

MURPHY OIL CORP /DE
Form DEF 14A
March 27, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

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

Murphy Oil Corporation
(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

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(3) Filing Party:

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NOTICE OF ANNUAL MEETING

Date: May 13, 2015
Time: 10:00 a.m.
Place: South Arkansas Arts Center
110 East 5th Street
El Dorado, Arkansas

AGENDA:

1. Election of Directors;
2. Advisory vote on executive compensation;
3. Approval or disapproval of the action of the Audit Committee of the Board of Directors in appointing KPMG LLP as the Company's independent registered public accounting firm for 2015;
4. To consider and act upon a stockholder proposal concerning the adoption of proxy access; and
5. Such other business as may properly come before the meeting.

Only stockholders of record at the close of business on March 16, 2015, the record date fixed by the Board of Directors of the Company, will be entitled to notice of and to vote at the meeting or any adjournment thereof. A list of all stockholders entitled to vote is on file at the office of the Company, 200 Peach Street, El Dorado, Arkansas 71730.

You may vote your shares by signing and returning the enclosed proxy card, by telephone, by internet or in person as explained on the card.

E. Ted Botner

Vice President, Law and Corporate Secretary

El Dorado, Arkansas

March 27, 2015

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The solicitation of the enclosed proxy is made on behalf of the Board of Directors of Murphy Oil Corporation (the Board) for use at the Annual Meeting of Stockholders to be held on May 13, 2015. It is expected that this Proxy Statement and related materials will first be mailed to stockholders on or about March 27, 2015. The complete mailing address of the Company's principal executive office is 200 Peach Street, P.O. Box 7000, El Dorado, Arkansas 71731-7000. References in this Proxy Statement to we, us, our, the Company and Murphy Oil refer to Murphy Corporation and its consolidated subsidiaries.

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Proxy Summary

Proposals to be Voted On

The following proposals will be voted on at the Annual Meeting of shareholders.

	For More Information	Board Recommendation
Proposal 1 Election of Directors	Page 3	FOR
Claiborne P. Deming	Walentin Mirosh	
T. Jay Collins	R. Madison Murphy	
Steven A. Cossé	Jeffrey W. Nolan	
Lawrence R. Dickerson	Neal E. Schmale	
Roger W. Jenkins	Laura A. Sugg	
James V. Kelley	Caroline G. Theus	
Proposal 2	Page 15	FOR
Advisory Vote to Approve Executive Compensation		
Proposal 3	Page 35	FOR
Approval of Appointment of Independent Registered Public Accounting Firm		
Proposal 4	Page 36	AGAINST
To consider and act upon a stockholder proposal concerning the adoption of proxy access You may cast your vote in any of the following ways:		

The 2015 Murphy Oil Corporation Annual Meeting will begin at 10:00 a.m. on May 13, 2015,
at the South Arkansas Arts Center located at 110 East 5th Street in El Dorado, Arkansas.

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Proxy Statement

VOTING PROCEDURES

The affirmative vote of a majority of the shares present in person or represented by proxy at the Annual Meeting is required for approval of matters presented at the meeting. Your proxy will be voted at the meeting, unless you (i) revoke it at any time before the vote by filing a revocation with the Secretary of the Company, (ii) duly execute a proxy card bearing a later date, or (iii) appear at the meeting and vote in person. Proxies returned to the Company, votes cast other than in person and written revocations will be disqualified if received after commencement of the meeting. If you elect to vote your proxy by telephone or internet as described in the telephone/internet voting instructions on your proxy card, the Company will vote your shares as you direct. Your telephone/internet vote authorizes the named proxies to vote your shares in the same manner as if you had marked, signed and returned your proxy card.

Votes cast by proxy or in person at the meeting will be counted by the persons appointed by the Company to act as Judges of Election for the meeting. The Judges of Election will treat shares represented by proxies that reflect abstentions as shares that are present and entitled to vote for purposes of determining the presence of a quorum and for purposes of determining the outcome of any other business submitted at the meeting to the stockholders for a vote. Abstentions, however, do not constitute a vote for or against any matter and thus will be disregarded in the calculation of votes cast.

The Judges of Election will treat shares referred to as broker non-votes (i.e., shares held by brokers or nominees as to which instructions have not been received from the beneficial owners or persons entitled to vote and that the broker or nominee does not have discretionary power to vote on a non-routine matter) as shares that are present and entitled to vote on routine matters and for purposes of determining the presence of a quorum. The proposal to approve or disapprove the appointment of KPMG LLP as the Company's independent registered public accounting firm for the current fiscal year should be considered a routine matter. However, for purposes of determining the outcome of any non-routine matter as to which the broker does not have discretionary authority to vote, those shares will be treated as not present and not entitled to vote with respect to that matter (even though those shares are considered entitled to vote for quorum purposes and may be entitled to vote on other matters). Notably, the election of directors, the advisory vote to approve executive compensation and the stockholder proposal concerning proxy access should be considered non-routine matters.

Unless specification to the contrary is made, the shares represented by the enclosed proxy will be voted FOR all the nominees for director, FOR the approval of the compensation of the Named Executive Officers, as disclosed in this proxy statement pursuant to the compensation disclosure rules of the Securities and Exchange Commission, FOR approval of the action of the Audit Committee of the Board of Directors in appointing KPMG LLP as the Company's independent registered public accounting firm for 2015 and AGAINST the stockholder proposal concerning proxy access.

The expenses of printing and mailing proxy material, including expenses involved in forwarding materials to beneficial owners of stock, will be paid by the Company. The Company's officers or employees may solicit the return of proxies from certain shareholders by telephone or other means, without additional compensation to them. In addition, the Company has retained Georgeson Shareholder Communications Inc. to assist in the solicitation of proxies for a fee of approximately \$10,000 plus expenses.

VOTING SECURITIES

On March 16, 2015, the record date for the meeting, the Company had 177,966,573 shares of Common Stock outstanding, all of one class and each share having one vote with respect to all matters to be voted on at the meeting. This amount does not include 17,075,887 shares of treasury stock. Information as to Common Stock ownership of certain beneficial owners and management is set forth in the tables on pages 12 and 13 (Security Ownership of Certain Beneficial Owners and Security Ownership of Management).

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Proposal 1 Election of Directors

The Board recognizes that it is important for the Company's directors to possess a diverse array of backgrounds and skills, whether in terms of executive management leadership or educational achievement. When considering new candidates, the Nominating & Governance Committee, with input from the Board, takes into account these factors as well as other appropriate characteristics, such as sound judgment, honesty, and integrity. In addition, the Nominating & Governance Committee, when searching for nominees for directors, relies on the Company's Corporate Governance Guidelines, which state, "The Company endeavors to have a board representing diverse experience at policy-making levels in business areas that are relevant to the Company's global activities. The goal is to assemble and maintain a Board comprised of individuals that not only bring to bear a wealth of business and technical expertise, but that also demonstrate a commitment to ethics in carrying out the Board's responsibilities with respect to oversight of the Company's operations."

One director, Frank W. Blue, has attained retirement age and will not stand for re-election. Due to his retirement, the by-laws of the Company, which currently provide for thirteen directors, will be amended effective May 13, 2015, to provide for twelve directors who will be elected at the Annual Meeting of Stockholders. Proxies cannot be voted for a greater number of persons than the number of nominees named. The Company's by-laws also provide that the directors elected at each Annual Meeting of Stockholders shall serve until their successors are elected and qualified.

To the extent authorized by the proxies, the shares represented by the proxies will be voted in favor of the election of the twelve nominees for director whose names are set forth below. If for any reason any of these nominees is not a candidate when the election occurs, the shares represented

by such proxies will be voted for the election of the other nominees named and may be voted for any substituted nominees or the Board may reduce its size. However, management of the Company does not expect this to occur. All nominees other than Mr. Dickerson and Ms. Sugg were elected at the last Annual Meeting of Stockholders. Mr. Dickerson and Ms. Sugg, recommended by members of the Company's Board of Directors and a third-party search firm respectively, were elected to the Board of Directors effective August 6, 2014 and February 9, 2015, respectively.

All directors, including Mr. Blue during his time of service, other than Mr. Cossé and Mr. Jenkins have been deemed independent by the Board based on the rules of the New York Stock Exchange (NYSE) and the standards of independence included in the Company's Corporate Governance Guidelines. As part of its independence recommendation to the Board, the Nominating & Governance Committee at its February meeting considered familial relationships (Mr. Deming, Mr. Murphy and Mrs. Theus are first cousins) and ordinary course of business transactions with BancorpSouth (Mr. Kelley, retired from BancorpSouth since August 2014) which were below the applicable threshold. The Committee also considered a hangar rental agreement with Union Holdings LLC (Mr. Murphy) which was determined to be a fair market value transaction at the rate of \$6,000 annually.

Mr. Deming, the independent non-employee chairman of the board serves as presiding director at regularly scheduled board meetings as well as at no less than three meetings solely for non-employee directors. The meetings for non-employee directors are held in conjunction with the regularly scheduled February, August and December board meetings, at least one of which includes only independent non-employee directors.

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Proposal 1 Election of Director~~(continued)~~

The Corporate Governance Guidelines provide that stockholders and other interested parties may send communications to the Board, specified individual directors and the independent directors as a group c/o the Secretary, Murphy Oil Corporation, P.O. Box 7000, El Dorado, AR 71731-7000. All such communications will be kept confidential unless otherwise required by law, and relayed to the specified director(s). The names of the nominees and certain information as to them, are as follows:

DIRECTOR NOMINEES

T. JAY COLLINS	Board Committees:	Certain other directorships
Houston, Texas		
	Executive Compensation	Oceaneering International, Inc. Houston, Texas
Age: 68		
	Nominating & Governance	
Director Since: 2013		
	Principal occupation or employment	
		Director, Oceaneering International, Inc., a global provider of engineered services and products primarily to the offshore oil and gas industry, since March 2002; President and Chief Executive Officer, Oceaneering International, Inc., from May 2006 to May 2011

Mr. Collins has extensive knowledge of international management and corporate development. As a prior President and Chief Executive Officer of Oceaneering International, Inc., he has substantial knowledge and experience in the oil and gas industry. Among other qualifications, Mr. Collins brings to the Board experience in field operations, executive management and finance.

