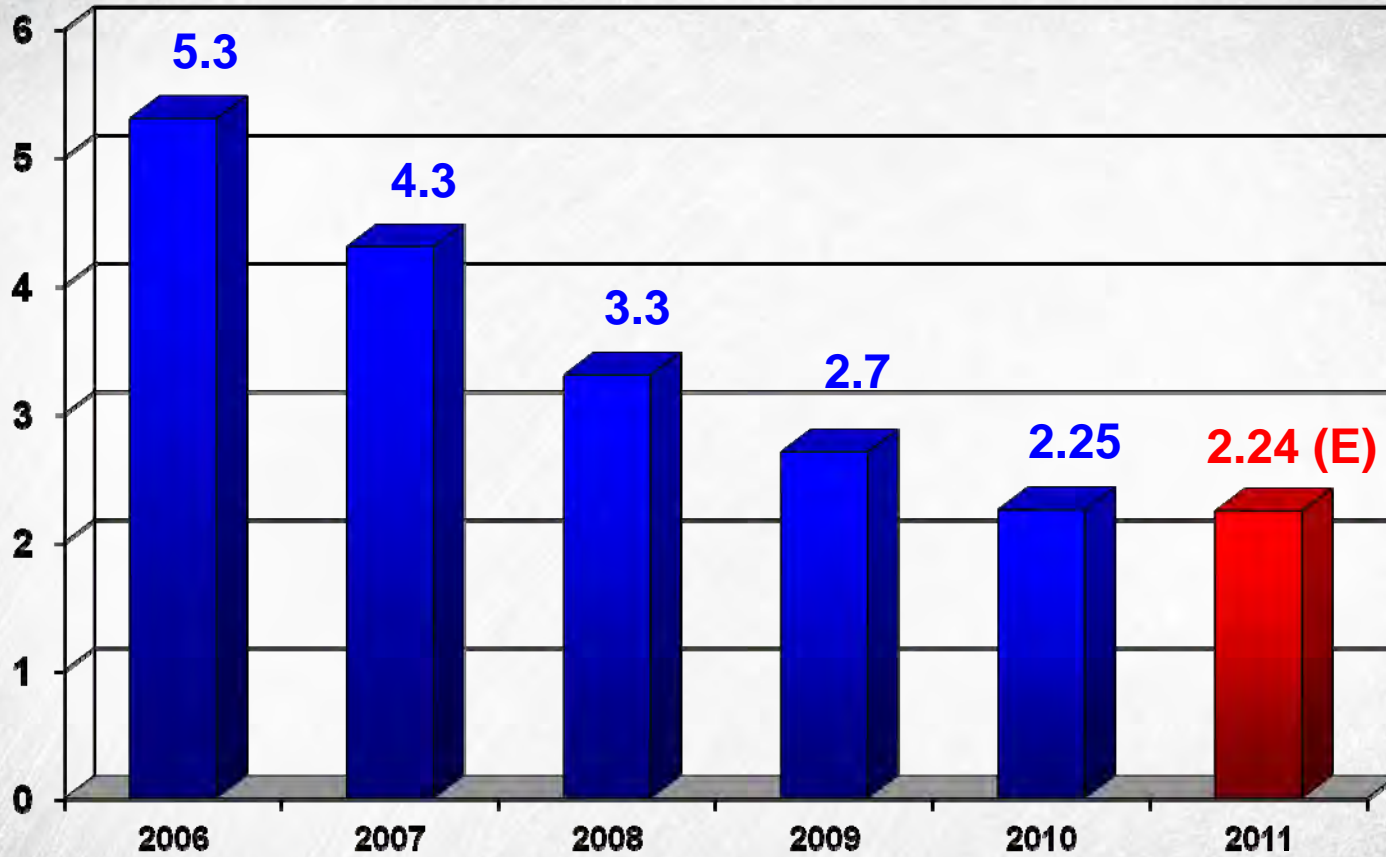


Injuries per 1-MM Feet Drilled in 2010 for 5-Largest U.S. Land Contractors



