TSR – Key Drivers

- Identified correlations to TSR based on historical 10-k data
  - Analysis included 42 companies and ~340 metrics; spanned 13 years
- Strong correlations: production growth, reserves growth & cash flow

<table>
<thead>
<tr>
<th>STRONG CORRELATIONS TO TSR</th>
<th>CATEGORY</th>
<th>SWOT</th>
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</thead>
<tbody>
<tr>
<td>1  3-Year Total Replacement (%)</td>
<td>Reserves</td>
<td>O</td>
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<tr>
<td>2  Proved Reserves per Debt-adj. Share 3-yr CAGR (%)</td>
<td>Reserves</td>
<td>O</td>
</tr>
<tr>
<td>3  Production growth (%) 1-yr</td>
<td>Production</td>
<td>O</td>
</tr>
<tr>
<td>4  PPDAS Growth Y/Y (%)</td>
<td>Production</td>
<td>O</td>
</tr>
<tr>
<td>5  Cash Flow per Debt-adj. Share 3-yr CAGR (%)</td>
<td>Financial</td>
<td>O</td>
</tr>
<tr>
<td>6  Cash Flow from Operations 3-yr CAGR (%)</td>
<td>Financial</td>
<td>O</td>
</tr>
<tr>
<td>7  Reserves growth (%) 1-yr</td>
<td>Reserves</td>
<td>O</td>
</tr>
<tr>
<td>8  Total Capex / Enterprise Value (%)</td>
<td>Operating Costs &amp; Capex</td>
<td>O</td>
</tr>
<tr>
<td>9  Capital Intensity - Upstream Capex / Production ($/boe)</td>
<td>Financial</td>
<td>S</td>
</tr>
<tr>
<td>10 Debt / Cash Flow</td>
<td>Operating Costs &amp; Capex</td>
<td>O</td>
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<table>
<thead>
<tr>
<th>WEAKER CORRELATIONS TO TSR</th>
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<th>SWOT</th>
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</thead>
<tbody>
<tr>
<td>11 Dividend Yield (%)</td>
<td>Financial</td>
<td>S</td>
</tr>
<tr>
<td>12 Oil &amp; Liquids Production Weighting (%)</td>
<td>Production</td>
<td>S</td>
</tr>
<tr>
<td>13 ROACE (%)</td>
<td>Financial</td>
<td>S</td>
</tr>
<tr>
<td>14 Year-End R/P Ratio (Years)</td>
<td>Reserves</td>
<td>W</td>
</tr>
<tr>
<td>15 Unit Expenses ($/boe)</td>
<td>Operating Costs &amp; Capex</td>
<td>W</td>
</tr>
<tr>
<td>16 Net Income ($/boe)</td>
<td>Financial</td>
<td>S</td>
</tr>
<tr>
<td>17 3-year Finding Costs / BOE Produced</td>
<td>Operating Costs &amp; Capex</td>
<td>W</td>
</tr>
<tr>
<td>18 EBITDAX / boe ($/boe)</td>
<td>Financial</td>
<td>S</td>
</tr>
<tr>
<td>19 SG&amp;A - Unit ($/boe)</td>
<td>Operating Costs &amp; Capex</td>
<td>S</td>
</tr>
<tr>
<td>20 Future Development Cost / Proved Reserves ($/boe)</td>
<td>Reserves</td>
<td>W</td>
</tr>
</tbody>
</table>
3-Year TSR CAGR (2010-2013)

Definition: 3-Year TSR CAGR (2010-2013) based on year-end adjusted share price which accounts for all corporate actions such as stock splits, dividends/distributions and rights offerings. TSR = Appreciation in share price plus dividends received (and reinvested) over period.