STEVEN A. COSSÉ	Board Committees:	Certain other directorships
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El Dorado,
Arkansas

Executive

Simmons First National Corporation Pine Bluff, Arkansas

Age: 67

Health, Safety & Environmental

Director Since: 2011

Principal occupation or employment

President and Chief Executive Officer of the Company from June 2012 to August 2013, retired from the Company December 2013; previously Executive Vice President and General Counsel of the Company from February 2005 through February 2011, retired from the Company February 2011 to May 2012

Mr. Cossé's long service in several capacities with the Company has helped him gain a proficient understanding of many areas, including environmental laws and regulations. Among other qualifications, Mr. Cossé brings to the Board expertise in corporate governance, banking and securities laws and executive leadership.

CLAIBORNE P. DEMING

Board Committees:

Certain other directorships

El Dorado, Arkansas

Chairman of the Board

Murphy USA Inc. El Dorado, Arkansas

Age: 60

Chair, Executive

Director Since: 1993

Health, Safety & Environmental

Principal occupation or employment

President and Chief Executive Officer of the Company from October 1994, through December 2008, retired from the Company June, 2009

Mr. Deming s experience as former President and Chief Executive Officer of Murphy Oil Corporation gives him insight into the Company s challenges, opportunities and operations. Among other qualifications, Mr. Deming brings to the Board executive leadership skills and over 30 years experience in the oil and gas industry.

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Proposal 1 Election of Director*(continued)*

LAWRENCE R. DICKERSON

Houston, Texas

Age: 62

Director Since: 2014

Board Committees:

Nominating & Governance

Principal occupation or employment

Director, Oil States International, Inc., an oilfield services company, since 2014; Director, President and Chief Executive Officer, Retired, Diamond Offshore Drilling, Inc., an offshore drilling company, since March 2014; Director and President from March 1998 and Chief Executive Officer from May 2008 until March 2014.

Certain other directorships

Oil States International, Inc.
Houston, Texas

Mr. Dickerson s experience as the President and a director of Diamond Offshore Drilling, Inc. from March 1998 and as Chief Executive Officer from May 2008 until his retirement in March 2014 brings to the board broad experience in leadership and financial matters. Among other qualifications, he brings to the Board expertise as a Certified Public Accountant and in international drilling operations.

ROGER W. JENKINS

El Dorado, Arkansas

Age: 53

Board Committees:

Executive

Certain other directorships

None

Director Since: 2013

Principal occupation or employment

President and Chief Executive Officer of the Company since August, 2013 and President of Murphy Exploration & Production Company since June 2012; previously Chief Operating Officer & Executive Vice President, Exploration & Production of the Company from June 2012 to August 2013; Executive Vice President, Exploration & Production of the Company and President of Murphy Exploration & Production Company from August 2009 to June 2012; and President of Murphy Exploration & Production Company from January 2009 to August 2009

Mr. Jenkins leadership as President and Chief Executive Officer of Murphy Oil Corporation allows him to provide the Board with his detailed perspective of the Company’s global operations. With a Bachelor’s degree in Petroleum Engineering, a Master’s degree in Business Administration and 31 years of industry experience, he has played a critical leadership role in Murphy’s worldwide exploration and production operations, including the development of the Kikeh field in Malaysia and the Eagle Ford Shale field in South Texas.

JAMES V. KELLEY

Little Rock, Arkansas

Age: 65

Director Since: 2006

Board Committees:

Audit

Executive

Nominating & Governance

Certain other directorships

None

Principal occupation or employment

President and Chief Operating Officer, Retired, BancorpSouth, Inc. (a NYSE bank holding company) since August 2014; President and Chief Operating Officer, BancorpSouth, Inc. from 2001 to August 2014.

Mr. Kelley has extensive knowledge of capital markets and accounting issues. As former President and Chief Operating Officer of BancorpSouth, Inc., he understands the fundamentals and responsibilities of operating a large company. Among other qualifications, Mr. Kelley brings to the Board experience in banking, finance and accounting, as well as executive management.

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Table of Contents**Proposal 1 Election of Director***(continued)***WALENTIN MIROSH**

Calgary, Alberta

Age: 69**Director Since:** 2011**Board Committees:**

Executive Compensation

Health, Safety & Environmental

Certain other directorshipsTC PipeLines GP, Inc.
Calgary, Alberta**Principal occupation or employment**

President, Mircan Resources Ltd., a private consulting company since January 2010; Vice President and Special Advisor to the President and Chief Operating Officer, NOVA Chemicals Corp., a commodity chemicals and plastics company, from May 2008 to December 2009; Vice President and President of Olefins and Feedstocks, NOVA Chemicals Corp. from July 2003 to April 2008

Mr. Mirosch, with his accomplishments in the chemical, natural gas, and investment industries, is able to provide the Board with dependable input in many areas. He brings to the Board experience in energy, regulatory, and international law as well as skills in business development and corporate strategy.

R. MADISON MURPHY

El Dorado, Arkansas

Age: 57**Board Committees:**

Executive

Chair, Audit

Certain other directorshipsDeltic Timber Corporation
El Dorado, ArkansasMurphy USA Inc.
Chairman

Director Since: 1993
(Chairman, 1994-2002)

El Dorado, Arkansas

Principal occupation or employment

Managing Member, Murphy Family Management, LLC, which manages investments, farm, timber and real estate, since 1998;

President, The Murphy Foundation;

Owner, The Sumac Company, LLC, which manages investments, timber and vineyard operations; and

Secretary/Owner, Presqu ile Winery

Mr. Murphy served as Chairman of the Board of Murphy Oil Corporation from 1994 to 2002. This background, along with his current membership on the Board of Directors of Deltic Timber Corporation and Murphy USA Inc., brings to the Board and to the Audit Committee a unique business and financial perspective.

JEFFREY W. NOLAN

Little Rock, Arkansas

Age: 46

Director Since: 2012

Board Committees:

Executive Compensation

Nominating & Governance

Certain other directorships

None

Principal occupation or employment

President & Chief Executive Officer, Loutre Land and Timber Company, a natural resources company with a focus on the acquisition, ownership and management of timberland and mineral properties, since 1998

Mr. Nolan s experience as President and Chief Executive Officer of a natural resources company, in addition to his legal experience as an attorney with the Jones Walker law firm, allows him to bring to the Board expertise in legal matters, corporate governance, corporate finance, acquisitions and divestitures and the management of mineral properties.

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Table of Contents**Proposal 1 Election of Director***(continued)*

NEAL E. SCHMALE	Board Committees:	Certain other directorships
La Jolla, California		
	Audit	WD-40 Company <i>Chairman</i> San Diego, California
Age: 68	Chair, Executive Compensation	
Director Since: 2004		
	Principal occupation or employment	
		President and Chief Operating Officer, Retired, Sempra Energy, an energy services holding company, since October 2011; President and Chief Operating Officer, Sempra Energy, from February 2006 to October 2011

Mr. Schmale, as former Chief Operating Officer, brings to the Board the perspective of a recent corporate leader having faced current external economic, social and governance issues. He also brings specific experience in financial matters from his prior service as Chief Financial Officer of Sempra Energy. He holds degrees in petroleum engineering and law, and has a vast knowledge in different fields concerning the oil industry.

LAURA A. SUGG	Board Committees:	Certain other directorships
Montgomery, Texas		
	None	Denbury Resources Plano, Texas
Age: 55		Williams Companies Inc. Tulsa, Oklahoma

Director Since: 2015

Principal occupation or employment

Director, Denbury Resources, a domestic oil and natural gas company, since January 2012

Director, Williams Companies Inc., an energy company (core business is natural gas processing and transportation), since 2010

Senior Executive, Retired, ConocoPhillips, then an international, integrated oil company, since 2010

Ms. Sugg's broad background in capital allocation and accomplishments in the energy industry allow her to bring to the Board expertise in industry, operational and technical matters. Among other qualifications, she brings to the Board specific experience in executive leadership, human resources, compensation and financial matters. As a former leader at ConocoPhillips, Ms. Sugg has a proficient understanding of an oil company's challenges and opportunities.

CAROLINE G. THEUS

Alexandria, Louisiana

Board Committees:

Executive

Chair, Health, Safety & Environmental

Certain other directorships

None

Age: 71

Director Since: 1985

Principal occupation or employment

President, Inglewood Land & Development Co., a holding company, since 1980;

President, Retired, Keller Enterprises, LLC which manages investments and real estate holdings, since 2008

Ms. Theus is President of a farming and land holding corporation, and she has worked with the Louisiana Nature Conservancy in helping to preserve lands of ecological importance. She has proven to be a strong advocate for protecting natural resources and enriches the Board with her insight in matters concerning the environment.

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Table of Contents**Proposal 1 Election of Director~~(continued)~~****BOARD LEADERSHIP STRUCTURE**

The positions of Chairman of the Board and the Chief Executive Officer of the Company are held by two individuals. Mr. Deming serves as the Chairman of the Board as a non-executive and independent director. Mr. Jenkins is the Company's President and Chief Executive Officer. Along with the Chairman of the Board of Directors and the Chief Executive Officer, other directors bring different perspectives and roles to the Company's management, oversight and strategic development. The Company's directors bring experience and expertise from both inside and outside the company and industry, while the Chief Executive Officer is most familiar with the Company's business and industry, and most capable of leading the execution of the Company's strategy. The Board believes that separating the roles of Chairman and Chief Executive Officer is currently in the best interest of stockholders because it provides the appropriate balance between strategy development and independent oversight of management. The Board will, however, maintain its flexibility to make this determination at any given point in time to provide appropriate leadership for the Company.

RISK MANAGEMENT

The Board exercises risk management oversight and control both directly and indirectly, the latter through various Board Committees as discussed below. The Board regularly reviews information regarding the Company's credit, liquidity and operations, including the risks associated with each. The Company's Executive Compensation Committee is responsible for overseeing the management of risks relating to the Company's executive compensation plans and arrangements. The Audit Committee is responsible for oversight of financial risks and the ethical conduct of the Company's business, including the steps the Company has taken to monitor and mitigate these risks. The Nominating & Governance Committee, in its role of reviewing and maintaining the Company's corporate governance guidelines, manages risks associated with the independence of the Board and potential conflicts of interest. The Health, Safety & Environmental Committee oversees management of risks associated with environmental, health and safety issues. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire Board is regularly informed through committee reports and by the CEO and the Director, Enterprise Risk Management about the known risks to the strategy and the business of the Company.

COMMITTEES

The standing committees of the Board are the Executive Committee, the Audit Committee, the Executive Compensation Committee, the Nominating & Governance Committee and the Health, Safety & Environmental Committee.

