MURPHY OIL CORP /DE
Form DEF 14A
March 28, 2016
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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 x 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))**

x 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):

x 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:

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

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

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¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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NOTICE OF ANNUAL MEETING

Date: May 11, 2016
Time: 10:00 a.m. CDT
Place: South Arkansas Arts Center
110 East 5th Street
El Dorado, Arkansas 71730
AGENDA:

1. Election of Directors;

2. Advisory vote on executive compensation;

3. Approval or disapproval of the proposed 2017 Annual Incentive Plan as described in the Proxy Statement;

4. 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 2016; and

5. Such other business as may properly come before the meeting.

Only stockholders of record at the close of business on March 14, 2016, 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, 300 Peach Street, El Dorado, Arkansas 71730.

Your vote is very important to us and to our business. Prior to the meeting, you may submit your vote and proxy by telephone, mobile device, the internet, or, if you received your materials by mail, you can sign and return your proxy card. Instructions on how to vote begin on page 1.

E. Ted Botner

Vice President, Law and Corporate Secretary

El Dorado, Arkansas

March 28, 2016

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Proxy Statement

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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 11, 2016. It is expected that this Proxy Statement and related materials will first be provided to stockholders on or about March 28, 2016. The complete mailing address of the Company s principal executive office is 300 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 Oil 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 Stockholders.

		For More Information	Board Recommendation
Proposal 1 Election of Directors		Page 4	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 Advisory Vote to Approve Executive Compensation		Page 17	FOR
Proposal 3 Approval of the proposed 2017 Annual Incentive Plan		Page 42	FOR
Proposal 4 Approval of Appointment of Independent Registered Public Accounting Firm		Page 43	FOR

You may cast your vote in the following ways:

The 2016 Murphy Oil Corporation Annual Meeting will begin at 10:00 a.m. CDT on May 11, 2016,

at the South Arkansas Arts Center located at 110 East 5th Street in El Dorado, Arkansas 71730.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS:

We have elected to take advantage of the U.S. Securities and Exchange Commission rules that allow us to furnish proxy materials to the Company s stockholders via the internet. These rules allow us to provide information that the Company s stockholders need while lowering the costs and accelerating the speed of delivery and reducing the environmental impact of the Annual Meeting. This Proxy Statement, along with the Company s Annual Report to Stockholders, which includes the Company s Form 10-K for the year ended December 31, 2015, are available via the internet at **http://ir.murphyoilcorp.com/phoenix.zhtml?c=61237&p=proxy**.

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Q&A Questions and Answers about the Annual Meeting

When and where is the Annual Meeting?

The 59th Annual Meeting will be held at 10:00 a.m. CDT on Wednesday, May 11, 2016, at the South Arkansas Arts Center, located at 110 East 5th Street, in El Dorado, Arkansas 71730.

May I attend the meeting?

Attendance at the meeting is open to stockholders of record as of March 14, 2016, Company employees and certain guests. If you are a stockholder, regardless of the number of shares you hold, you may attend the meeting.

Who may vote?

You may vote if you were a holder of record of Murphy Oil Corporation common stock as of the close of business on March 14, 2016. Each share of common stock is entitled to one vote at the Annual Meeting. You may vote in person at the meeting, or by proxy via the methods explained on page 1 of this document.

Why should I vote?

Your vote is very important regardless of the amount of stock you hold. The Board strongly encourages you to exercise your right to vote as a stockholder of the Company.

Why did I receive a Notice in the mail regarding the internet availability of proxy materials instead of a full set of proxy materials?

We are providing access to our proxy materials over the internet. As a result, we have sent a Notice instead of a paper copy of the proxy materials to most of our stockholders. The Notice contains instructions on how to access the proxy materials over the internet and how to request a paper copy. In addition, the website provided in the Notice allows stockholders to request to receive future proxy materials in printed form by mail or electronically by email. A stockholder s election to receive proxy materials by mail or email will remain in effect until the stockholder terminates it.

Why didn t I receive a Notice in the mail regarding the internet availability of proxy materials?

We are providing certain stockholders, including those who have previously requested to receive paper copies of the proxy materials, with paper copies of the proxy materials instead of a Notice. If you would like to reduce the costs incurred by Murphy in mailing proxy materials and conserve natural resources, you can consent to receive all future proxy statements, proxy cards and annual reports electronically via email. To sign up for electronic delivery, please follow the instructions provided with your proxy materials and on your proxy card or voting instruction card. When prompted, indicate that you agree to receive or access stockholder communications electronically in the future.

May I vote my stock by filling out and returning the Notice?

No. You may vote by internet at www.proxyvote.com. Instructions are in the email sent to you and on the Notice.

How can I access the proxy materials through the internet?

Your Notice or proxy card will contain instructions on how to view our proxy materials for the Annual Meeting on the internet. The Proxy Statement and Annual Report are also available at **http://ir.murphyoilcorp.com/phoenix.zhtml?c=61237&p=proxy**.

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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 Corporate Secretary of the Company, (ii) duly execute a proxy card bearing a later date or (iii) appear at the meeting and vote in person. If you voted via the Internet, mobile device or telephone, you can change your vote with a timely and valid later vote or by voting by ballot at the meeting. 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 card or as directed on the Notice or vote by telephone, mobile device or internet as described in the telephone/mobile device/internet voting instructions on your proxy card or Notice, the Company will vote your shares as you direct. Your telephone/mobile device/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). Accordingly, broker non-votes will be disregarded in the calculation of votes cast and will have no effect on the vote. Notably, the election of directors, the advisory vote to approve executive compensation, and the proposal to approve or disapprove the adoption of the 2017 Annual Incentive Plan 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 proposed 2017 Annual Incentive Plan and 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 2016.

The expenses of printing and distributing 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, without additional compensation, may solicit the return of proxies from certain stockholders by telephone or other means.

VOTING SECURITIES

On March 14, 2016, the record date for the meeting, the Company had 172,191,694 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 22,864,030 shares of treasury stock. Information as to Common Stock ownership of certain beneficial owners and management is set forth in the tables on pages 14 and 15 (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/or 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.