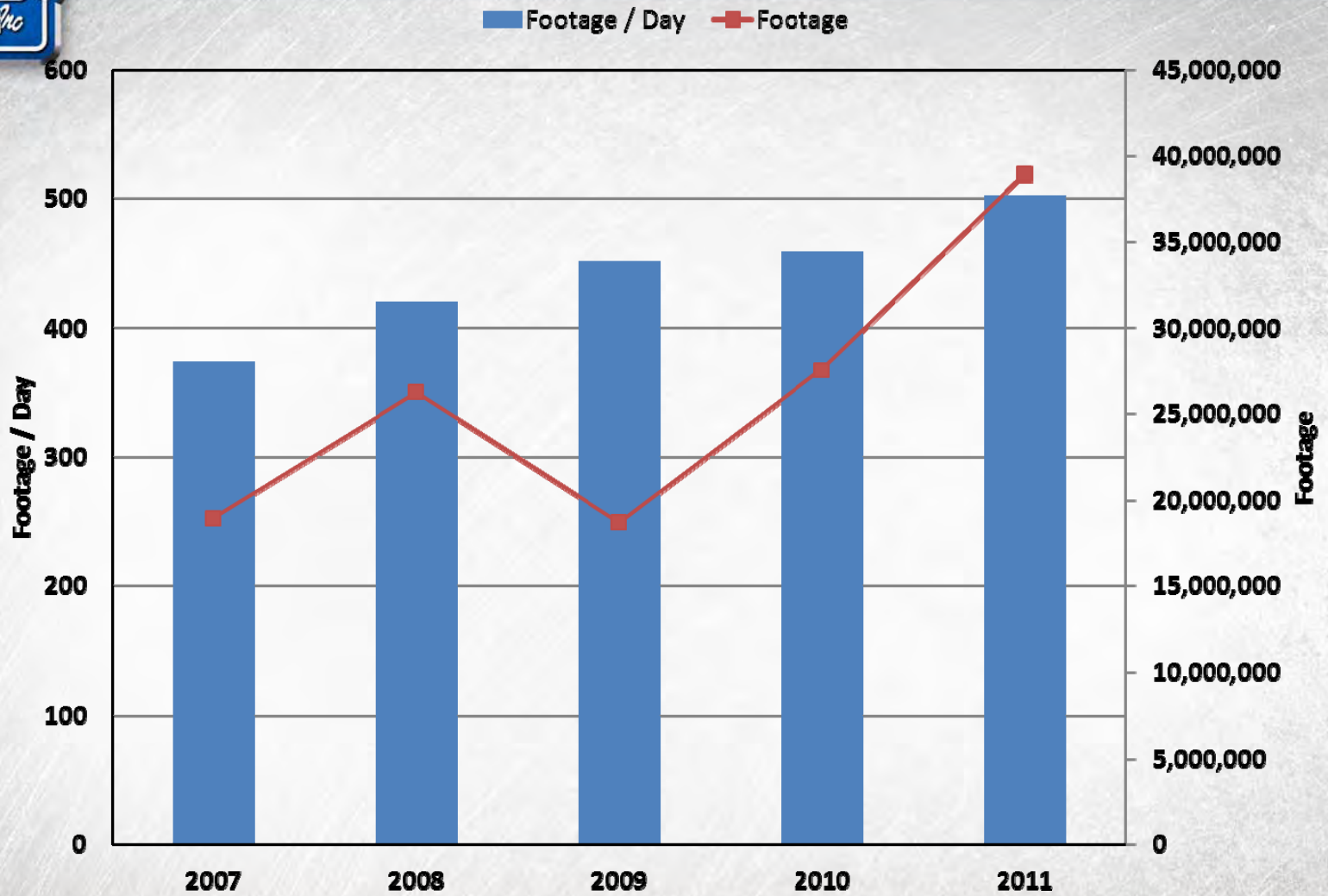


H&P Injuries per 1-MM Feet Drilled 2006 – 2011 (E)