The Executive Committee in accordance with the Company's by-laws, is vested with the authority to exercise certain functions of the Board when the Board is not in session. The Executive Committee is also in charge of all financial, legal and general administrative affairs of the Company, subject to any limitations prescribed by the by-laws or by the Board.

The Audit Committee has the sole authority to appoint or replace the Company's independent registered public accounting firm, which reports directly to the Audit Committee. The Audit Committee also assists the Board with its

oversight of the integrity of the Company's financial statements, the independent registered public accounting firm's qualifications, independence and performance, the performance of the Company's internal audit function, the compliance by the Company with legal and regulatory requirements, and the review of programs related to compliance with the Company's Code of Business Conduct and Ethics. The Audit Committee meets with representatives of the independent registered public accounting firm and with members of the internal Auditing Department for these purposes. The Board has designated Neal E. Schmale as its Audit Committee Financial Expert as defined in Item 407 of Regulation S-K. All of the members of the Audit Committee including Mr. Schmale are independent under the rules of the NYSE and the Company's independence standards.

The Executive Compensation Committee oversees the compensation of the Company's executives and directors and administers the Company's annual incentive compensation plan, the long-term incentive plan and the stock plan for non-employee directors. All of the members of the Executive Compensation Committee are independent under the rules of the NYSE and the Company's independence standards. The Compensation Discussion and Analysis section below contains additional information about the Executive Compensation Committee. In carrying out its duties, the Executive Compensation Committee will have direct access to outside advisors, independent compensation consultants and others to assist them.

The Nominating & Governance Committee identifies and recommends potential Board members, recommends appointments to Board committees, oversees evaluation of the Board's performance and reviews and assesses the Corporate Governance Guidelines of the Company. All of the members of the Nominating & Governance Committee are independent under the rules of the NYSE and the Company's independence standards. Information regarding the process for evaluating and selecting potential director candidates, including those recommended by stockholders, is set out in the Company's Corporate Governance Guidelines. Stockholders desiring to recommend candidates for

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Proposal 1 Election of Director~~(continued)~~

membership on the Board for consideration by the Nominating & Governance Committee should address their recommendations to: Nominating & Governance Committee of the Board of Directors, c/o Secretary, Murphy Oil Corporation, P.O. Box 7000, El Dorado, Arkansas 71731-7000. As a matter of policy, candidates recommended by stockholders are evaluated on the same basis as candidates recommended by Board members, executive search firms or other sources.

The Health, Safety & Environmental Committee assists the Board and management in monitoring compliance with applicable environmental, health and safety laws, rules and regulations as well as the Company's Worldwide Health, Safety & Environmental Policy. Review of policies, procedures and practices regarding security of the Company's people and property is also within the purview of this committee. The Committee assists the Board on matters relating to the Company's response to evolving public issues affecting the Company in the realm of health, safety and the environment. The Committee benefits from the Company's sponsorship of the Massachusetts Institute of Technology's Joint Program on the Science and Policy of Global Change for keeping abreast of emerging issues with respect to climate change.

Charters for the Audit, Executive Compensation, Nominating & Governance and Health, Safety & Environmental Committees, along with the Corporate Governance Guidelines and the Code of Ethical Conduct for Executive Management, are available on the Company's Web site, www.murphyoilcorp.com/about/governance/default.aspx.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During 2014, none of the members of the Executive Compensation Committee (i) was an officer or employee of the Company, (ii) was a former officer of the Company or (iii) had any relationship requiring disclosure by the Company under any paragraph of Item 404 of Regulation S-K.

MEETINGS AND ATTENDANCE

During 2014, there were eight meetings of the Board, eleven meetings of the Executive Committee, seven meetings of the Audit Committee, four meetings of the Executive Compensation Committee, three meetings of the Nominating & Governance Committee and two meetings of the Health, Safety & Environmental Committee. All nominees attendance exceeded 75% of the total number of meetings of the Board and committees on which they served. Attendance for Board and committee meetings averaged 99 % for the full year. All the Board members attended the 2014 Annual Meeting of Stockholders. As set forth in the Company's Corporate Governance Guidelines, all Board members are expected to attend each Annual Meeting of Stockholders.

Table of Contents**Compensation of Directors**

Since 2003, the Company's standard arrangement for compensation of non-employee directors has included a combination of cash and equity. In 2014, the cash component consisted of an annual retainer of \$60,000, plus \$2,000 for each Board or committee meeting attended. Supplemental retainers were paid to the Chairman of the Board (\$115,000), the Audit Committee Chairman (\$15,000), the Audit Committee Financial Expert (\$10,000), other members of the Audit Committee (\$7,500), the Executive Compensation Committee Chairman (\$15,000) and the Chair of each other committee (\$10,000). The Company also reimburses directors for reasonable travel, lodging and related expenses they incur in attending Board and committee meetings.

In 2014, the total equity compensation for non-employee directors was reduced to \$200,000 to move the average total compensation closer to the 50th percentile of the Company's identified peers. Each non-employee director, other than Mr. Dickerson, received 3,654 time-based restricted stock units on February 5, 2014, which cliff vest after three years. Mr. Dickerson was elected to the Board of Directors on August 6, 2014, and was awarded at that time, ratably equivalent equity-based compensation on a pro-rated basis. His award consisted of 1,644 time-based restricted stock units, which vest over the period beginning August 6, 2014 and ending on February 5, 2017.

The column below showing **All Other Compensation** represents the incremental cost of matching gifts. The non-employee directors are eligible to participate in the matching gift program on the same terms as Murphy employees. Under this program, an eligible person's total gifts of up to \$12,500 per calendar year will qualify. The Company will contribute to qualified educational institutions and hospitals an amount equal to twice the amount (2 to 1) contributed by the eligible person. The Company will contribute to qualified welfare and cultural organizations an amount (1 to 1) equal to the contribution made by the eligible person. In 2014, the Company determined that, due to administrative error, benefits payable to Mr. Cossé for 2012 and 2013 under the defined benefit and defined contribution portions of the Company's Supplemental Executive Retirement Plan (the **SERP**) had been incorrectly calculated. Mr. Cossé was determined to be entitled to a wrongfully withheld payment of \$431,320 in benefits for 2012 and 2013 under the terms of the SERP, which was paid to Mr. Cossé in August, 2014. As a result of this administrative error by the Company, Mr. Cossé became subject to tax penalties under Section 409A of the Internal Revenue Code, and the Company paid Mr. Cossé \$179,750, in 2014 to reimburse him for those penalties. These payments were not related to his service as a director and are not included in the table below.

2014 DIRECTOR COMPENSATION TABLE

Name	Fees Earned or Paid in Cash (\$)	Stock Option Awards (\$) ⁽¹⁾⁽³⁾	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation (\$)	Total (\$)
------	----------------------------------	--	---	---	-----------------------------	------------

			(\$) ⁽⁴⁾		
Claiborne P. Deming	227,049	200,019		7,500	434,568
Frank W. Blue	109,549	200,019		1,250	310,818
T. Jay Collins	86,000	200,019			286,019
Steven A. Cossé	102,005	200,019		23,400	325,424
Lawrence R. Dickerson	42,000	100,037			142,037
James V. Kelley	123,549	200,019		20,000	343,568
Walentin Mirosh	88,048	200,019			288,067
R. Madison Murphy	134,549	200,019	24,425	25,000	383,993
Jeffrey W. Nolan	90,000	200,019		25,000	315,019
Neal E. Schmale	130,549	200,019		25,000	355,568
Laura A. Sugg ⁽²⁾					
Caroline G. Theus	112,049	200,019	39,278	10,000	361,346

(1) Represents grant date fair value of time-based restricted stock units awarded in 2014 as computed in accordance with FASB ASC Topic 718, excluding forfeiture estimates, as more fully described in Note I to the consolidated financial statements included in the Company's 2014 Form 10-K Annual Report.

(2) Ms. Sugg was elected to the Board of Directors February 9, 2015. She did not receive director compensation in 2014.

Table of Contents**Compensation of Directors (continued)**

(3) At December 31, 2014, total stock options and time-based restricted stock units outstanding were:

	Stock Options	Restricted Stock Units
Claiborne P. Deming		11,758
Frank W. Blue		11,758
T. Jay Collins		5,407
Steven A. Cossé	121,493*	3,654
Lawrence R. Dickerson		1,644
James V. Kelley		11,758
Walentin Mirosh		11,758
R. Madison Murphy		11,758
Jeffrey W. Nolan		9,916
Neal E. Schmale		11,758
Laura A. Sugg		
Caroline G. Theus		11,758

* A total of 121,493 stock options were earned in his former capacity as President and Chief Executive Officer of Murphy Oil Corporation.

(4) The 1994 Retirement Plan for Non-Employee Directors was frozen on May 14, 2003. At that time, then current directors were vested based on their years of service, with no further benefits accruing and benefits being paid out according to the terms of the plan.

Table of Contents**Security Ownership of Certain Beneficial Owners**

As of December 31, 2014, the following are known to the Company to be the beneficial owners of more than five percent of the Company's Common Stock (as of the date of such stockholder's Schedule 13G filing with the SEC):

Name and address of beneficial owner	Amount and nature of beneficial ownership⁽¹⁾	Percentage
Southeastern Asset Management, Inc. 6410 Poplar Ave., Suite 900 Memphis, TN 38119	16,623,513 ⁽²⁾	9.40%
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	14,039,170 ⁽³⁾	7.90%
BlackRock, Inc. 40 East 52 nd Street New York, NY 10022	11,475,334 ⁽⁴⁾	6.50%
T. Rowe Price Associates, Inc. 100 E. Pratt Street Baltimore, MD 21202	10,177,610 ⁽⁵⁾	5.70%
Hotchkis and Wiley Capital Management, LLC 725 S. Figueroa Street 39 th Floor Los Angeles, CA 90017	9,557,503 ⁽⁶⁾	5.38%

(1) Includes Common Stock for which the indicated owner has sole or shared voting or investment power and is based on the indicated owner's Schedule 13G filing for the period ended December 31, 2014.

(2) Total includes 9,246,355 sole voting power shares, 5,235,537 shared voting power shares, 11,387,976 sole dispositive power shares and 5,235,537 shared dispositive power shares.

(3) A parent holding company or control person of the entities holding Murphy Oil Corporation shares in accordance with Rule 13d-1(b)(1)(ii)(G). Total includes 295,780 sole voting power shares, -0- shared voting power shares, 13,762,782 sole dispositive power shares and 276,388 shared dispositive power shares.