The Company s Corporate Governance Guidelines contain a provision that allows the Board, in special circumstances, to nominate a Director that is more than 72 years of age. The Board, at its regularly held meeting on February 3, 2016, determined that the need to retain Ms. Theus HSE experience and guidance constitutes a special circumstance under the Corporate Governance Guidelines. 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 herein. 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 were elected at the last Annual Meeting of Stockholders. All directors 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 Ms. Theus are first cousins). 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.

Proposal 1 Election of Directors ***(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 Corporate Secretary, Murphy Oil Corporation, P.O. Box 7000, El Dorado, Arkansas 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 Director 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: 69	Nominating & Governance	
Director Since: 2013	**Principal occupation or employment**	
	President and Chief Executive Officer, Retired, Oceaneering International, Inc., since May 2011; 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.

Board Committees	**Certain other directorships**

STEVEN A. COSSÉ

El Dorado, Arkansas

Age: 68

Director Since: 2011

Executive

Health, Safety & Environmental

Simmons First National Corporation Pine Bluff, Arkansas

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: 61	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 Directors *(continued)*

LAWRENCE R. DICKERSON	**Board Committees**	**Certain other directorships**
Houston, Texas **Age:** 63 **Director Since**: 2014	Nominating & Governance Audit	Oil States International, Inc. Houston, Texas Hercules Offshore, Inc. *Chairman* Houston, Texas

Principal occupation or employment

President and Chief Executive Officer, Retired, Diamond Offshore Drilling, Inc., an offshore drilling company, since March 2014; President and Chief Executive Officer from May 2008 through March 2014

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	**Board Committees**	**Certain other directorships**
El Dorado, Arkansas **Age:** 54	Executive	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

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 32 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: 66

Director Since: 2006

Board Committees

Audit

Executive

Chair, 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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Proposal 1 Election of Directors *(continued)*

WALENTIN MIROSH	**Board Committees**	**Certain other directorships**
Calgary, Alberta	Executive Compensation Health, Safety & Environmental	TC PipeLines GP, Inc. Calgary, Alberta
Age: 70		
Director Since: 2011	**Principal occupation or employment**	
	President, Mircan Resources Ltd., a private consulting company since January 2010	

Mr. Mirosh, 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	**Board Committees**	**Certain other directorships**
El Dorado, Arkansas	Executive Chair, Audit	Deltic Timber Corporation El Dorado, Arkansas Murphy USA Inc. *Chairman* El Dorado, Arkansas
Age: 58		
Director Since: 1993 (Chairman, 1994-2002)		

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	Board Committees	Certain other directorships
Little Rock, Arkansas		
	Executive Compensation	None
Age: 47	Nominating & Governance	
Director Since: 2012		

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 former legal practice focused on business and corporate transactions, 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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Proposal 1 Election of Directors *(continued)*

NEAL E. SCHMALE	**Board Committees**	**Certain other directorships**
La Jolla, California	Audit	WD-40 Company *Chairman* San Diego, California
Age: 69	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 corporate leader having faced 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	Health, Safety & Environmental	Denbury Resources Plano, Texas
Age: 56		Williams Companies Inc. Tulsa, Oklahoma

Director Since: 2015

Principal occupation or employment

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

Age: 72

Director Since: 1985

Board Committees

Executive

Chair, Health, Safety & Environmental

Certain other directorships

None

Principal occupation or employment

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

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.

Proposal 1 Election of Directors ***(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. The Board regularly reviews information regarding the Company s credit, liquidity and operations, including the risks associated with each. The 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 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 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.

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Proposal 1 Election of Directors ***(continued)***

Stockholders desiring to recommend candidates for 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 Corporate 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.

Additionally, on February 3, 2016, the Board adopted proxy access by-laws that permit stockholders owning 3% or more of common stock for at least three (3) years to nominate the greater of two (2) directors or up to 20% of the Board, and include these nominees in the Company s proxy materials. The number of stockholders who may aggregate their shares to meet the ownership threshold is limited to 20. Nominations are subject to the eligibility, procedural and disclosure requirements set forth in the by-laws.

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 has benefitted from the Company s involvement with groups such as the American Petroleum Institute (API) and sponsorship of initiatives like the Massachusetts Institute of Technology s Joint Program on the Science and Policy of Global Change, which keeps 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, Code of Business Conduct and Ethics and the Code of Ethical Conduct for Executive Management, are available on the Company s website, *http://ir.murphyoilcorp.com/phoenix.zhtml?c=61237&p=irol-govHighlights*.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During 2015, 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 2015, there were six meetings of the Board, twelve meetings of the Executive Committee, five meetings of the Audit Committee, three meetings of the Executive Compensation Committee, four 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 2015 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.

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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 2015, the cash component consisted of an annual retainer of $60,000, plus $2,000 for each Board or committee meeting attended. In February 2015, the Chairman of the Board requested his supplemental retainer be reduced by 50% to $57,500. Supplemental retainers were also paid to 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. On February 3, 2016, the Board adopted a non-employee director deferred compensation plan pursuant to which non-employee directors may elect to defer receipt of future director fees and retainers. Amounts deferred will be deemed invested in phantom stock units and will be settled in cash.

In 2015, 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 Ms. Sugg, received 4,068 time-based restricted stock units on February 4, 2015, which cliff vest after three years. Ms. Sugg was elected to the Board of Directors on February 9, 2015 and was awarded at that time equivalent equity-based compensation on a pro-rated basis. Her award consisted of 3,917 time-based restricted stock units, which vest over the period beginning February 9, 2015, and ending on February 4, 2018. On February 3, 2016, the Board decided to reduce the total equity compensation for non-employee directors to $150,000.

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 equal to (1 to 1) the contribution made by the eligible person.