H&P US Land Drilling Performance





RESULTS

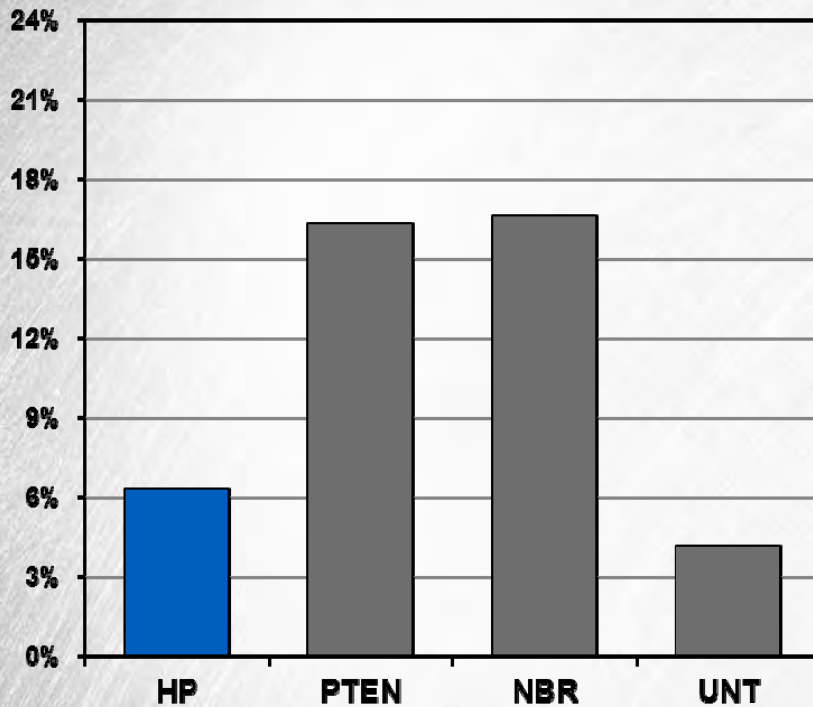
NO MARGIN - NO MISSION



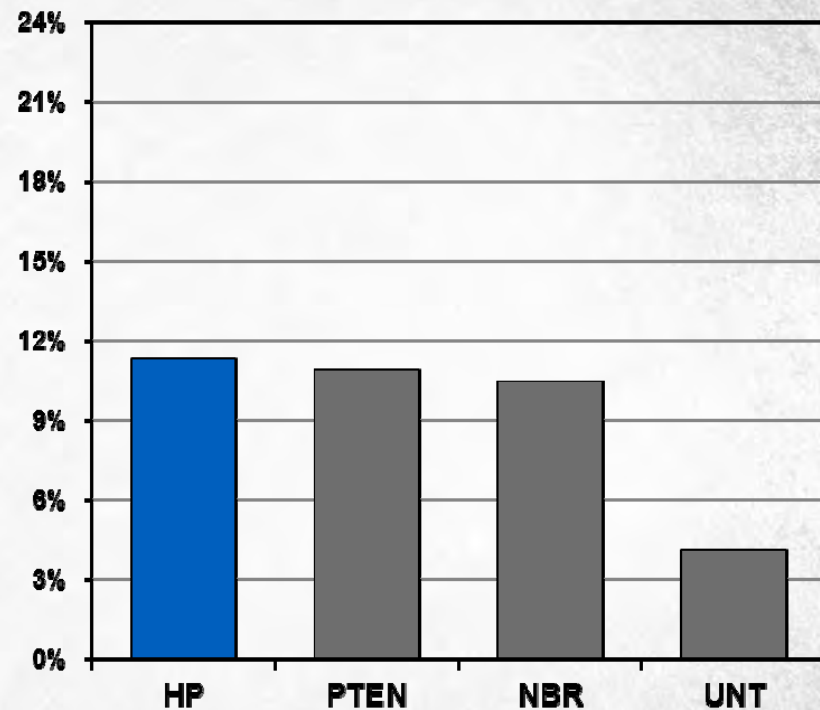
Active Rig Market Share

Lower 48 U.S. Land

As of December 28, 2001