(4) A parent holding company or control person of the entities holding Murphy Oil Corporation shares in accordance with Rule 13d-1(b)(1)(ii)(G). Total includes 9,943,191 sole voting power shares, 37,148 shared voting power shares, 11,438,186 sole dispositive power shares and 37,148 shared dispositive power shares.

(5) These securities are owned by various individual and institutional investors which T. Rowe Price Associates, Inc. (Price Associates) serves as investment adviser with power to direct investments and/or sole power to vote the securities. For purposes of the reporting requirements of the Securities Exchange Act of 1934, Price Associates is deemed to be a beneficial owner of such securities; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such securities. Total includes 2,624,010 sole voting power shares, -0- shared voting power shares, 10,177,610 sole dispositive power shares and -0- shared dispositive power shares.

(6) An investment adviser in accordance with Rule 13d-1(b)(1)(ii)(E). Total includes 5,802,808 for which reporting person has sole voting power. Beneficial ownership of shares disclaimed by reporting person. All shares are sole dispositive power shares.

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Table of Contents**Security Ownership of Management**

The following table sets forth information, as of February 17, 2015, concerning the number of shares of Common Stock of the Company beneficially owned by all directors and nominees, each of the Named Executive Officers (as hereinafter defined), and directors and executive officers as a group.

Name	Personal with Full Voting and Investment Power ⁽¹⁾⁽²⁾	Personal as Beneficiary of Trusts	Voting and Investment Power Only	Options Exercisable Within 60 Days	Total	Percent of Outstanding (if greater than Total percent)
Claiborne P. Deming	834,722	1,639,538	209,720		2,683,980	1.51%
Frank W. Blue	31,396				31,396	
T. Jay Collins						
Steven A. Cossé	98,894			121,493	220,387	
Lawrence R. Dickerson						
James V. Kelley	31,394				31,394	
Walentin Mirosh	6,247				6,247	
R. Madison Murphy	1,157,028	1,232,719	2,672,102 ⁽³⁾		5,061,849 ⁽⁴⁾	2.84%
Jeffrey W. Nolan	218,833	140,528	218,232		577,593 ⁽⁵⁾	
Neal E. Schmale	32,156				32,156	
Laura A. Sugg						
Caroline G. Theus	335,049	1,150,438 ⁽⁶⁾	6,684 ⁽⁷⁾		1,492,171	
Roger W. Jenkins	81,847			236,344	318,191	
Kevin G. Fitzgerald	69,045			219,186	288,231	
Walter K. Compton	34,241			125,922	160,163	
Bill H. Stobaugh	50,572			115,681	166,253	
K. Todd Montgomery						
Directors and executive officers as a group⁽⁸⁾	3,104,653	4,163,223	3,106,738	1,217,009	11,591,623	6.51%

(1) Includes Company Thrift (401(k)) Plan shares in the following amounts: Mr. Cossé 14,472 shares; Mr. Jenkins 1,959 shares; Mr. Fitzgerald 2,622 shares; Mr. Compton 4,830 shares.

(2) Includes shares held by spouse and other household members as follows: Mr. Deming 47,422 shares which are held solely by spouse; Mr. Kelley 31,394 shares owned jointly with spouse; Mr. Murphy 231,623 shares; Mr. Nolan 43,752 shares; Mrs. Theus 28,500 shares, 18,000 of which are held jointly with spouse and 10,500 of which are held solely by spouse.

(3) Includes 940,452 shares held by trusts for the benefit of others for which Mr. Murphy is trustee or co-trustee, 631,650 shares held by a private foundation of which Mr. Murphy is President for which beneficial ownership is expressly disclaimed and 1,100,000 shares held by a limited partnership that is controlled by a limited liability company of which Mr. Murphy is a member. Mr. Murphy has beneficial interest in 224,241 of these shares.

Mr. Murphy's wife has a beneficial interest in 1,222 shares, for which beneficial ownership is expressly disclaimed.

(4) Total includes 200,000 shares that are pledged as security.

- (5) Total includes 218,232 shares that are pledged as security.
- (6) Includes 613,186 shares for which Mrs. Theus is co-trustee and a beneficiary.
- (7) Held as trustee for trust for Mrs. Theus son.
- (8) Includes twelve directors, thirteen executive officers and one director/officer.

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Security Ownership of Management (*continued*)

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Under the securities laws of the United States, the Company's directors and executive officers and persons who beneficially own more than 10% of the Company's Common Stock are required to report their ownership of the Company's Common Stock and any changes in that ownership to the Securities and Exchange Commission and the New York Stock Exchange. Specific due dates for these reports have been established and the Company is required to report in this Proxy Statement any failure to file by these dates. Based upon a review of the copies of the reports filed by the Company's directors and executive officers pursuant to Section 16(a) of the Securities Exchange Act of 1934 and on representations from such reporting persons the Company believes that all such persons complied with all applicable filing requirements during fiscal 2014, except for the following late filings: (i) on August 4, 2014, a late Form 4 was filed for Steven A. Cossé with respect to a discretionary transaction in correcting a Company error on his Thrift SERP plan that occurred on July 15, 2014; and (ii) on January 20, 2015, a late Form 4 was filed for Allan J. Misner with respect to a discretionary transaction that occurred on May 5, 2014.

REVIEW, APPROVAL OR RATIFICATION OF TRANSACTIONS WITH RELATED PERSONS AND CODE OF BUSINESS CONDUCT AND ETHICS

During 2014, the Company did not have any transactions with related persons required to be disclosed under Item 404(a) of Regulation S-K, and no such transactions are currently proposed. The Nominating & Governance Committee reviews ordinary course of business transactions with related parties, including firms associated with directors and nominees for director. The Company's management also monitors such transactions on an ongoing basis. Executive officers and directors are governed by the Company's Code of Business Conduct and Ethics, which provides that waivers may only be granted by the Board and must be promptly disclosed to stockholders. No such waivers were granted nor applied for in 2014. The Company's Corporate Governance Guidelines require that all directors recuse themselves from any discussion or decision affecting their personal, business or professional interests.

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Proposal 2 Advisory Vote to Approve Executive Compensation

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) enables the Company s stockholders to vote to approve, on an advisory (non-binding) basis, the compensation of the Named Executive Officers as disclosed in this proxy statement in accordance with the SEC s rules. The Company has determined to submit Named Executive Officer compensation to an advisory (non-binding) vote annually. At the 2014 Annual Meeting, stockholders endorsed the compensation of the Company s Named Executive Officers, with over 97% of the votes cast supporting the 2013 proposal.

As described in detail below under the heading *Compensation Discussion and Analysis*, the Company s executive compensation programs are designed to attract, motivate, and retain the Named Executive Officers, who are critical to the Company s success. Under these programs, the Named Executive Officers are rewarded for the achievement of specific annual, long-term and strategic goals, corporate goals, and the realization of increased stockholder value. Please read the *Compensation Discussion and Analysis* below along with the information in the compensation tables for additional details about the executive compensation programs, including information about the fiscal year 2014 compensation of the Named Executive Officers.

Stockholders are asked to indicate their support for the Named Executive Officer compensation as described in this proxy statement. This proposal, commonly known as a say-on-pay proposal, gives stockholders the opportunity to express their views on the Named Executive Officers compensation. This vote is not intended to address any specific item of compensation, but rather the overall compensation of the Named Executive Officers and the philosophy, policies and practices described in this proxy statement. Accordingly, stockholders are requested to vote **FOR** the following resolution at the Annual Meeting:

RESOLVED, that the Company s stockholders approve, on an advisory basis, the compensation of the Named Executive Officers, as disclosed in the Company s Proxy Statement for the 2015 Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the 2014 Summary Compensation Table and the other related tables and disclosures.

The say-on-pay vote is advisory, and therefore not binding on the Company, the Executive Compensation Committee or the Board of Directors. The Board of Directors and the Executive Compensation Committee value the opinions of stockholders and to the extent there is a significant vote against the Named Executive Officer compensation as disclosed in this proxy statement, will consider stockholders concerns and the Executive Compensation Committee will evaluate whether any actions are necessary to address those concerns.

Table of Contents**Compensation Discussion and Analysis****EXECUTIVE SUMMARY**

Murphy Oil Corporation is an independent exploration and production (E&P) company with a portfolio of global offshore and onshore assets delivering oil-weighted growth. Murphy produces oil and/or natural gas in the United States, Canada and Malaysia. The Company's long-term strategy as an independent E&P company is focused on the following key priorities that management believes will drive value for its stockholders: (1) develop differentiated perspectives in underexplored basins and plays; (2) continue to be a preferred partner to national oil companies and regional independents; (3) provide balance to the global offshore business by developing unconventional onshore plays in North America; (4) develop and produce fields in a safe, responsible, timely and cost effective manner; and (5) achieve and maintain a sustainable, profitable, oil weighted portfolio.

This Compensation Discussion and Analysis (CD&A) provides stockholders with an understanding of the Company's compensation philosophy, objectives, policies and practices in place during 2014, as well as factors considered by the Executive Compensation Committee of the Board of Directors (the Committee) in making compensation decisions for 2014. This CD&A focuses on the compensation of the Company's named executive officers (NEOs) listed below, whose compensation is set forth in the Summary Compensation table and other compensation tables contained in the proxy statement.

Name	Title
Roger W. Jenkins	President & Chief Executive Officer
Kevin G. Fitzgerald	Executive Vice President & Chief Financial Officer
Walter K. Compton	Executive Vice President & General Counsel
Bill H. Stobaugh	Executive Vice President
K. Todd Montgomery	Vice President, Corporate Planning & Services

On October 1, 2014, the Company announced the resignation of Thomas McKinlay, effective November 1, 2014; the retirement of Bill Stobaugh, effective March 1, 2015; and the succession plan of the Executive Vice President and Chief Financial Officer, Kevin G. Fitzgerald, who retired March 1, 2015.

The Company's compensation plans and practices are designed to align the financial interests of the above NEOs with the financial interests of its stockholders. To that end, NEOs are provided with a competitive base salary, an annual cash bonus opportunity based on the achievement of specific goals aligned with stockholder value creation and long-term incentives.

OPERATIONAL AND FINANCIAL PERFORMANCE

The Company's 2014 performance continues the trend of increasing year-over-year oil weighted production volumes and delivering consistent additions of proved reserves through the efficient allocation of capital, all while improving on the Company's safety record. Achieving these key business objectives is fundamental to delivering returns for the Company's stockholders over time. Specific achievements include:

SAFETY

The Company continued to improve on its safety record.