2015 DIRECTOR COMPENSATION TABLE

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)(1)(2)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation	All Other Compensation ($)	Total ($)

			Earnings ($)[3]		
Claiborne P. Deming	167,530	200,024			367,554
T. Jay Collins	86,000	200,024			286,024
Steven A. Cossé	98,033	200,024		25,000	323,057
Lawrence R. Dickerson	89,625	200,024		8,400	298,049
James V. Kelley	127,780	200,024			327,804
Walentin Mirosh	82,030	200,024			282,054
R. Madison Murphy	126,530	200,024	10,411		336,965
Jeffrey W. Nolan	86,031	200,024			286,055
Neal E. Schmale	120,530	200,024		25,000	345,554
Laura A. Sugg	72,000	200,041			272,041
Caroline G. Theus	110,030	200,024	17,760	7,500	335,314

(1) Represents grant date fair value of time-based restricted stock units awarded in 2015 as computed in accordance with FASB ASC Topic 718, excluding forfeiture estimates, as more fully described in Note J to the consolidated financial statements included in the Company s 2015 Form 10-K Annual Report.

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Compensation of Directors *(continued)*

(2) At December 31, 2015, total time-based restricted stock units outstanding were:

	Restricted Stock Units
Claiborne P. Deming	11,774
T. Jay Collins	9,475
Steven A. Cossé	7,722
Lawrence R. Dickerson	5,712
James V. Kelley	11,774
Walentin Mirosh	11,774
R. Madison Murphy	11,774
Jeffrey W. Nolan	11,774
Neal E. Schmale	11,774
Laura A. Sugg	3,917
Caroline G. Theus	11,774

(3) 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.

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Security Ownership of Certain Beneficial Owners

As of December 31, 2015, 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
Capital World Investors 333 South Hope Street Los Angeles, CA 90071	15,733,837[2]	9.10%
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	15,402,419[3]	8.95%
AllianceBernstein L.P. 1345 Avenue of the Americas New York, NY 01015	10,765,732[4]	6.30%
State Street Corporation State Street Financial Center One Lincoln Street Boston, MA 02111	10,543,672[5]	6.10%
BlackRock Inc. 55 East 52nd Street New York, NY 10055	10,482,505[6]	6.10%
Hotchkis and Wiley Capital Management, LLC 725 S. Figueroa Street 39th Fl Los Angeles, CA 90017	10,386,290[7]	6.04%

(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, 2015.

(2) An investment adviser in accordance with Rule 13d-1(b)(1)(ii)(E). Total includes 15,733,837 sole voting power shares, -0- shared voting power shares, 15,733,837 sole dispositive power shares and -0- shared dispositive power shares. Beneficial ownership disclaimed pursuant to Rule 13d-4.

(3) An investment adviser in accordance with Rule 13d-1(b)(1)(ii)(E). Total includes 297,264 sole voting power shares, 15,300 shared voting power shares, 15,083,047 sole dispositive power shares and 319,372 shared dispositive power shares.

(4) An investment adviser in accordance with Rule 13d-1(b)(1)(ii)(E). Total includes 9,257,689 sole voting power shares, -0- shared voting power shares, 10,761,080 sole dispositive power shares and 4,652 shared dispositive power shares.

(5) A parent holding company or control person in accordance with Rule 13d-1(b)(ii)(G). Total includes -0- sole voting power shares, 10,543,672 shared voting power shares, -0- sole dispositive power shares and 10,543,672 shared dispositive power shares.

(6) A parent holding company or control person in accordance with Rule 13d-1(b)(ii)(G). Total includes 9,062,527 sole voting power shares, 7,677 shared voting power shares, 10,474,828 sole dispositive power shares and 7,677 shared dispositive power shares.

(7) An investment adviser in accordance with Rule 13d-1(b)(1)(ii)(E). Total includes 6,433,493 sole voting power shares, -0- shared voting power shares, 10,386,290 sole dispositive power shares and -0- shared dispositive power shares.

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Security Ownership of Management

The following table sets forth information, as of February 16, 2016, 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 one percent)
Claiborne P. Deming	839,119	1,639,538	209,720		2,688,377	1.56%
T. Jay Collins	1,902				1,902	
Steven A. Cossé	118,218				118,218	
Lawrence R. Dickerson						
James V. Kelley	35,791				35,791	
Walentin Mirosh	10,244				10,244	
R. Madison Murphy	1,159,061	1,232,719	2,674,718(3)		5,066,498(4)	2.94%
Jeffrey W. Nolan	276,562	140,528			417,090	
Neal E. Schmale	51,553				51,553	
Laura A. Sugg						
Caroline G. Theus	421,754	537,252	6,684(5)		965,690	
Roger W. Jenkins	113,194			437,171	550,365	
John W. Eckart	55,890			147,757	203,647	
Kevin G. Fitzgerald	76,198			185,976	262,174	
Walter K. Compton	39,428			141,573	181,001	
Kelli M. Hammock	12,953			68,768	81,721	
Keith S. Caldwell	11,689			64,439	76,128	
Directors and executive officers as a group(6)	3,293,647	3,550,037	2,891,122	1,260,549	10,995,355	6.39%

(1) Includes Company Thrift (401(k)) Plan shares in the following amounts: Mr. Cossé 23,796 shares; Mr. Jenkins 2,784 shares; Mr. Eckart 11,037 shares; Mr. Fitzgerald 2,755 shares; Mr. Compton 5,713 shares; Ms. Hammock 729 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 35,791 shares owned jointly with spouse; Mr. Murphy 232,859 shares; Mr. Nolan 49,392 shares; Ms. Hammock 180 shares

(3) Includes 943,068 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 224,840 of these shares. Mr. Murphy s wife has a beneficial interest in 1,236 shares, for which beneficial ownership is expressly disclaimed.

(4) Total includes 295,478 shares that are pledged as security.

(5) Held as trustee for trust for Ms. Theus son.

(6) Includes eleven directors, thirteen executive officers and one director/officer.

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 2015, except for the following late filings: i) on January 29, 2016, a late Form 5 was filed for Caroline G. Theus with respect to a gift transaction that occurred on September 6, 2014 and ii) on February 1, 2016, a late Form 5 was filed for R. Madison Murphy with respect to a gift transaction that occurred on December 8, 2014.