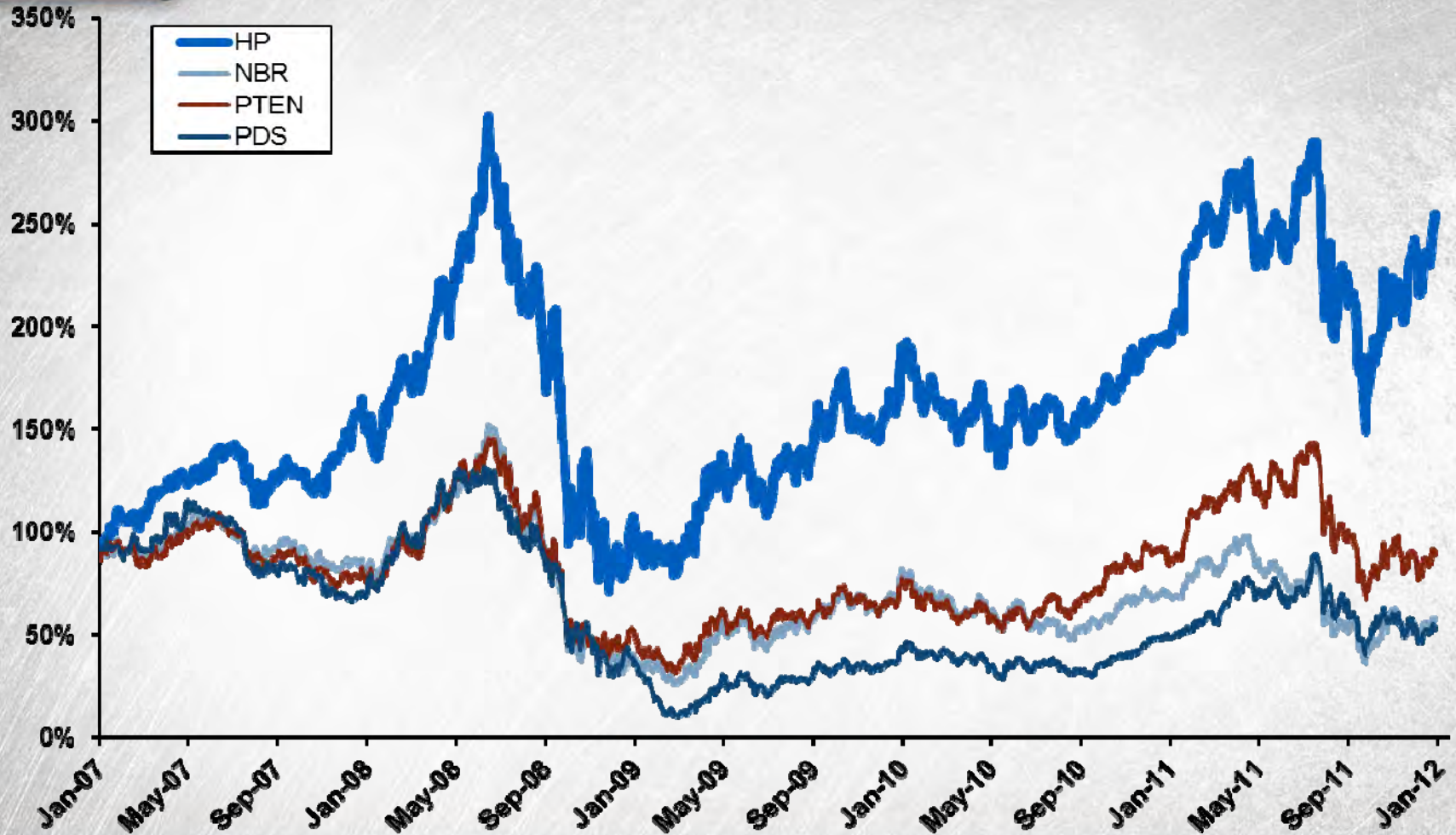


As of December 30, 2011





Five-Year Relative Shareholder Return



Source: Yahoo! Finance as of January 6, 2012



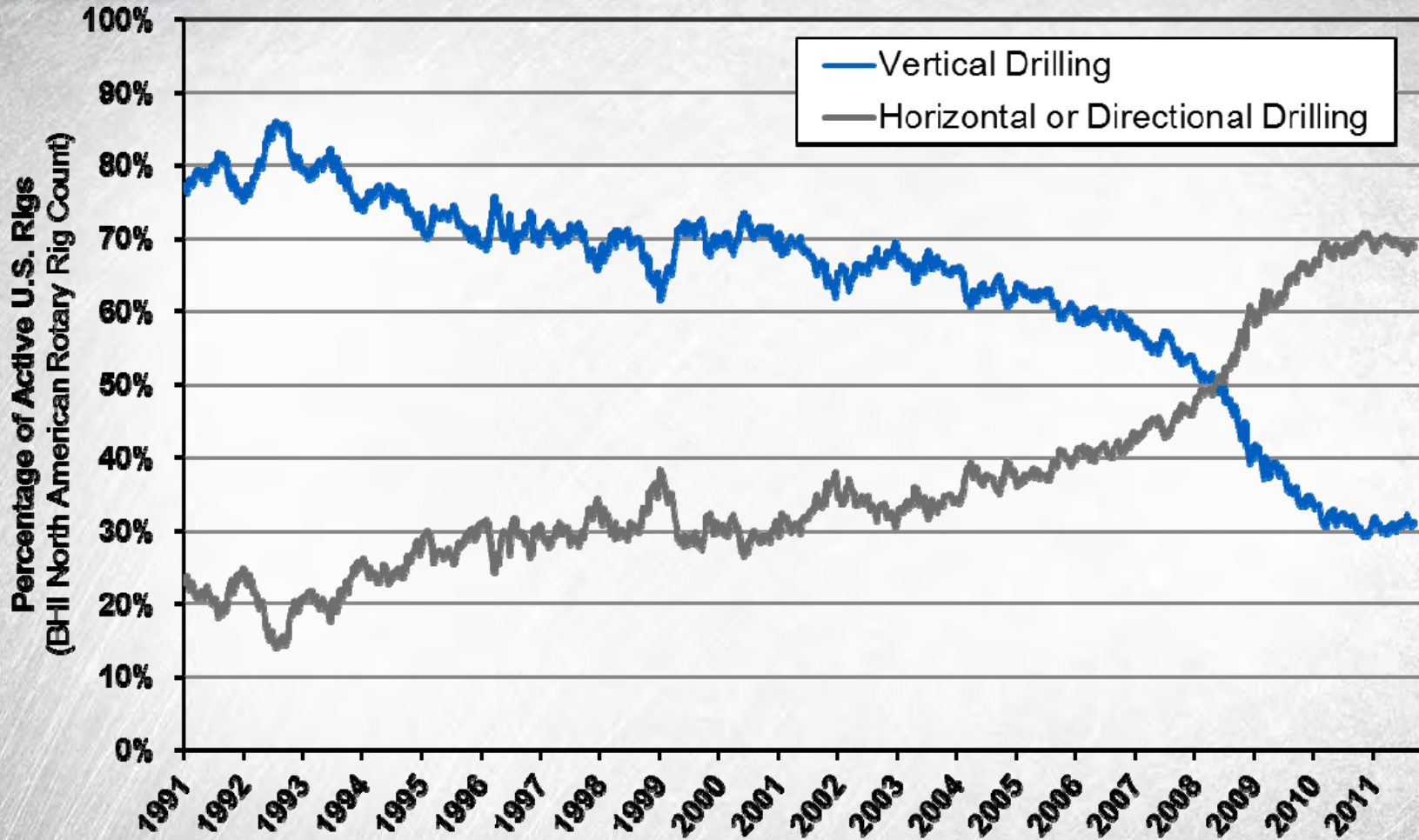


MARKET DYNAMICS



Increasing Focus on More Difficult Drilling