The actual total recordable incident rate (TRIR) of 0.48 for employees and contractors represents a 4% improvement year over year and exceeded the Company s goal of 0.70 for the year.

The Company recorded a 36% improvement in lost time incidents for employees and contractors.

PORTFOLIO OPTIMIZATION

The Company closed on the 30% sell down of its Malaysian assets for \$2 billion in two phases. One announced December 18, 2014 at 20% and the second announced on January 29, 2015 for 10%. This transaction marked the value of the Malaysian business at \$6.7 billion.

The Company completed the sale of the U.K. retail gasoline business and initiated decommissioning of the Milford Haven refinery process units, with divestment of the terminal assets ongoing.

The Company divested its small non-operated interest in south Louisiana and Alaska for cash proceeds of approximately \$6 million.

GROWTH

The Company set an annual production record of 225,973 daily barrels of oil equivalent (BOEPD) comprised of 67% oil and liquids, up 10% from 2013.

Table of Contents**Compensation Discussion and Analysis (continued)**

The Company set a quarterly production record of 258,868 BOEPD during the fourth quarter.

The Company recorded total proved reserve replacement of 183% and reached its ninth consecutive year of reserve replacement greater than 100%.

SHAREHOLDER CAPITAL INITIATIVES

The Company repurchased \$375 million of common stock.

The Board of Directors authorized a new \$500 million share repurchase program.

The Board of Directors approved a 12% dividend increase to \$1.40/share annualized.

FINANCIAL RESULTS

Net income from continuing operations was \$1.025 billion, the second highest in company history.

IMPACT OF 2014 COMPANY PERFORMANCE ON EXECUTIVE COMPENSATION

Murphy has structured its cash and equity-based compensation program to position approximately 90% of the CEO's and 75%-80% of the other NEO's target total direct compensation opportunity in at-risk compensation components tied to the achievement of short-and long-term performance criteria aligned with the Company's business objectives. Short-term incentives are paid in the form of an annual cash bonus opportunity tied to the achievement of specific performance goals aligned with stockholder value creation. Long-term incentives combine performance-based restricted stock units, stock options and time-based restricted stock units to provide a compensation opportunity aligned with the Company's long-term stock performance, delivered through awards that are performance-based in absolute and relative terms, while also encouraging retention.

The Company's strong operational and financial performance was reflected in the above target payouts under the AIP:

2014 Performance Results	Link to 2014 Short-Term Incentives
Demonstrated commitment to safety, with improved performance year over year.	NEOs earned above-target bonuses equivalent to 145.70% of salary. Due to the current low oil price environment, the Committee did not include the sell down of its Malaysian assets in the calculation of short-term incentives. Including the gain from the
Delivered record daily production volumes, representing a 10% increase over 2013.	

Replaced 237% of production, before adjustments for the sell down of Malaysian assets.

Achieved return on average capital employed (ROACE) of 9.31% including the gain on the sell down of Malaysian assets. Annual Incentive payments excluded this gain and were paid on ROACE of 6.71%

The Company's stock price performance in 2014 resulted in below target payouts for the 2014 tranche of the performance-based restricted stock units granted in 2012, 2013 and 2014.

sell down of Malaysian assets would have resulted in earned bonuses for the NEOs of 167.20%. Actual bonuses paid to each NEO are listed on page 22.

2014 Performance Results	Link to 2014 Compensation
<p>Third quartile total shareholder return (TSR) performance relative to 2012, 2013 and 2014 peers.</p>	<p>As a result of the Company's TSR performance relative to its 2012 and 2013 peer group, NEOs earned 70% for the tranches applicable to 2014 performance. As a result of the Company's TSR performance relative to its 2014 peer group, NEOs earned 74% for the tranche applicable to 2014 performance.</p>
<p>In addition to the Company's performance, the Committee's compensation decisions for 2014, summarized below, were influenced by the Committee's desire to retain and motivate a highly experienced and cohesive executive team with a strong track record of working together to successfully manage the operations of the global company.</p>	

CEO COMPENSATION

In February 2014, the Committee reviewed Mr. Jenkins' annual total direct compensation opportunity and approved a salary increase of 4%. The Committee positioned his targeted annual total direct compensation opportunity for 2014 at the median of the peer group (as provided in each of their 2013 Proxy Statements). As CEO, Mr. Jenkins' compensation is higher than the compensation of the other NEOs. This difference in compensation is supported by the industry peer group benchmark data, which is substantially higher for the CEO role than for other NEO positions, and is indicative of the greater responsibility the CEO position entails for the strategic direction, financial condition, operating results and reputation of the Company.

Table of Contents**Compensation Discussion and Analysis (continued)****OTHER NEO COMPENSATION**

In February 2014, the Committee approved salary increases for the other NEOs ranging from 3% to 7%. Mr. Compton was promoted to Executive Vice President at that time. Along with a base salary increase of 7%, his target annual bonus opportunity increased from 60% to 65%. A detailed description of the executive compensation program and the compensation decisions made by the Committee for 2014 are reported on the pages that follow.

STOCKHOLDER ENGAGEMENT

The Company values the feedback and insights that it receives from its stockholders through ongoing dialogue. At the 2014 annual meeting, a proposal seeking an advisory vote on executive compensation for the Company's NEOs (see Tabular Information for Named Executive Officers) was submitted to stockholders. Stockholders endorsed the Company's NEO compensation, with over 97% of the votes cast indicating approval. The Committee received a report from Pay Governance, LLC, indicating this support exceeded all of the Company's peers and indicates strong support by our stockholders for the design and structure of the compensation program.

COMPENSATION CORPORATE GOVERNANCE POLICIES

The Company's compensation philosophy and related governance features are complemented by several specific policies and practices that are designed to align executive compensation with long-term stockholder interests.

Stock Ownership Policy The Company has director and officer stock ownership guidelines. As stated in the Company's Corporate Governance Guidelines, Directors are expected to own and hold a number of Company shares equal in value to five times the director's annual cash retainer within five years of commencing service. Officers of the Company or any of its primary operating subsidiaries are expected to own and hold a number of Company shares at least in value to a multiple of their base salary, as follows: Five times the base salary for the CEO; Two and one-half times the base salary of executive vice presidents, two times the base salary of senior vice presidents; and equal to the base salary of vice presidents. Officers are expected to achieve targets within five years of appointment to the position. The stock ownership of each of the Company's directors and officers meets the guidelines.

Title	Stock Ownership Level
President and Chief Executive Officer	5.0 times base salary
Executive Vice President	2.5 times base salary
Senior Vice President	2.0 times base salary
Vice President	1.0 times base salary

Pledging Policy The Company has corporate governance guidelines (guidelines), which apply to the directors and officers. As stated in the guidelines, A director or officer may not pledge Company securities, including by purchasing Company securities on margin or holding Company securities in a margin account, until he or she has achieved the applicable stock ownership target specified in the guidelines above. Once such stock ownership target has been achieved, such director or officer is permitted to pledge Company securities in compliance with applicable

law (including disclosure of such pledging in the Company's proxy statement as required by SEC regulations), as long as all stock owned to satisfy the applicable stock ownership target remains unpledged. Any pledging of share should be disclosed to the Company in advance.

Hedging Policy Pursuant to the Company's Corporate Governance Guidelines, Directors, officers and employees are prohibited from engaging in any hedging transactions (including transactions involving options, puts, calls, prepaid variable forward contracts, equity swaps, collars and exchange funds or other derivatives) that are designed to hedge or speculate on /any change in the market value of the Company's securities.

Limited Perquisites The executive officers, including the NEOs, receive no perquisites or other personal benefits, unless such personal benefits serve a reasonable business purpose, such as limited use of Company aircraft by the CEO.

Clawback Provision In connection with the Dodd-Frank Act, the Company adopted, in 2014, a policy allowing for recovery of incentive-based compensation under certain circumstances.

Following the adoption of this policy, if the Company is required to prepare an accounting restatement due to its material noncompliance with any financial reporting requirement under the securities laws, the Company shall, subject to the discretion of the Company's Executive Compensation Committee, use reasonable efforts to recover from any current or former executive officer of the Company who received incentive-based compensation (including Annual Incentive Plan awards and Long-Term Incentive Plan awards) during the 3-year period preceding the date on which the Company is required to prepare an accounting restatement, the excess of what would have been paid to the executive officer under the accounting restatement.

Once final Dodd-Frank clawback rules are released regarding clawback requirements under Dodd-Frank, the Company will review its policies and plans and, if necessary, amend them to comply with the new mandates.

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Compensation Discussion and Analysis (*continued*)

INTRODUCTION

The Committee oversees and approves the compensation of the Company's NEOs. The Committee currently consists of four members, all of whom have been determined by the Board to satisfy the independence requirements of the NYSE and the Company's categorical independence standards. The Nominating & Governance Committee recommends nominees for appointment to the Committee annually and as vacancies or newly created positions occur. Committee members are appointed and approved by the Board and may be removed by the Board at any time. Members of the Committee during 2014 were Neal E. Schmale (Chair), T. Jay Collins, Walentin Mirosh, Jeffrey W. Nolan and David J.H. Smith (January 1 - May 14, 2014).

The Committee reviews and approves corporate goals and objectives relevant to the Chief Executive Officer and other NEO compensation and evaluates the CEO's performance in light of these goals and objectives. Any decisions regarding the CEO's compensation are made solely by the Committee based on that evaluation. For NEOs other than the CEO, the Committee considers the performance evaluations made by the CEO and the recommendations of the CEO.

The Committee administers and makes recommendations to the Board with respect to the Company's incentive and equity-based compensation plans, and it reviews and approves awards granted under such plans.

As set forth in its charter, which can be found on the Company's website, the Committee has the sole authority to retain and terminate any compensation consultant to be used to assist in the evaluation of director, CEO or senior executive compensation and has the sole authority to approve the consultant's fees and other retention terms. Advice and assistance from internal or external legal, accounting or other advisors is also available to the Committee. In 2014, the Committee retained Pay Governance LLC as an independent compensation consultant. All Pay Governance invoices were approved by the Committee's Chair prior to payment. In its role as an advisor to the Committee, Pay Governance attended three Committee meetings and provided the Committee with objective and expert analyses, independent advice and information with respect to executive and director compensation. Pay Governance does not provide any other consulting services to the Committee or to the Company, other than those dealing with executive compensation and the compensation of non-employee directors. The Committee periodically evaluates the performance and independence of Pay Governance. In 2014, Pay Governance delivered a letter to the Committee that provided full disclosure relating to Pay

Governance LLC's relationship to the Company, organized by

the SEC's Consultant Independence Factors and Pay Governance's Independence Policy. The Committee has determined that there are no business or personal relationships between Pay Governance and the members of the Committee or the Company's executive officers that may create a conflict of interest impairing Pay Governance's ability to provide independent objective advice to the Committee.