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

During 2015, 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 or applied for in 2015. 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 2015 Annual Meeting, stockholders endorsed the compensation of the Company s Named Executive Officers with over 97% of the votes cast supporting the proposal.

As described in detail 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* along with the information in the compensation tables for additional details about the executive compensation programs, including information about the fiscal year 2015 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 2016 Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the 2015 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, the Executive Compensation Committee will consider stockholders concerns and will evaluate whether any actions are necessary to address those concerns.

Compensation Discussion and Analysis

BACKGROUND

Murphy Oil Corporation is an independent exploration and production (E&P) company with a portfolio of global offshore and onshore assets delivering oil-weighted production. Murphy produces oil and 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 2015, as well as factors considered by the Executive Compensation Committee of the Board of Directors (the Committee) in making compensation decisions for 2015. For your reference, the Company s CD&A is outlined in the following sections:

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EXECUTIVE SUMMARY

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
John W. Eckart	Executive Vice President & Chief Financial Officer
Kevin G. Fitzgerald	Retired Executive Vice President & Chief Financial Officer
Walter K. Compton	Executive Vice President & General Counsel
Kelli M. Hammock	Senior Vice President, Administration
Keith S. Caldwell	Senior Vice President & Controller

On October 1, 2014, the Company announced the succession plan of the Executive Vice President and Chief Financial Officer, Kevin G. Fitzgerald. At that time, John W. Eckart was announced as Mr. Fitzgerald s successor upon his retirement. Mr. Fitzgerald retired March 1, 2015 and Mr. Eckart was named Executive Vice President and Chief Financial Officer at that time. On February 4, 2015, Mr. Caldwell was named Senior Vice President and Controller effective March 1, 2015.

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Compensation Discussion and Analysis *(continued)*

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.

OUR 2015 OPERATIONAL AND FINANCIAL HIGHLIGHTS

Fiscal year 2015 presented a challenging and volatile commodity price environment. Despite this challenging environment, Murphy s 2015 operational performance delivered consistent oil weighted production volumes and 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. Murphy s specific achievements in 2015 include:

PORTFOLIO

- Grew total reserves achieving 123% reserve replacement ratio including acquisitions and divestitures. Excluding acquisitions and divestitures, the Company s organic reserves replacement ratio was 154%.
- The Company signed a farm-in agreement in Cuu Long Basin, offshore Vietnam.

MAJOR PROJECTS

- Delivered 136 Eagle Ford Shale wells during 2015, with 648 operated wells at year-end.
- Sarawak Gas recorded average daily gross production of 272 MMcfd.
- Achieved first production at Dalmatian South #2 in the Gulf of Mexico.

FINANCIAL RESULTS

- The Company reduced capital spending related to continued operations from a total of $3.8 billion in 2014 to $2.2 billion in 2015, while exceeding its reserve replacement goal during 2015.
- Reduced lease operating expense dollars per barrel of oil equivalent (BOE) by over 18% year over year.

Reduced general and administrative expense by approximately 16% year over year.

SAFETY

The Company continued to improve on its strong safety record.

The actual total recordable incident rate (TRIR) of 0.28 for employees and contractors represents a 42% improvement year over year and exceeded the Company s TRIR goal of 0.56 for the year.

The Company recorded an 80% reduction in lost time incidents for employees and contractors.

IMPACT OF 2015 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 annual cash bonus opportunities tied to the achievement of specific performance goals aligned with stockholder value creation. Long-term incentives combine performance-based and time-based restricted stock units and stock options 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.

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Compensation Discussion and Analysis *(continued)*

ACTIONS RELATED TO 2015 PERFORMANCE

Base Salary	Annual Incentives	Long-Term Equity Incentives
Froze Select Key Executive Salaries	**Exercised Negative Discretion on Annual Incentive Plan (AIP) Awards**	**No Performance Awards Earned for 2015**
Our base salaries are set to provide a fixed level of compensation for NEOs to have a reward for the day-to-day execution of primary duties and responsibilities. Due to the lower commodity price environment and below expectations financial performance and returns to stockholders, the Company froze the base salaries of the CEO, EVP and General Counsel, and the SVP, Administration for the 2015 fiscal year. During fiscal year 2015, John W. Eckart, was promoted to the position of EVP and Chief Financial Officer, and in recognition of this promotion and increase in responsibilities, was awarded an 11% increase in base salary. In addition, during fiscal year 2015, Keith Caldwell was promoted to the position of SVP and Controller, for which he received a 13% increase in base salary.	The Murphy AIP is a performance-driven plan that is compliant with the requirements of a performance plan pursuant to Section 162(m) of the Internal Revenue Code. The plan, which establishes threshold, target, and maximum levels of financial, strategic, and operational goals within the first 90 days of the fiscal year, is formulaic in its application and only allows the Committee to adjust calculated awards by means of negative discretion. For the fiscal year 2015, the AIP measured performance in the following areas: Safety (total recordable incident rate); EBITDA/BOE; Lease Operating Expense/BOE;	In February 2015, the Committee granted to the Company s NEOs long-term equity incentive awards in three forms: Stock options with a 7-year term (25% of the total grant value); Time-based restricted stock units (25% of the total grant value); and Performance-based restricted stock units (50% of the total grant value).