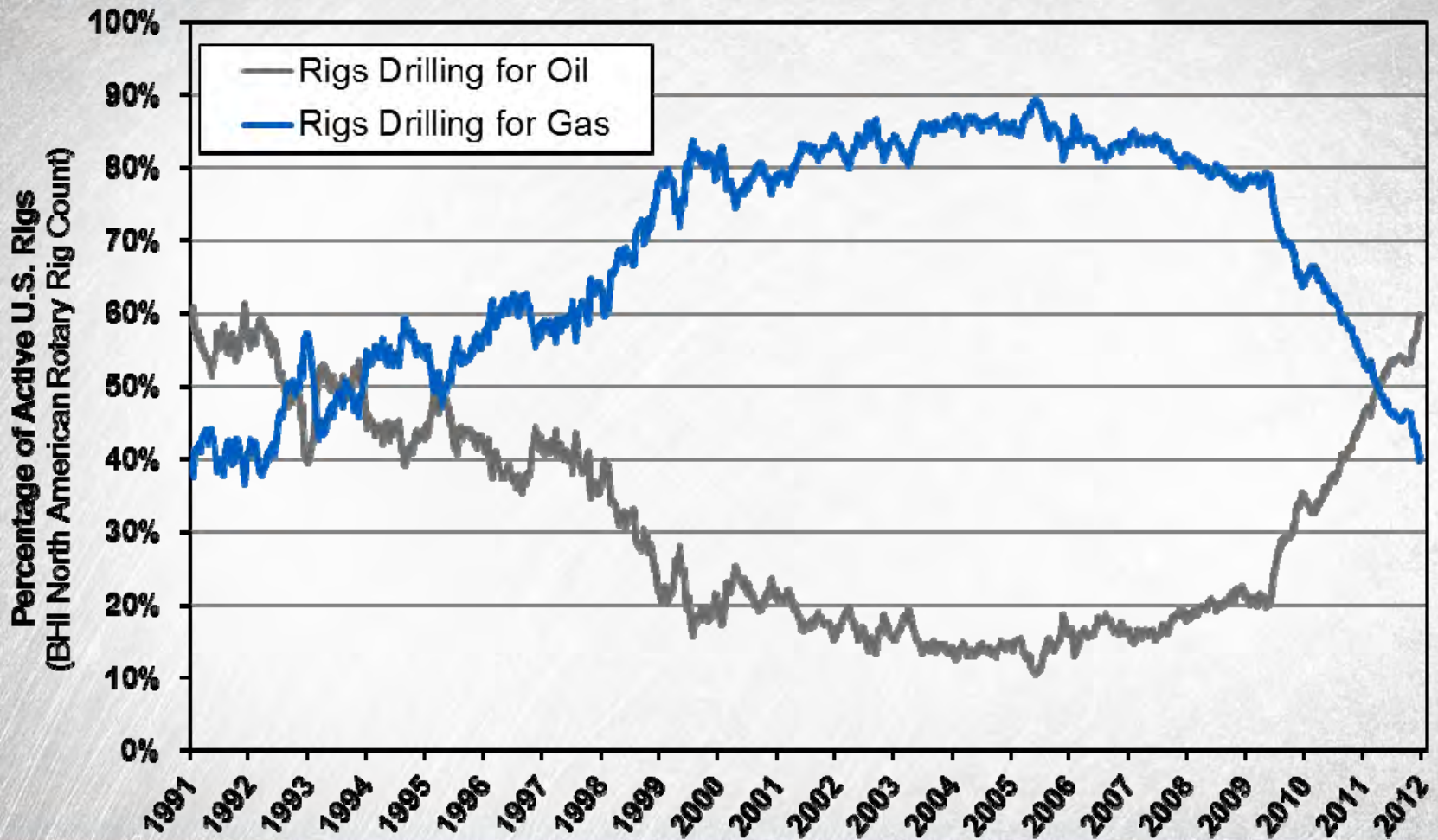
U.S. Rig Activity by Drilling Type





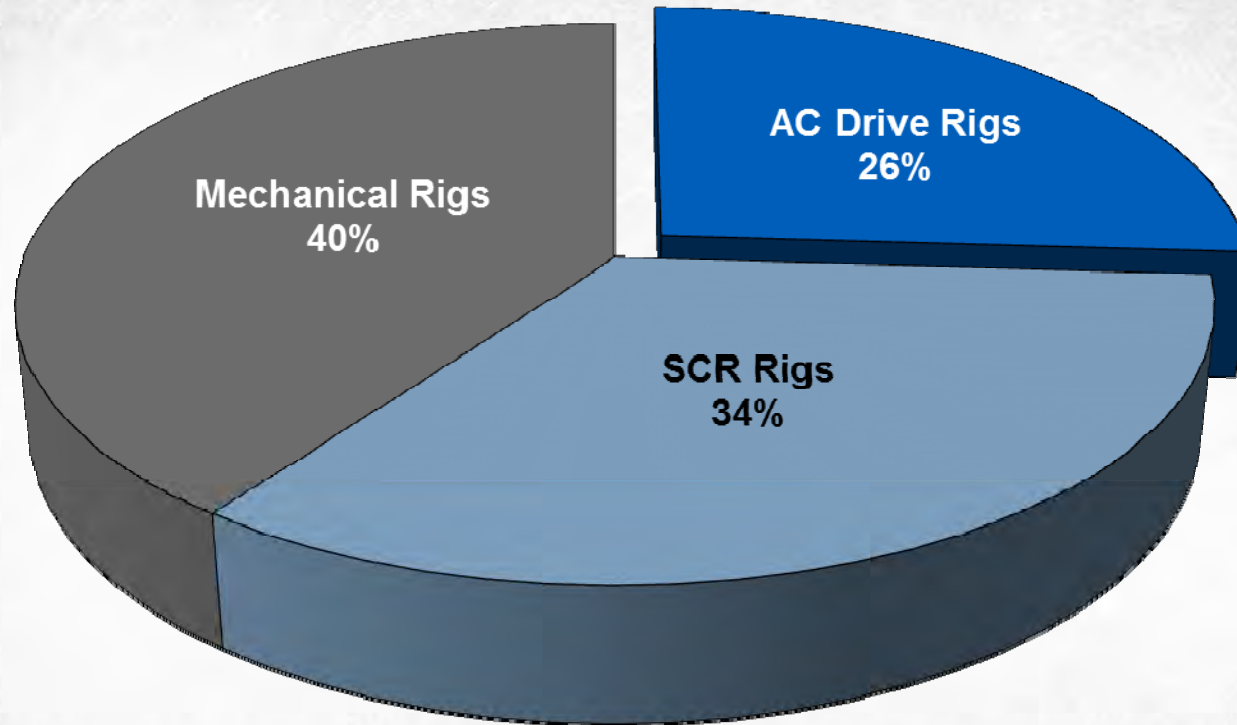
Economics Shift Activity Towards Oil Drilling

U.S. Rig Activity by Hydrocarbon Target