Pay Governance provides the Committee with, among other things, an analysis of trends and compensation data for general industry, the oil and gas industry and a select group of comparator companies within the oil and gas industry. In 2014 the Committee used two separate peer groups in designing the compensation programs for the Company: the

compensation peer group and the TSR peer group. The compensation peer group was originally established in 2013 for the review of NEO total compensation. The peer group included integrated, complex domestic, onshore and offshore deep-water and international E&P operations. In February 2014, the Committee approved a new peer group, where two of the original peers were removed due to size. Four companies were added and include companies in which the Company competes for financial and business objectives and opportunities, specifically onshore operations. These companies were utilized as TSR peers in 2014. The Committee intended to utilize these same peers for future compensation decisions, however a December review of compensation revealed that a subset of the group was more indicative of the complex organizations and employees skill sets that are required for the global roles for which Murphy recruits.

2014 Compensation and TSR Peers			
Company Name	2014	2014	December
	Compensation Peer	TSR Peer	2014 Approved Peers
Anadarko Petroleum	X	X	X
Apache	X	X	X
Cabot Oil & Gas		X	
Chesapeake Energy	X	X	X
Cimarex Energy		X	
ConocoPhillips	X	X	X
Denbury Resources	X		
Devon Energy	X	X	X
EOG Resources	X	X	X
Hess	X	X	X
Marathon Oil Corporation	X	X	X
Newfield Exploration	X		
Noble Energy	X	X	X
Occidental Petroleum	X		
Pioneer Natural Resources	X	X	X
Range Resources		X	
Southwestern Energy	X	X	
Whiting Petroleum		X	

Table of Contents**Compensation Discussion and Analysis (continued)**

In addition to comparator company information, the Committee uses Mercer Human Resource Consulting Energy 27 survey information to determine competitive market pay levels for the NEOs. The Committee also reviews a special analysis of the competitive pay levels of the Company's compensation peer group in establishing pay levels for the CEO and NEOs.

The Committee generally takes action on compensation matters, including the grant of long-term incentive awards, at its meeting held in conjunction with the February Board meeting. The exercise price of stock options is based on the average of the high and the low market price for the Company's shares on the date of grant. At this meeting the Committee also considers adjustments to NEO base salary, annual incentive bonus and grants of long term incentive awards. The Committee also meets at other times during the year as necessary and, in 2014, met four times. A copy of the Committee's charter can be found on the Company's Web site, www.murphyoilcorp.com/about/governance/default.aspx.

GUIDING PRINCIPLES

The Committee bases its executive compensation decisions on principles designed to align the interests of executives with those of stockholders. The Committee intends compensation to provide a direct link with the Company's objectives, business strategies and financial results. In order to motivate, attract and retain key executives who are critical to its long-term success, the Company believes that its pay package should be competitive with others in the oil and gas industry. In addition, the Company believes that executives should be rewarded for both the short-term and long-term success of the Company and, conversely, be subject to a degree of downside risk in the event that the Company does not achieve its performance objectives. In order to promote the long-term, as well as short-term interests of the Company, and to more closely align the interests of its key employees to those of its stockholders, the Company uses a mix of short-term and long-term incentives in its compensation packages. Individuals in primary positions to influence the growth of stockholder wealth have larger portions of their total compensation delivered in the form of equity-based long-term incentives. To this end, executives have a compensation package which includes a base salary, participation in a cash-based annual incentive plan, participation in an equity-based long-term incentive plan and certain other compensation, including customary benefits as discussed in Section D of *Elements of Compensation* below. In addition, the compensation package for the CEO includes limited personal use of Company aircraft. The Company believes that this combination of base salary, short-term incentives, long-term incentives and other employee benefits provides the best balance between the

need for the Company to provide executive compensation which is competitive in the marketplace and therefore necessary for recruiting and retention, and the desire to have management's interests, motivations and prosperity aligned with the interests of the Company's stockholders.

The Company had no employment agreements with the NEOs in effect in 2014. In connection with his appointment to President and CEO, Mr. Jenkins has a Severance Protection Agreement dated August 7, 2013. The Company had no other severance protection, change in control or termination agreements with the NEOs in effect in 2014. Under the terms of the Company's incentive plans, in the event of a change in control, each NEO would retain his earned compensation and all outstanding equity awards held by each NEO would vest, become immediately exercisable or payable, or have all restrictions lifted as may apply to the type of the award. Entry into employment or other

agreements with the NEOs may be considered from time to time.

At the Company's annual meeting of stockholders held on May 14, 2014, the Company's stockholders had the opportunity to cast an advisory vote (a say-on-pay proposal) to approve the compensation of the NEOs, as disclosed in the proxy statement for the meeting. Stockholders approved the say-on-pay proposal by the affirmative vote of over 97% of the shares cast on that proposal. While the Committee believes this affirms stockholders' support of the Company's approach during 2013 to executive compensation, and therefore did not materially change the overall approach to executive compensation in 2014, the Committee will continue to consider the outcome of the Company's say-on-pay votes when making future compensation decisions for the NEOs.

At the 2011 annual meeting, the Company's stockholders had the opportunity to cast an advisory vote (a say-on-frequency proposal) on how often the Company should include a say-on-pay proposal in its proxy statements for future annual meetings. Stockholders had the choice of voting to have the say-on-pay vote every year, every two years or every three years. The frequency receiving the highest number of votes was every year. In accordance with this vote, the Board decided to hold the say-on-pay advisory vote every year.

The Committee generally seeks to structure executive compensation in a tax efficient manner. The 2012 Annual Incentive Plan and the 2012 Long Term Incentive Plan are intended to provide performance-based compensation that is deductible under Section 162(m) of the Internal Revenue Code. The Committee has not elected to adopt a policy requiring all compensation to be tax deductible to maintain flexibility in structuring executive compensation to attract highly qualified executive talent and to further our business goals and compensation philosophy.

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Compensation Discussion and Analysis (continued)

RISK EVALUATION

In order to monitor the risk associated with executive compensation, in December 2014, the Committee reviewed a report from Pay Governance assessing the risks arising from the Company's compensation policies and practices. The Committee agreed with the report's findings that these risks were within the Committee's ability to effectively monitor and manage and the programs do not encourage unnecessary or excessive risk-taking and do not create risks that are reasonably likely to have a material adverse effect on the Company.

ELEMENTS OF COMPENSATION

The Company's executive compensation program includes a base salary, participation in an annual incentive plan, long-term incentive compensation, employee benefits and limited perquisites. The Committee believes that a majority of an executive officer's total direct compensation opportunity should be performance-based. The Committee determines an executive's total direct compensation opportunity based on compensation peer company information and survey data provided by Pay Governance to ensure the program is competitive with the compensation peer group in order to attract and retain talented executives.

The elements of the Company's executive compensation program are outlined below.

A. Base Salary

The objectives of the base salary component of compensation include:

- 1) to provide a fixed level of compensation to reward the executive for day-to-day execution of primary duties and responsibilities;
- 2) to assist the Company in the attraction and retention of a highly skilled competitive team by paying base salaries competitive with those paid by the Company's compensation peer group; and
- 3) to provide a foundation level of compensation upon which incentive opportunities can be added to provide the motivation to deliver superior performance.

The Company targets the median (50th percentile) of competitive market pay levels for the base salary of the NEOs. The Company targets the 50th percentile because it believes that it allows the organization to recruit, attract, and retain qualified management talent having the requisite skills and competencies to manage the Company and to deliver additional value for stockholders. In practice, some executives are paid above or below the 50th percentile because of their

individual job performance, time in the position, and/or tenure with the Company, and in some cases, potential for advancement. Executives' salaries are ultimately determined based on the market pay levels, as well as a combination of experience, duties and responsibilities, individual performance, Company performance, general economic conditions and marketplace compensation trends. The Committee made adjustments to the base salaries of its Named Executive Officers in 2014 as follows:

Named Executive Officer	2013	2014	Adjustment for 2014
	Base Salary	Base Salary	
Roger W. Jenkins	\$ 1,250,000	\$ 1,300,000	4%
Kevin G. Fitzgerald	\$ 650,000	\$ 676,000	4%
Walter K. Compton	\$ 506,300	\$ 541,000	7%
Bill H. Stobaugh	\$ 528,200	\$ 543,000	3%
K. Todd Montgomery	N/A	\$ 335,000	N/A

* Mr. Compton was elected to the position of Executive Vice President and General Counsel on February 5, 2014 effective February 1, 2014. Mr. Montgomery joined the Company on January 20, 2014.

B. Annual Incentive Plan

The objectives of the Company's annual incentive program are:

- 1) to provide cash-based incentive compensation to those officers, executives, and key employees who contribute significantly to the growth and success of the Company;
- 2) to attract and retain individuals of outstanding ability;
- 3) to align the interests of those who hold positions of major responsibility in the Company with the interests of the Company's stockholders; and

4) to promote excellent operational performance by rewarding executives when they achieve it.

The Committee targets the median of competitive market pay levels for its annual target incentive compensation because the Committee believes it allows the Company to retain and motivate its executives. Executives have the opportunity to be compensated above the median of market pay levels when the Company has above market performance based on established performance measures. In February 2014, the Committee reviewed an analysis of the top executives prepared by Pay Governance and approved adjustments, where necessary, to bring target bonus percentages in line with the market. For 2014, the target bonus percentages of the Company's NEOs fall at the median of the competitive market.

The Company's current cash-based annual incentive plan, the 2012 Annual Incentive Plan (the "2012 Plan"), was approved by stockholders at the 2012 annual meeting. Amounts earned under the 2012 Plan are intended to qualify as tax-deductible

Table of Contents**Compensation Discussion and Analysis (continued)**

performance-based compensation under Section 162(m) of the Internal Revenue Code (the Code). The 2012 Plan provides the Committee with a list of performance criteria to be used for determination of performance-based awards.