Reserve Replacement; and Production (BOEPD) Based upon the Company s performance during fiscal year 2015, Murphy met or exceeded the performance goals in four of the five areas measured. The Company failed to achieve its threshold performance level of EBITDA/BOE, and the AIP formula for the NEO positions resulted in an earned performance score of 176.31% of target.	At the time of grant, the Murphy share price was $49.65 (100% fair market value on the date of grant). All grants are awarded pursuant to the 2012 Company Long-Term Incentive Plan, and the Plan has a provision which caps the total number of shares which can be granted each year to all participants equal to 1% of the Company s total common shares outstanding,
Because of the Company s failure to achieve the EBITDA performance threshold and the Company s overall disappointing return to stockholders in fiscal year 2015, the Committee exercised its negative discretion and made two substantive downward adjustments to AIP awards to NEOs. Reduced the NEOs awards from 176.31% to 141.05% of earned target, the same level of performance calculated for all other AIP participants. Further reduced NEO AIP awards by 50% to reflect the current stock price and oil price environment, yielding total negative discretion of 60% for NEO awards.	Stock options granted in 2015 will not vest and become exercisable until the second and third anniversaries of the grant date. The time-based restricted stock units will not vest until the third anniversary date of the grant date. Because neither the stock options nor time-based restricted stock units granted to NEOs in February 2015 have vested, none of the NEOs have realized value from these awards.
The result of these reductions is that each NEO received an AIP award for fiscal year 2015 that equaled 67% to 71% of	The performance-based restricted stock units granted to NEOs are earned based upon the

his or her respective target bonus opportunity.	Company s total shareholder return (TSR) against that of its peer group of industry comparator companies as selected by the Committee. The measurement period for these grants is divided into four tranches, with 25% based on the first year s performance, 25% based on the second year s performance, 25% based on the third year s performance, and 25% of the award based on the full three years performance. Each year, a new grant of performance-based restricted stock units is awarded, and the number of shares earned is calculated and determined at the conclusion of the third year. The 2013 grant of awards is payable to participants at the conclusion of the 2015 fiscal year, and based upon the Company s relative TSR over the four measurement periods, participants earned 45.775% of the performance award granted at an average high and low stock price of $17.565.

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Compensation Discussion and Analysis *(continued)*

ACTIONS RELATED TO 2015 PERFORMANCE (CONTINUED)

Base Salary	Annual Incentives	Long-Term Equity Incentives

The following provides a summary of the relative TSR performance results for fiscal year 2015 and the impact of such performance upon grants occurring in 2013, 2014, and 2015. Because the Company s relative TSR for the 2013 awards was below the 25th percentile of its peer group in fiscal year 2015, no performance awards were earned or accrued for the 2015 performance year. The 2014 and 2015 grants of awards were compared to a different peer group than the 2013 awards. The 2014 and 2015 awards was above the 25th percentile and were earned and accrued for the 2015 performance year.

	2013 RSUs	2014 RSUs	2015 RSUs
Year 1	113.10%	74.00%	50.60%
Year 2	70.00%	50.60%	TBD
Year 3	0.00%	TBD	TBD
Cumulative Years 1-3	0.00%	TBD	TBD
Total	45.775%	TBD	TBD

CEO COMPENSATION

In February 2015, the Committee reviewed Mr. Jenkins annual total direct compensation opportunity and determined that it would be appropriate, based on the current low oil price environment and general market conditions, to hold his base salary at its 2014 annual rate for 2015. The Committee positioned his targeted annual total direct compensation opportunity for 2015 at the median of the compensation peer group. 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.

OTHER NEO COMPENSATION

In February 2015, the Committee approved the recommendation from the CEO to hold base salaries flat for

other NEOs. Mr. Eckart was promoted to Executive Vice President and Chief Financial Officer on March 1, 2015. Along with a base salary increase of 11%, his target annual bonus opportunity increased from 60% to 85%. In March 2015, the Company promoted Mr. Caldwell to the position of Senior Vice President and Controller. At that time, Mr. Caldwell s base salary was increased by 13% and his annual bonus opportunity was increased from 45% to 55%.

STOCKHOLDER ENGAGEMENT

The Company values the feedback and insights that it receives from its stockholders through ongoing dialogue. At the 2015 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.

Compensation Discussion and Analysis *(continued)*

COMPENSATION AND CORPORATE GOVERNANCE POLICIES What We Do and What We Don t Do

Murphy is committed to developing and implementing executive compensation and corporate governance policies which are directly aligned with the best interests of our stockholders. In this regard, we have adopted executive compensation practices which are considered to be best practices and which will ensure that we have put stockholder interests in the forefront. The following table lists the practices that Murphy has implemented which describe the best practices we have adopted as What We Do as well as a listing of practices identified as What We Don t Do that we consider not to be aligned with our stockholders interests.

What We Do	What We Don t Do
ü **Stock Ownership Guidelines** The Company has adopted director and officer stock ownership guidelines which state that directors are to own and hold Company shares equal in value to five times the director s annual cash retainer within five years of commencing Board service, whereas officers of the Company or any of its operating subsidiaries are expected to own and hold a number of shares at least equal in value to a multiple of base salary, depending upon the officer s position (5.0 times for the CEO, 2.5 times for EVPs, 2.0 times for SVPs, and 1.0 times for VPs).	X **No Employment Agreements** The Company does not have written employment agreements specifying compensation levels and practices for its NEOs or any Company employee. The only written agreement in effect is the Company s change in control protection for its CEO in the CEO s Severance Protection Agreement which is only operative in the event that the CEO is involuntarily terminated without cause or terminates for specified good reason following a change in control transaction.
ü **Pay for Performance** Murphy s executive compensation program is driven by its pay for performance strategy and which is directly aligned with the achievement of Company business objectives, business strategies, and financial results. The Company has structured its executive compensation program such that more than 75% of a NEO s direct compensation is in the form of variable compensation tied to Company performance through the annual incentive and long-term incentive compensation plans.	X **No Tax Gross-Up Payments** The Company does not provide its CEO or other NEOs with tax gross-up payments for any form of executive compensation, including the change in control severance compensation for the CEO. X **No Backdating of Stock Options** Murphy has never engaged in the practice of backdating stock options or other forms of equity compensation.
ü **Restrictive Pledging Policy** The Company has adopted corporate governance guidelines which apply to directors and officers. A director or officer may not pledge Company securities, including the purchasing of Company securities	X **No Payment of Dividends on Unearned Performance Awards** With respect of unearned

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 shares should be disclosed to the Company in advance.

ü **No Hedging Policy** The Company has implemented corporate governance guidelines that state: 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.

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

ü **Clawback Provision** In connection with the Dodd-Frank Act, the Company has adopted a policy allowing for the recovering of incentive-based compensation under certain circumstances including a potential restatement of Company financial statements.