Rigs Active (~1,900) in the U.S. Land Market (By Power Type)

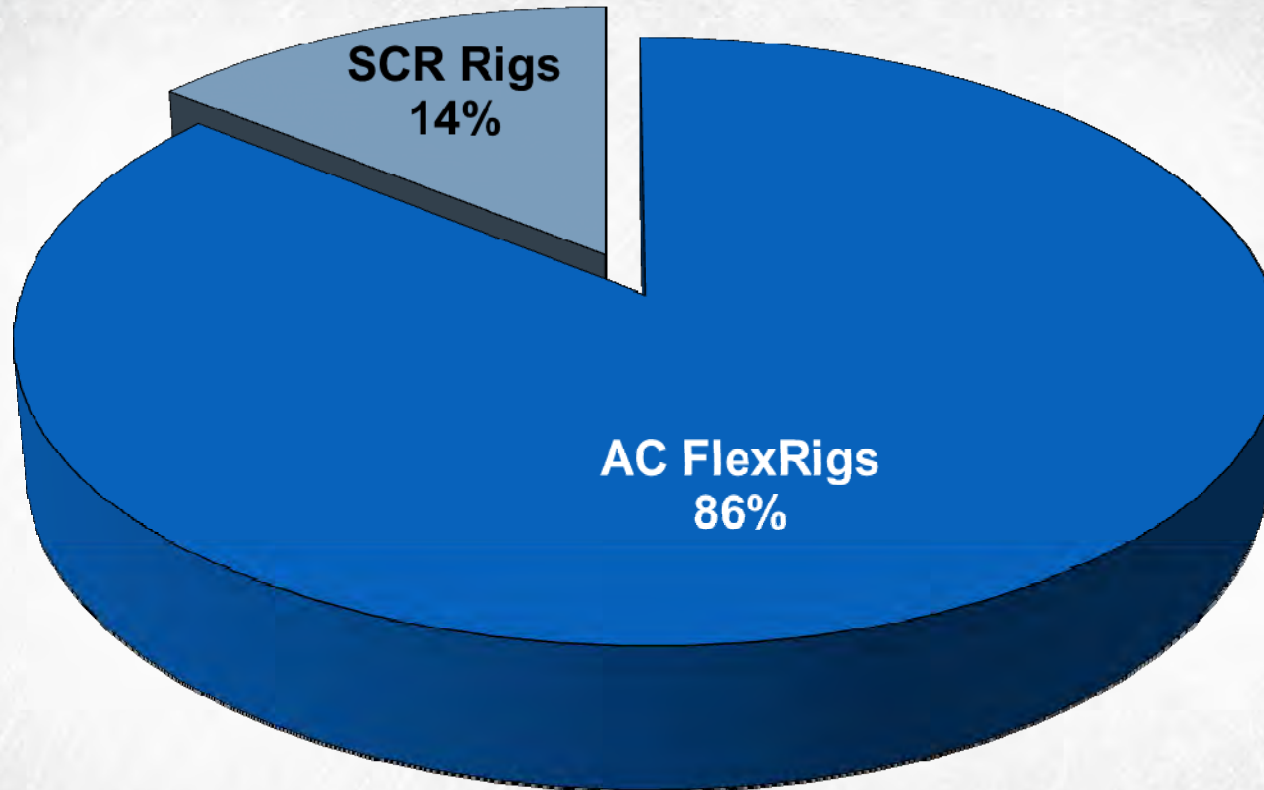


Note: The above estimates corresponding to rig activity are derived from multiple sources including Rig Data, Smith Bits, and corporate filings.