For 2014, the performance criteria included a mixture of a safety performance metrics, ROACE, and operating metrics designed to work across the Company.

2014 Performance Criteria

Safety: Total Recordable Incident Rate	The health and safety of the Company's employees and contractors is important to the Company. Inclusion of safety as a metric is a reminder that it is a priority of the Company to return both employees and contractors home safely after each work assignment.
Financial: ROACE	This financial goal shows profitability compared to capital investments made. It is calculated as earnings before interest and taxes divided by average total assets average current liabilities.
Operational:	The primary business objectives for an exploration and production company are to find oil and gas reserves at a competitive cost while generating economic value for its stockholders and assuring that reserves are prudently converted into production and ultimately cash flow. Including specific operational goals on reserve additions (excluding price revisions, acquisitions and divestitures) and production volumes provides a direct line of sight for the Company's employees of their impact in the Company's operational success.
Reserves Replacement	
Production (BOEPD)	

With respect to the NEOs, the following table summarizes the performance metrics, respective weighting of performance metrics and weighted performance scores based on actual performance, used in determining their respective annual incentive awards. Due to the recent lowering of oil prices, actual results were adjusted by the Committee to exclude the impact of the sell down of the Company's Malaysian assets, which would have resulted in a larger earned payout.

Metric	Threshold	Target	Maximum	Actual Results	Payout Achieved	Weighting	Payout Earned
Total Recordable Incident Rate	1.4	0.7	0.0	0.48	164.29%	10.0%	16.43%
ROACE	6.2%	7.5%	10.5%	6.71%	86.83%	30.0%	26.05%
Reserves Replacement	120.0%	150.0%	200.0%	237.0%	250.00%	30.0%	75.00%
Production (BOEPD)	209,560	232,845	279,414	221,315	94.05%	30.0%	28.22%
Total							145.70%

When establishing the target ROACE percentage, the Committee considered (i) the rate of return on risk-free investments (Treasury Bills), (ii) a risk premium reflecting the increased risk and return related to investment in

equities, (iii) the cost of long-term debt, as measured by the Company's annual interest expense on long-term debt and (iv) general industry conditions. The targets for other operating metrics were primarily based on historical data, budgets and forecasts. Under the terms of the 2012 Plan, achievement of 100% of the target rate results in the payment of 100% of individual target awards. For NEOs, achievement of the minimum of the performance range results in the payment of 62.5% of individual target awards and achievement of the maximum results in the payment of 250% of individual target awards, in each case subject to a discretionary downward adjustment by the Committee of up to 40%. Upward adjustments are not permitted for NEOs and no awards are payable if performance falls below the minimum. The Committee takes into account the relationship between the awards to the NEOs and other executives and reduced earned awards for the NEOs from 12%-20% as shown below.

Named Executive Officer	Target Bonus as a Percentage of		Earned Award (at 145.70% of Target)	Negative Discretion	Actual Amount Awarded
	2014 Base Salary Earnings	Base Salary Earnings*			
Roger W. Jenkins	\$ 1,295,833	135%	\$ 2,548,839	-14%	\$ 2,200,000
Kevin G. Fitzgerald	\$ 673,833	85%	\$ 834,509	-12%	\$ 734,305
Walter K. Compton	\$ 538,108	65%*	\$ 506,542	-20%	\$ 405,199
Bill H. Stobaugh	\$ 541,767	85%	\$ 670,951	-20%	\$ 536,715
K. Todd Montgomery	\$ 319,967	50%	\$ 233,096	-20%	\$ 186,461

* In connection with his election to Executive Vice President and General Counsel, the bonus target for Mr. Compton was increased from 60% to 65% effective February 1, 2014.

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Compensation Discussion and Analysis (continued)

C. Long-term Incentive Compensation

The objectives of the Company's long-term incentive program include:

- 1) to align executives' interests with the interests of stockholders;
- 2) to reinforce the critical objective of building stockholder value over the long term;
- 3) to assist in the long-term attraction, motivation, and retention of an outstanding management team;
- 4) to complement the short-term performance metrics of the 2012 Plan; and
- 5) to focus management attention upon the execution of the long-term business strategy of the Company. Long-term incentive compensation for 2014 included the grant of stock options, time-based restricted stock units, phantom stock units and performance-based restricted stock units under the Company's 2012 Long-Term Incentive Plan (the "2012 LTI Plan"). Stock options are designed to align the interests of executives with the performance of the Company over long-term. The exercise or grant price of fixed-priced stock options equals the average of the high and the low of the Company's common stock on the date of the grant. Fixed-price stock options are inherently performance-based because option holders realize no economic benefit unless the Company's stock price increases in value subsequent to the grant date. This aligns the optionees' interests with that of stockholders. The vesting of performance-based restricted stock units is based upon the Company's TSR relative to the TSR of the TSR peer group (as described above).

On February 4, 2014, the Committee granted equity awards pursuant to the 2012 LTI Plan to each of the NEOs at that time. The value was split 50% in performance-based restricted stock units, 25% in stock options and 25% in time-

based restricted stock units on an expected value basis. The Committee believes these awards are effective and appropriate methods of equity compensation. Stock options are particularly effective at aligning the interests of management and stockholders, but results can be skewed by movements in the stock market as a whole. Conversely, performance unit awards' value is largely based on the Company's performance relative to that of its peers, but does not necessarily equate with shareholder return.

On February 4, 2014, the Committee granted phantom stock units to Mr. Montgomery as a retention tool pursuant to the 2012 LTI Plan which will vest on February 4, 2017, and pay out as soon as practicable thereafter. They will be forfeited if Mr. Montgomery leaves the Company prior to this date.

The Company generally targets the median of competitive market pay levels for the annual grant value of long-term incentive compensation. When determining the size of the equity-based awards to the executives and the total number of shares available for equity-based award grants for all management employees for the fiscal year, the Committee considers survey data provided by the Committee's compensation consultant, internal equity, and individual performance, as well as the proportion of the total shares outstanding used for annual equity-based award grants and the potential dilution to the Company's stockholders. In 2014, the Company made long-term incentive grants to the NEOs using grant guidelines developed from competitive data provided by the Committee's independent compensation consultant. These grant guidelines, which were developed by the Committee's independent consultant from the Mercer Human Resource Consulting Energy 27 Survey and were constructed around the 50th percentile (median) competitive data. Total grants to all 2012 LTI Plan participants made in 2014 equaled .80% of the Company's issued and outstanding shares. NEO grants were as follows:

Named Executive Officer	Number of Stock Options	Number of Time-Based Restricted Stock Units	Number of Performance- Based Restricted Stock Units	Number of Phantom Units of Company Stock
Roger W. Jenkins	120,000	36,000	72,000	N/A
Kevin G. Fitzgerald	30,000	9,000	18,000	N/A
Walter K. Compton	23,000	7,000	14,000	N/A
Bill H. Stobaugh	17,000	5,000	10,000	N/A
K. Todd Montgomery	11,000	3,000	7,000	15,000

The Company has never engaged in the process of backdating stock options and does not intend to do so in the future. The exercise price for all stock options is equal to the fair market value (average of daily high and low) on the date of the grant.

Beginning in 2006, the Company's stock option award form provides for payment of the aggregate exercise price to be automatically net settled in stock, which reduces dilution. Thus upon exercise, shares having an aggregate fair market value equal to both the exercise price and the amount of

Table of Contents**Compensation Discussion and Analysis *(continued)***

statutory minimum withholding taxes are withheld by the Company, and only net shares are delivered to the holder of the option. The Company's stock options, all of which are non-qualified, vest in two equal installments on the second and third anniversaries of the grant date, and unless otherwise forfeited or exercised, expire seven years from the date of the grant.

Time-based restricted stock units awarded in 2014 vest on the third anniversary of the grant date. Dividend equivalents are accumulated during the performance period and pay out only if the underlying units vest and are earned. Holders of time-based restricted stock units do not have any voting rights.

Performance-based restricted stock units awarded in 2014 will be eligible to vest in three years based on how the Company's TSR compares to the TSR of an index of the comparator group of energy companies (identified above). The 2014 performance unit awards contain four equally weighted measurement periods: year 1; year 2; year 3; and years 1-3 combined. Achievement of the 50th percentile TSR of the TSR peer group is required for vesting and payment of 100% of the target performance-based restricted stock units awarded, achievement of the 90th percentile TSR of the TSR peer group is required for vesting and payment of 150% of the target performance-based restricted stock units awarded, achievement of the 25th percentile TSR of the TSR peer group is required for the vesting and payment of 50% of the target performance-based restricted stock units awarded. A prorated percentage of performance-based restricted stock units can vest and be paid for performance between the 25th and 90th TSR percentiles. No payment is made for achievement below the 25th percentile TSR of the TSR peer group. Dividend equivalents are accumulated during the performance period and pay out only if the underlying units vest and are earned. Holders of performance-based restricted stock units do not have any voting rights.

Fixed-price stock options and performance-based restricted stock units granted under the 2012 LTI Plan are intended to qualify as tax-deductible performance-based compensation under Section 162(m) of the Code. Time-based restricted stock units, which are time-based awards, do not qualify as performance-based compensation pursuant to Section 162(m). As noted above, the Committee currently uses three principal forms of long-term incentive compensation: fixed-price stock options, time-based restricted stock units and performance-based restricted stock units. While the Committee expects to continue to use these same three principal forms of equity-based incentives going forward, it is possible that the Committee may adopt a different long-term incentive compensation strategy in future years in response to changes in the competitive marketplace, regulatory actions, and/or changes to business strategy. In

order to provide for flexibility going forward, the 2012 LTI Plan provides possible alternative long-term equity incentive vehicles in addition to stock options and restricted stock units, including stock appreciation rights, performance shares, phantom units, dividend equivalents, and other stock-based incentives. The 2012 LTI Plan includes a list of other performance criteria that could be used for determination of performance-based awards.

As of December 31, 2013, the number of shares available for future grants of Full Value Awards under the 2012 LTIP was 4,237,843. During 2014, the Company granted 1,470,600. Accordingly, as of December 31, 2014, the number of shares available for future grants of Full Value Awards under the 2012 LTIP is 2,767,243.

D. Employee Benefits and Perquisites

The objectives of the Company's employee benefits and perquisites program are:

- 1) to provide an employee benefit package with the same level of benefits provided to all Company employees which is competitive within the Company's industry sector;
- 2) to offer executives indirect compensation which is efficient and supplemental to their direct compensation to assist with retirement, health, and welfare needs for individuals and their families; and
- 3) to provide only limited benefits to selected executives as required.