ü **Independent Compensation Advisor** The Executive Compensation Committee of the Board of Directors has retained the services of Pay Governance LLC as its independent advisor regarding executive compensation issues facing the Committee. The Committee retains the right to engage, retain, and/or terminate the services of its advisory consultant in its full discretion. Pay Governance LLC provides no other services to Murphy or the Committee beyond its executive compensation advisory services.

long-term performance awards measured or paid in Company stock, the grantee will not receive dividends pursuant to such granted awards until such stock is earned and/or paid.

ü **Annual Stockholder Say-on-Pay Vote** Since the inception of the stockholder advisory vote regarding Say-on-Pay, Murphy has allowed for such a vote annually and has received a highly favorable (95% or higher) voting result each year.

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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 2015 were Neal E. Schmale (Chair), T. Jay Collins, Walentin Mirosh and Jeffrey W. Nolan.

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 2015, 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 2015, Pay Governance delivered a letter to the Committee that provided full disclosure relating to Pay Governance LLC s relationship to the Company, taking into account 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 2015 the Committee used two separate peer groups in designing the compensation programs for the Company: the compensation peer group and the TSR peer group.

In late 2015, as well as in early 2016, the Committee conducted a detailed assessment of the peer group compositions. In February 2016, the Committee ultimately concluded that bifurcating the peer group into a separate group of companies which have more complex global operations with commensurate employee skill sets are those types of organizations with which Murphy competes for executive and management talent and are more appropriate for compensation benchmarking purposes. However, the Committee further determined that ConocoPhillips had grown to a size and scope of operations that far exceeded the magnitude of Murphy s operations, and that Encana Corporation was a more appropriate comparator company for inclusion within Murphy s peer group. Therefore, for 2016, the Committee has removed ConocoPhillips from the Murphy peer comparison and benchmarking process and replaced ConocoPhillips with Encana Corporation in both the full TSR peer group and the compensation comparator group. The table below sets forth the 2015 historical and 2016 recommended peer groups for Murphy.

Company Name	2015 Compensation Peer	2015 TSR Peer	2016 Compensation Peer	2016 TSR Peer
Anadarko Petroleum	X	X	X	X
Apache	X	X	X	X
Cabot Oil & Gas		X		X
Chesapeake Energy	X	X	X	X
Cimarex Energy		X		X
ConocoPhillips	X	X		
Devon Energy	X	X	X	X
Encana Corporation			X	X
EOG Resources	X	X	X	X
Hess	X	X	X	X
Marathon Oil Corporation	X	X	X	X
Newfield Exploration		X		X
Noble Energy	X	X	X	X
Pioneer Natural Resources	X	X	X	X
Range Resources		X		X
Southwestern Energy		X		X
Whiting Petroleum		X		X

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 opportunities and grants of long-term incentive awards. The Committee also meets at other times during the year as necessary and, in 2015, met three times. A copy of the Committee s charter can be found on the Company s website, *http://ir.murphyoilcorp.com/phoenix.zhtml?c=61237&p=irol-govHighlights*.

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*. 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 2015. 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 2015. 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 13, 2015, 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 to executive compensation during 2014, and therefore did not materially change the overall approach to executive compensation in 2015, 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 (the 2012 Plan), the proposed 2017 Annual Incentive Plan (the 2017 Plan) and the 2012 Long-Term Incentive Plan (the 2012 LTI 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 compensation to be tax deductible to maintain flexibility in structuring executive

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Compensation Discussion and Analysis *(continued)*

compensation to attract highly qualified executive talent and to further our business goals and compensation philosophy.

RISK EVALUATION

In order to monitor the risk associated with executive compensation, in October 2015, 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 cash-based 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 herein.

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 (50^{th} 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 2015 as follows:

Named Executive Officer	2014 Base Salary	2015 Base Salary	Adjustment for 2015
Roger W. Jenkins	$ 1,300,000	$ 1,300,000	0%
John W. Eckart*	$ 463,000	$ 515,000	11%
Kevin G. Fitzgerald	$ 676,000	$ 676,000	0%
Walter K. Compton	$ 541,000	$ 541,000	0%
Kelli M. Hammock	$ 385,000	$ 385,000	0%
Keith S. Caldwell*	$ 340,990	$ 385,000	13%

* Mr. Eckart was elected to the position of Executive Vice President & Chief Financial Officer effective March 1, 2015 and Mr. Caldwell was elected to the position of Senior Vice President & Controller effective March 1, 2015.

B. Annual Incentive Plan

The objectives of the Company s annual incentive program are:

1) to provide cash-based incentive compensation linked to Company performance 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 2015, the Committee reviewed an analysis of the top executives prepared by Pay Governance. Mr. Eckart s and Mr. Caldwell s target bonus opportunities were increased on March 1, 2015. For 2015, the target bonus percentages of the Company s NEOs fall at the median of the competitive market.

Compensation Discussion and Analysis *(continued)*

The Company s current cash-based 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 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. The amounts to be earned under the proposed 2017 Plan are intended to qualify as tax-deductible performance-based compensation under Section 162(m) of the Code. The 2017 Plan provides the Committee with a list of performance criteria to be used for determination of performance-based awards.

For 2015, the performance criteria utilized by the Committee included a mixture of a safety performance metric, financial metrics, and operating metrics designed to work across the Company.

2015 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:	
EBITDA/BOE[(1)]	These financial goals focus on financial discipline and encourage employees to manage costs relative to gross margins and the commodity price environment.
Lease Operating Expense (LOE /BOE)	
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)[(2)]	

(1) A barrel of oil equivalent (BOE) is a term used to summarize the amount of energy that is equivalent to the amount of energy found in a barrel of crude oil.

(2) Barrels of oil equivalent per day (BOEPD) is a term that is used in conjunction with the production or distribution of oil. One barrel of oil is generally deemed to have the same amount of energy content as 6,000 cubic feet of natural gas.

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 for 2015. The targets for performance 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 100%. Upward adjustments are not permitted for NEOs and no awards are payable if performance falls below the minimum.