H&P U.S. Land Fleet by Power Type*

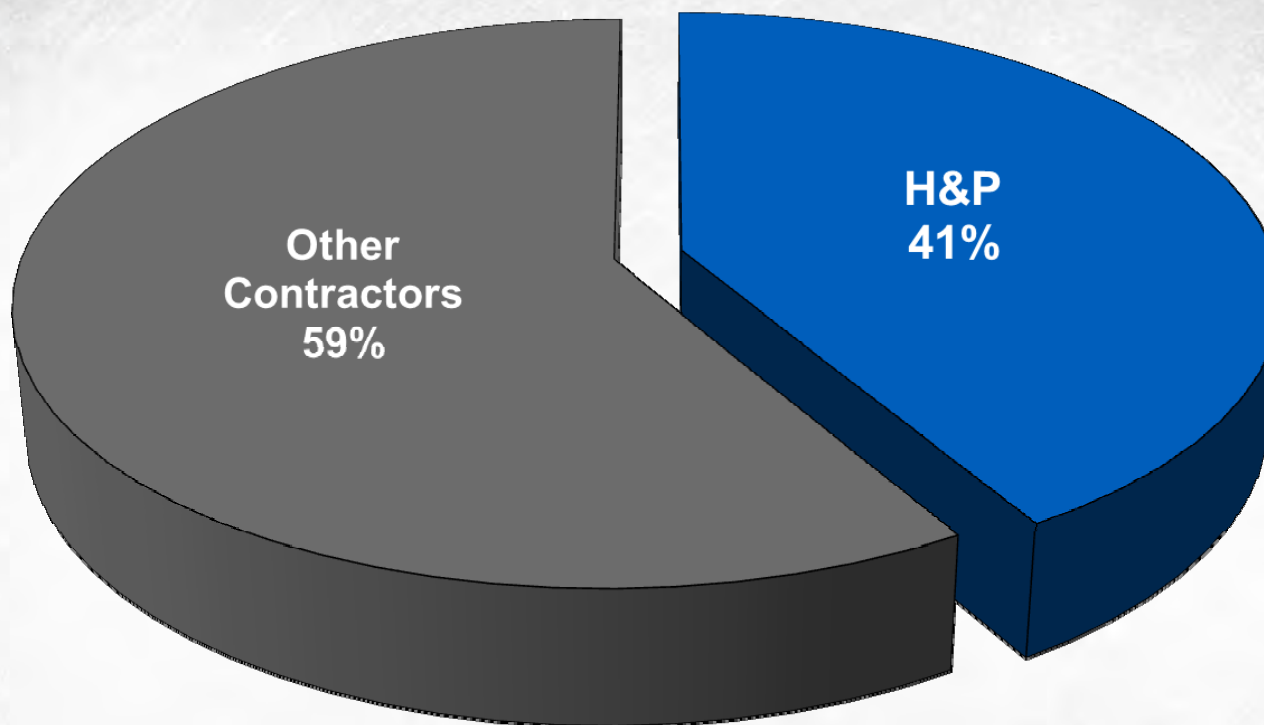


* Includes New Build Commitments.





AC Drive U.S. Rig Market Share (~500 Rigs)



Note: The above estimates corresponding to market share are derived from multiple sources including Rig Data, Smith Bits, and corporate filings.





SUPPLY CHAIN AT H&P



Taking/Accepting Ownership

Vertical Integration – Design through Operations

- Safety by Design – H&P is OEM & End User
- Equipment Functionality/Packaging – Minimize Constraints
- Life Cycle Quality – Pride of Ownership/Customer Alignment
- Schedule/Costs – Confidence in ability to deliver on time & on budget
- Proven Design – No Customization Required
- Ongoing Support (structures to software) – Control our Future





H&P Greensport Facility

- Assembly/Testing/Commissioning/Delivery of FlexRigs.
- Full time DNV Surveyor for drilling structures fabrication
- Team also manages three structural fabrication facilities.
- Over 1,200 dedicated construction personnel.
- Approximately 315 personnel at this facility.
- H&P Licensed to API 4F, Q1 & 8C
- FlexRig designs have DNV Type Approval
- 100% on time deliveries since 2006 (hurricanes Rita & Katrina)





FlexRig Assembly Facility

- Since 2001, we have built over 234 new FlexRigs in this facility (includes FlexRig2s, FlexRig3s and FlexRig4s).
- Since 2005, we have reduced average man hours per rig by over 70% (FlexRig3 and FlexRig4)