The Company's executives are provided usual and customary employee benefits available to all employees. These include thrift savings (401(k)), life insurance, accidental death and dismemberment insurance, medical/dental insurance, vision insurance, long-term disability insurance, and a Company-sponsored pension plan. Effective with the spin-off of Murphy's former U.S. retail marketing operation, Murphy USA Inc. (MUSA) on August 30, 2013, significant modifications were made to the U.S. defined benefit pension plan. Certain Company employees' benefits under the U.S. plan were frozen at that time. No further benefit service will accrue for the affected employees; however, the plan will recognize future earnings after the spin-off. In addition, all previously unvested benefits became fully vested at the spin-off date. For those affected active employees of the Company, additional U.S. retirement plan benefits will accrue in future periods under a cash balance formula. Mr. Montgomery was hired in 2014 and accrues benefits under a cash balance formula. The NEOs are excluded from the Company's Employee Stock Purchase Plan (the ESPP) because they are eligible for long-term stock incentives and the ESPP was established as a vehicle for employees to acquire stock.

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Compensation Discussion and Analysis *(continued)*

Tax regulations adversely affect certain highly compensated employees by restricting their full participation in qualified pension and defined contribution (thrift) plans. In an effort to provide the same level of retirement benefit opportunity for all employees, the Company maintains the SERP. The purpose of the SERP is to restore pension plan and thrift plan benefits which are not payable under such plans because of certain specified benefit and compensation limitations under tax regulations. The benefit to the Company of this arrangement is the retention and long-term service of employees who are otherwise unprotected by employment contracts. Other than the SERP, the Company does not offer a deferred compensation alternative to the NEOs.

The Committee allows a maximum of 50 flight hours in the continental United States on Company aircraft by Mr. Jenkins as part of his total compensation package. In 2014, Mr. Jenkins 47 hours had an aggregate incremental cost to the Company of \$173,613, as reported in the 2014 Summary Compensation Table. The Standard Industry Fare Level rate was used to determine the income reportable to Mr. Jenkins for these trips, and the Company has not provided any tax gross-up or other tax assistance with respect to the income recognized for use of the Company aircraft.

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Compensation Discussion and Analysis *(continued)*

EXECUTIVE COMPENSATION COMMITTEE REPORT

The Executive Compensation Committee has reviewed and discussed with management the foregoing Compensation Discussion and Analysis. Based on the review and discussions, the Executive Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company's Proxy Statement.

EXECUTIVE COMPENSATION COMMITTEE

Neal E. Schmale (Chair)

T. Jay Collins

Walentin Mirosh

Jeffrey W. Nolan

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Table of Contents**Executive Compensation****Tabular Information for Named Executive Officers**

Further information with respect to the individuals who served as the Company's Principal Executive Officer, Principal Financial Officer and the three other most highly compensated executive officers serving at the end of the last completed fiscal year is set forth in the following tables:

2014 SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$) ⁽¹⁾	Option Awards (\$) ⁽²⁾	Non-Equity Incentive Plan Compensation (\$) ⁽³⁾	Change in Pension Value and Non-Equity Nonqualified Deferred Compensation	All Other Compensation (\$) ⁽⁴⁾	Total (\$)
							Earnings		
Roger W. Jenkins <i>President and Chief Executive Officer</i>	2014	1,295,833		5,284,440	1,540,800	2,200,000	2,204,998	252,497	12,778,568
	2013	1,064,583		3,088,776	3,623,725	1,900,000	334,320	133,483	10,144,887
	2012	739,145		2,074,275	1,808,100	895,331	705,834	43,507	6,266,192
Kevin G. Fitzgerald <i>Executive Vice President and Chief Financial Officer</i>	2014	673,833		1,321,110	385,200	734,305	2,854,480	41,564	6,010,492
	2013	646,390		1,048,320	1,201,560	950,143	310,234	39,623	4,196,270
	2012	600,010		2,862,300	798,300	566,301	1,690,234	36,841	6,553,986
Walter K. Compton ⁽⁵⁾ <i>Executive Vice President and General Counsel</i>	2014	538,108		1,027,530	295,320	405,199	1,401,045	33,421	3,700,623
	2013								
	2012								
Bill H. Stobaugh <i>Executive Vice President</i>	2014	541,767		733,953	218,280	536,715	1,151,936	33,640	3,216,291
	2013	527,331		534,144	616,590	710,540	248,961	32,480	2,670,046
	2012	509,986		1,185,300	798,300	414,008	942,024	31,439	3,881,057
K. Todd Montgomery ⁽⁶⁾ <i>Vice President</i>	2014	319,967		1,321,125	141,240	186,461		19,559	1,988,352
	2013								
	2012								

(1) The restricted stock unit awards are shown at grant date fair value as computed in accordance with FASB ASC Topic 718, excluding forfeiture estimates, as more fully described in Note I to the consolidated financial statements included in the 2014 Form 10-K report. Restricted stock unit awards are subject to performance-based conditions and are forfeited if grantee's employment terminates for any reason other than retirement, death or full disability.

The restricted stock unit awards vest three years from the date of grant if performance conditions are met. There is no assurance that the value realized by the executive will be at or near the value included herein.

- (2) The stock option awards are shown at grant date fair value as computed in accordance with FASB ASC Topic 718, excluding forfeiture estimates, as more fully described in Note I to the consolidated financial statements included in the 2014 Form 10-K report. Options granted generally vest in two equal installments on the second and third anniversaries of the grant date. The options are exercisable for a period of seven years from the date of grant. The actual value, if any, an executive may realize will depend on the excess of the stock price over the exercise price on the date the option is exercised. There is no assurance that the value realized by the executive will be at or near the value included herein.
- (3) Non-Equity Incentives were awarded and paid after the end of the year in which they are reported. Because these payments related to services rendered in the year prior to payment, the Company reported these incentives as a component of compensation expense in the year for which the award was earned.
- (4) The total amounts shown in this column for 2014 consist of the following:
- Mr. Jenkins \$77,750 Company contributions to defined contribution plans; \$173,613 Company plane usage based on aggregate incremental cost to the Company. The aggregate incremental cost to the Company is calculated by multiplying, for each trip, the statutory miles for each trip times the 12-month average direct cost per statutory mile for the airplane used. The direct costs utilized in the calculation include: travel expenses for the aviation crew, communications expenses, landing fees, fuel and lubrication, contract maintenance and repairs, and the provision allocated for the overhaul of the engines; \$1,134 Benefit attributable to Company-provided term life insurance policy.
- Mr. Fitzgerald: \$40,430 Company contributions to defined contribution plans; \$1,134 Benefit attributable to Company-provided term life insurance policy.
- Mr. Compton: \$32,287 Company contributions to defined contribution plans; \$1,134 Benefit attributable to Company-provided term life insurance policy
- Mr. Stobaugh: \$32,506 Company contributions to defined contribution plans; \$1,134 Benefit attributable to Company-provided term life insurance policy.
- Mr. Montgomery: \$18,425 Company contributions to defined contribution plans; \$1,134 Benefit attributable to Company-provided term life insurance policy.
- (5) Mr. Compton was not a Named Executive Officer in 2013 and 2012.
- (6) Mr. Montgomery was not a Named Executive Officer in 2013 and 2012.

Table of Contents**Executive Compensation (continued)****2014 GRANTS OF PLAN-BASED AWARDS TABLE**

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards Target			Estimated Future Payouts Under Equity Incentive Plan Awards Target		
		Threshold (\$)	Maximum (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)
Roger W. Jenkins	02/04/14				72,000	108,000	144,000
		1,093,359	1,749,375	4,373,438			
Kevin G. Fitzgerald	02/04/14				18,000	27,000	36,000
		357,974	572,758	1,431,896			
Walter K. Compton	02/04/14				14,000	21,000	28,000
		217,288	347,661	869,152			
Bill H. Stobaugh	02/04/14				10,000	15,000	20,000
		287,814	460,502	1,151,254			
K. Todd Montgomery	02/04/14				21,500	25,000	28,500
		99,990	159,984	399,959			

Name	Grant Date	All Other Stock Awards	All Other Option Awards:	Exercise or Base Price of Option Awards	Closing Price on Grant Date	Grant Date Fair Value of Stock and Option Awards
		Number of Shares of Stock or Units (#)	Number of Securities Underlying Options (#) ⁽¹⁾	(\$/Sh)	(\$/Sh) ⁽¹⁾	(\$)
Roger W. Jenkins	02/04/14		120,000	55.82	55.68	1,540,800
	02/04/14	108,000				5,284,440
Kevin G. Fitzgerald	02/04/14		30,000	55.82	55.68	385,200
	02/04/14	27,000				1,321,110
Walter K. Compton	02/04/14		23,000	55.82	55.68	295,320
	02/04/14	21,000				1,027,532
Bill H. Stobaugh	02/04/14		17,000	55.82	55.68	218,280
	02/04/14	15,000				733,950
K. Todd Montgomery	02/04/14		11,000	55.82	55.68	141,240
	02/04/14	10,000				485,925
	02/04/14	15,000				835,200

(1) The exercise price of options is determined using the average of the high and low of the stock price on the date of grant.

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Table of Contents**Executive Compensation (continued)****2014 OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END TABLE**

Name	Number of Securities		Option Exercise Price (\$)	Option Expiration Date
	Underlying Unexercised Exercisable Options (#) ⁽¹⁾	Underlying Unexercised Unexercisable Options (#) ⁽¹⁾		
Roger W. Jenkins	27,675		63.4553	2/5/2015
	71,955		58.8392	2/1/2018
	35,977	35,978	51.6305	1/31/2019
	27,675	27,675	39.0244	6/20/2019
		129,519	54.2141	2/5/2020
Kevin G. Fitzgerald		96,785	62.9765	8/7/2020
		120,000	55.8200	2/4/2021
	33,210		63.4553	2/5/2015
	33,210		37.4435	2/3/2016
	44,280		45.4788	2/2/2017
	49,815		58.8392	2/1/2018
	24,907	24,908	51.6305	1/31/2019
Walter K. Compton		84,132	54.2141	2/5/2020
		30,000	55.8200	2/4/2021
	16,605		63.4553	2/5/2015
	19,373		37.4435	2/3/2016
	22,140		45.4788	2/2/2017
		58.8392	2/1/2018	
	16,605	16,605	51.6305	