2015 AIP Metrics and Results							
Metric	**Threshold**	**Target**	**Maximum**	**Actual Results**	**Payout Achieved (%)**	**Weighting**	**Result**
Total Recordable Incident Rate	0.84	0.56	0.00	0.28	187.50%	10.00%	18.75%
EBITDA/BOE	$ 15.38	$ 16.19	$ 17.81	$ 12.38	0.00%	15.00%	0.00%
LOE/BOE	$ 11.08	$ 10.55	$ 9.50	$ 9.21	250.00%	15.00%	37.50%
Reserves Replacement	90.00%	100.00%	140.00%	154.00%	250.00%	30.00%	75.00%
Production (BOEPD)	176,712	196,347	235,616	204,267	150.21%	30.00%	45.06%
Total							176.31%

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Compensation Discussion and Analysis *(continued)*

Negative discretion in the amount of 60% was applied to each NEOs earned award, resulting in the actual payouts set forth below:

Named Executive Officer	2015 Base Salary Earnings	Target Bonus as a Percentage of Base Salary Earnings*	Earned Award (at % of Target)	Negative Discretion Applied	Actual Amount Awarded
Roger W. Jenkins	$ 1,300,000	135%	$ 3,094,285	60%	$ 1,237,714
John W. Eckart *	$ 506,333	85%	$ 724,806	60%	$ 289,922
Kevin G. Fitzgerald	$ 112,667	85%	$ 168,849	60%	$ 67,539
Walter K. Compton	$ 541,100	65%	$ 620,003	60%	$ 248,001
Kelli M. Hammock	$ 385,000	55%	$ 373,342	60%	$ 149,337
Keith S. Caldwell*	$ 377,655	55%	$ 356,209	60%	$ 142,483

* In connection with his election to Executive Vice President & Chief Financial Officer, the bonus target for Mr. Eckart was increased from 60% to 85% effective March 1, 2015. In connection with his election to Senior Vice President & Controller, the bonus target for Mr. Caldwell was increased from 45% to 55% effective March 1, 2015.

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 NEO compensation for 2015 included the grant of fixed-price stock options, time-based restricted stock units and performance-based restricted stock units under the Company s 2012 LTI Plan. Stock options are designed to align the interests of executives with the performance of the Company over the 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 that of the TSR peer group (as described above).

On February 3, 2015, 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.

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Compensation Discussion and Analysis *(continued)*

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 2015,

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 guidelines, developed by the Committee s independent consultant from the Mercer Human Resource Consulting Energy 27 Survey, were constructed around the 50th percentile (median) competitive data. Total grants to all 2012 LTI Plan participants made in 2015 equaled 0.95% of the Company s 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
Roger W. Jenkins	220,000	51,000	101,000
John W. Eckart	41,000	9,000	19,000
Kevin G. Fitzgerald			
Walter K. Compton	43,000	10,000	20,000
Kelli M. Hammock	22,000	5,000	10,000
Keith S. Caldwell	22,000	5,000	10,000

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.

The Company s stock option awards granted from 2006 onward provide 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 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 2015 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 2015 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 2015 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, and 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 to the extent that 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 quality 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,

Compensation Discussion and Analysis *(continued)*

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.

A reconciliation of the 2012 LTI Plan number of shares available for future grants was performed during February 2016 and at the time it was determined that forfeitures had not been included in the calculation of shares available for future grants of Full Value Awards. As of December 31, 2014, the reconciled number of shares available for future grants of Full Value Awards under the 2012 LTI Plan was 3,456,520. During 2015, the Company granted 688,400 shares as Full Value Awards. As of December 31, 2015, the number of shares available for future grants of Full Value Awards under the 2012 LTI Plan was 2,851,314.

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 deemed appropriate under the circumstances.

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. 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.

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 a Supplemental Executive Retirement Plan (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. The SERP is unfunded and is subject to general credit of the Company. Other than the SERP, the Company does not offer a deferred compensation alternative to the NEOs. The Committee also provides to Mr. Jenkins a maximum of 50 flight hours in the continental United States on Company aircraft as part of his total compensation package. Out of the 50 approved flight hours, Mr. Jenkins utilized 38 hours with an aggregate incremental cost to the Company of $118,820, as reported in the 2015 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)*

ACTIONS RELATED TO 2016 COMPENSATION

At its meeting on February 2, 2016, the Committee met to discuss executive compensation issues reflecting the Company s 2015 performance results and executive pay matters for fiscal year 2016. In light of the lower commodity price conditions and market pressures on the Company s share price, the Committee reviewed and analyzed the Murphy executive compensation program as well as considered the past year s performance and proper positioning of compensation opportunities for fiscal year 2016. The Committee executed actions at its early February 2016 meeting reflecting this lower environment. Key decisions and actions related to 2016 executive compensation reached by the Committee include:

No Base Salary Adjustments

Base salaries for 2016 for the NEOs and all other officers of the Company were frozen at their current 2015 base salary rates. There were no adjustments to the base salary for any NEO, nor was there any other adjustment to base compensation for any officer of the Company for the 2016 performance year.

Downward Adjustments to Annual Bonuses for 2015, Rigorous Performance Goals for 2016

As previously discussed, the Committee exercised its negative discretion in adjusting annual cash payments under the AIP for NEOs for 2015 bonuses, which were payable in the first quarter of 2016. These downward adjustments included an across-the-board cut by 60% for all earned awards to the NEOs and all other AIP participants in recognition of the Company s disappointing earnings performance in 2015 due to low commodity pricing environment even though the Company met or exceeded all of its 2015 operational, safety, and strategic performance goals. In aggregate, the Company paid total bonus awards for 2015 performance for all employees, including the NEOs and other AIP participants, equal to approximately $22,700,000, as compared to the prior performance year s aggregate payment of approximately $41,600,000. This reflects a reduction in total Company bonus payments of 45.4%. The Committee did not adjust any target incentive opportunities (expressed as a percentage of base salary) for any NEO or other AIP participant for 2016. In addition, the Committee approved rigorous and stretch performance goals for the 2016 AIP plan year which reflect the Company s business plans and budgets. For 2016, the Company added an additional performance metric to the AIP of measuring liquid hydrocarbon spills which is a key environmental concern.