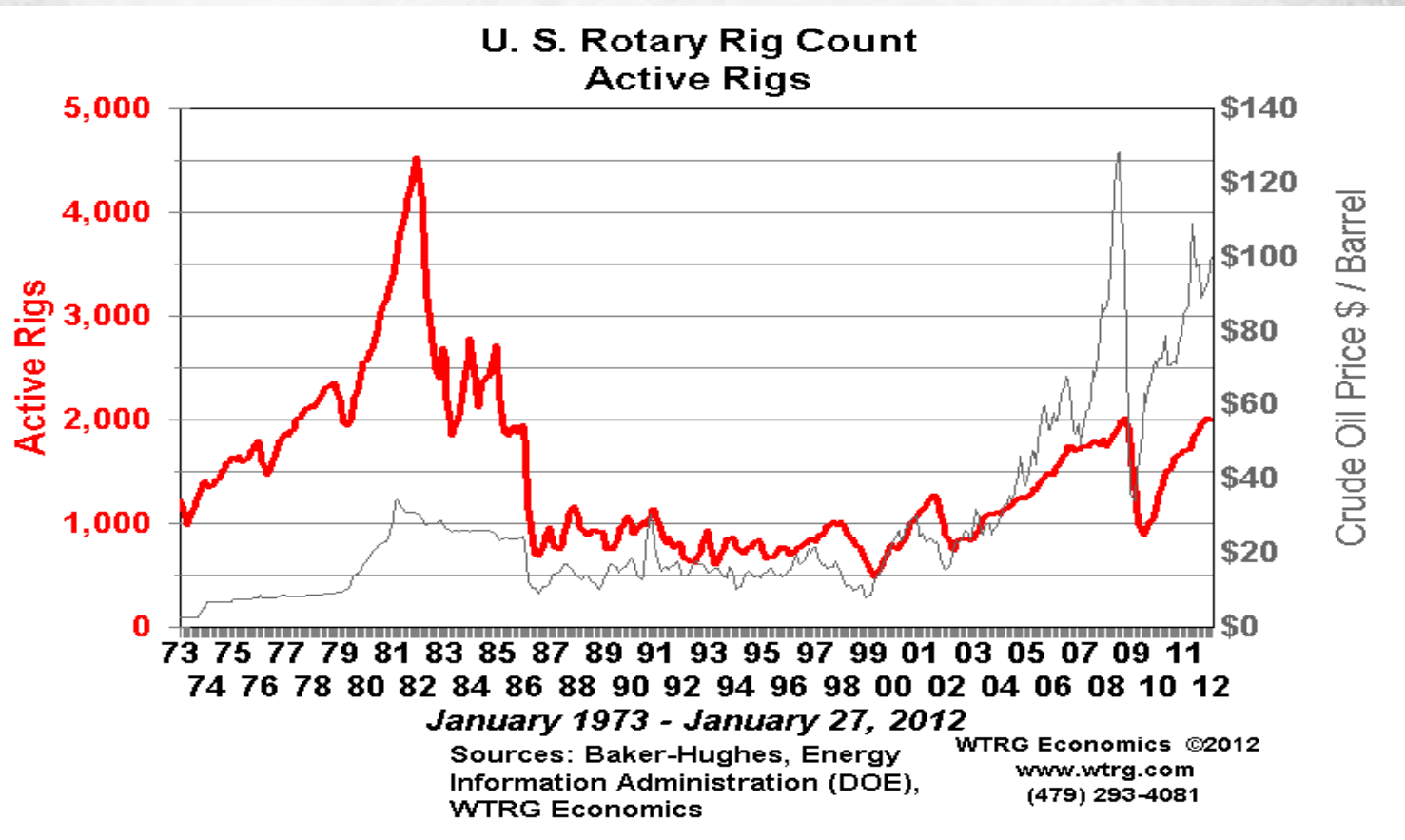


**ECONOMIC UNCERTAINTY
ASSET OR LIABILITY?**



Economic Uncertainty – Asset or Liability?

“Beauty Lies in the Eyes of the Beholder”





The Impact of Economic Uncertainty H&P's Experience

As a Drilling Contractor

- Customers “live within their budgets”
- Experience levels go up
- Efficiency goes up
- Quality of service accelerates
- Earnings go down
- People lose their jobs

As a Manufacturer

- Efficiency normalizes
- Costs moderate
- Peak momentum is hard to regain
- People lose their jobs





Opportunities from Economic Uncertainty

“One man’s trash is another man’s treasure”

- Get tougher & get better
- Become more disciplined
- Work harder – 40 hr. weeks, vacations, and weekends off are not guaranteed entitlements – It is good for the soul
- Become better citizens - interdependent
- Learn to appreciate what we have
- Learn to do more with less
- Industrial Darwinism takes hold
- Our inexperienced folks learn to become managers





Guerilla Survival Tactics

“When you don’t have a choice, be brave”

- Focus only on what you control
- Prioritize on what is really important
- Own the problems
- No whining & no excuses
- Set yourself up for success
- Leverage technology and automation – machines don’t file lawsuits - yet
- Weed the garden
- Invest in people
- Swim Upstream
- Booby-trap the bean counters





What You Can Do To Help

- Identify and minimize parasitic losses
- Focus on raw material through manufacturing – our expectations are low for warranties and service
- Customer self service– online portals
- Find ways to compete in the global economy – consumer loyalty is out of favor
- Take an active role in the political process





END OF PRESENTATION