Reduced Value of 2016 Long-Term Incentive Grants for Management

The Committee approved long-term incentive grants to the NEOs and all other long-term incentive plan participants for 2016. The Committee awarded grants in the same form as the 2015 grants: 50% of value in the form of performance-based restricted stock units; 25% of value in the form of fixed-price stock options; and 25% of value in the form of time-based restricted stock units. Due to the significant decline in share price from the date of grant in 2015 ($48.12) to the stock price for 2016 grants ($20.03), the Committee elected to award the same absolute number of shares for the 2016 grants for each NEO and all other participants as to the number of shares granted in 2015. This decision resulted in the Company granting the same number of shares as 2015 resulting in, an approximate 58% decrease in the value of the awards at the date of the 2016 grants. The value of all grants in 2016 (both stock and cash-based phantom awards) is approximately $28,950,000, which represents an approximately $37,855,000 reduction in long-term incentive value from the value of long-term awards granted in 2015 of approximately $66,805,000. In the judgment of the Committee, this grant strategy fairly addressed the significant decline in share price and still provided management with an opportunity to earn competitive long-term award values.

Reduced Value of Board of Directors Equity Grants

The Board of Directors compensation package has been reduced for 2016 as a further reflection of the lower commodity pricing market and decline in Company financial performance. The Committee elected to reduce the value of the directors annual equity grant from $200,000 to $150,000 for 2016. This action results in a 25% reduction in equity compensation for each director for 2016.

Modification to Company Peer Group

Also, as noted earlier, a decision was reached to modify the peer group comparison process for 2016 by eliminating ConocoPhillips from both the TSR performance and compensation peer groups and adding Encana Corporation as a replacement company in both peer groups. The Committee believes that Encana is a much better match to size, scope, and type of operations that Murphy deploys for purposes of benchmarking performance and executive compensation.

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Compensation Discussion and Analysis *(continued)*

The Committee expects that these actions regarding 2016 compensation for NEOs and other key Company personnel will better position the Company moving forward and will result in better alignment with stockholder expectations regarding pay for performance. In the table below, we have presented the total direct compensation for our CEO, Roger Jenkins, for each year beginning in 2013 and including his 2016 compensation. This table reports base salary, actual bonus earned and paid, and the fair value of long-term incentive compensation year-by-year. The reported compensation for Mr. Jenkins for 2016 includes his base salary rate, target annual bonus (actual bonus will not be determined until February 2017 based upon Company performance during 2016), and long-term incentive grants (fair value) awarded in February 2016. Should Mr. Jenkins earn a target bonus for 2016 performance, his total compensation opportunity for 2016 will have decreased in value by $5,074,077 (42%) from its 2015 value.

Name	Year	Base Salary	Annual Bonus	Long-Term Incentives	Total Direct Compensation
Roger W. Jenkins[(1)]	2016	$ 1,300,000	$ 1,755,000[(2)]	$ 4,014,760	$ 7,069,760
	2015	$ 1,300,000	$ 1,237,714	$ 9,606,123	$ 12,143,837
	2014	$ 1,295,833	$ 2,200,000	$ 6,825,240	$ 10,321,073
	2013	$ 1,064,583	$ 1,900,000	$ 6,712,501	$ 9,677,084

(1) Information reflects actual base salary, actual bonus earned and paid (except for 2016), and the fair value of long-term incentive grants awarded annually. The Summary Compensation Table will not disclose any of the 2016 compensation information reported above.

(2) The 2016 bonus is the target bonus for Mr. Jenkins; actual bonus earned for 2016 will not be determined until February 2017 based upon Company performance during fiscal year 2016.

Target versus Realizable Compensation Chart

The Target bars represent Mr. Jenkins base salary, target AIP opportunity and the grant-date target value of his LTIP awards for 2013, 2014, 2015 and 2016. The Realizable bars represent each year s base salary paid, AIP earned and paid, and the value of those LTIP awards as of December 31, 2015.

The Company recognizes the collapse in oil prices created a challenging environment for the Murphy organization and its stockholders, and the Committee believes that its recent decisions and adjustments to executive compensation will better position the organization for aligning pay with performance in fiscal year 2016.

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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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:

2015 SUMMARY COMPENSATION TABLE

me and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)[1]	Option Awards ($)[2]	Non-Equity Incentive Plan Compensation ($)[3]	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)[4]	Total ($)
ger W. Jenkins	2015	1,300,000		7,192,723	2,413,400	1,237,714	1,742,060	197,720	14,083,61
esident and Chief	2014	1,295,833		5,284,440	1,540,800	2,200,000	2,204,998	252,497	12,778,56
ecutive Officer	2013	1,064,583		3,088,776	3,623,725	1,900,000	334,320	133,483	10,144,88
nn W. Eckart[5]	2015	506,333		1,323,437	449,770	289,922	52,062	31,280	2,652,80
ecutive Vice	2014								
esident and Chief	2013	447,367		1,451,844	619,752	464,184	123,560	27,682	3,134,38
nancial Officer									
vin G. Fitzgerald	2015	162,067				67,539	92,235	6,910	328,75
tired Executive Vice	2014	673,833		1,321,110	385,200	734,305	2,854,480	41,564	6,010,49
esident and Chief	2013	646,390		1,048,320	1,201,560	950,143	310,234	39,623	4,196,27
nancial Officer									
alter K. Compton[6]	2015	541,000		1,419,360	471,710	248,001	(25,556)	33,360	2,687,87
ecutive Vice President and	2014	538,108		1,027,530	295,320	405,199	1,401,045	33,421	3,700,62
	2013								
neral									
unsel									
lli M. Hammock[7]	2015	385,000		709,680	241,340	149,337	(4,233)	24,000	1,505,12
nior Vice	2014								
esident	2013								
ith S. Caldwell[7]	2015	377,665		709,680	241,340	142,483	128,105	35,929	&nb