MUR demonstrated 2nd quartile performance based on the 3-Year share price CAGR.
Oil & Liquids Weighting as % of Production

**Murphy (MUR)**
- 2012: 58.0% (1st Quartile)
- 2013: 65.7% (1st Quartile)

**Murphy = 65.7%, +13% Y/Y**

**Group = 48.3%, +3% Y/Y**

**Definition:** Total Annual Oil & Liquids Production / Total Annual Production

---

WLL  HES  MRO  MUR  PXD  NFX  COP  EOG  APA  XEC  NBL  APC  DVN  CHK  RRC  COG  SWN

Rank Quartile:
- 1st
- 2nd
- 3rd
- 4th

Murphy Oil Corporation
www.murphyoilcorp.com
NYSE: MUR
Oil & Liquids Weighting as % of Proved Reserves

Murphy (MUR)
2012: 68.6% (1st Quartile)
2013: 72.0% (1st Quartile)

Murphy = 72.0%, +5% Y/Y

Group = 51.5%, -1% Y/Y

Definition: Total Oil & Liquids Proved Reserves / Total Proved Reserves
Murphy (MUR)
2012: $13.65/BOE (1st Quartile)
2013: $14.96/BOE (1st Quartile)

Definition: (Revenue – Total Before Tax Costs – Income Tax) / Total Annual Production

Murphy = $14.96/BOE, +10% Y/Y
Group = $9.24/BOE, +43% Y/Y
**EBITDAX ($/BOE)**

<table>
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<tr>
<th>Rank</th>
<th>Quartile</th>
<th>1st 2012</th>
<th>1st 2013</th>
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<tbody>
<tr>
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<td>8</td>
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</tr>
</tbody>
</table>

**Murphy (MUR)**
- 2012: $45.24/BOE (1st Quartile)
- 2013: $48.23/BOE (1st Quartile)

**Group**
- 2012: $36.34/BOE
- 2013: $34.23/BOE

**Definition:** EBITDAX (No Impairment) / Total Annual Production. EBITDAX (No Impairment) = Income from continuing operations before income taxes, exploration expenses, DD&A, impairment and net interest expense.

**Note:**
- Y/Y = Year-over-Year
Murphy Oil Corporation's proved reserves also have the highest NPV10% per BOE in the peer group. Standardized measure of discounted future net cash flows of proved reserves (NPV10%/BOE)
Net Debt / Cash Flow from Operations - Liquidity

Murphy (MUR)
2012: 0.4x (1st Quartile)
2013: 0.6x (1st Quartile)

Group = 1.1x, -15% Y/Y

Murphy = 0.6x, +62% Y/Y

Definition: YE Net Debt / Cash Flow from Operations

Measures the multiple (or years) of cash flow from operations required to pay off a company’s net debt. The higher the multiple, the more levered the company is.
ROACE (%)

Murphy (MUR)
2012: 9.5% (1st Quartile)
2013: 10.3% (2nd Quartile)

Murphy = 10.3%, +8% Y/Y
Group = 7.6%, +41% Y/Y

Measures the profitability and efficiency of a company’s utilization of capital that is employed.

Note: ROACE = Return on Average Capital Employed
Definition: [Net Income + Net Interest Expense x (1 - Effective Tax Rate)] / (Avg. Total Debt + Avg. Total Equity)
CASE NO. 1 - ANADARKO
Anadarko is likely one of the **BEST E&P COMPANIES**

**THIS IS NO ACCIDENT**

Anadarko History 101

- **1990's**
  - Decade of outperformance

- **Early 2001 – 2003**
  - Drilled 100% WI expensive DH's
  - Asset intensity over 100%
  - Expenses in highest quartile
  - No competitive advantages
  - No strategy that was working
  - Leadership changes
  - December 2003 – New CEO

- **2007+**
  - Built to last and outperform
Why do employees quit?

1. The job or workplace was not as expected
2. The mismatch between job and person
3. Too little coaching or feedback
4. Too few growth and advancement opportunities
5. Feeling devalued and unrecognized
6. Stress from overwork and work-life imbalance
7. Loss of trust and confidence in senior leaders

Taken From: *The 7 Hidden Reasons Employees Leave* by Leigh Branham
Clear Sign Post of Trouble... Lost 25% Reservoir Engineers in 12-Months

Anadarko Petroleum Corporation: Engineer Resignations
Does not Include RIF Reductions

- Oil Prices Increase from $30 to ~$40
- Gas Prices Increase from $4.70 to ~$6.50

1. Anadarko Sale Rumours
2. End of APC Retention Prog
3. RIF

New Anadarko Retention Program
Christmas Bonus + Vacation
Transforming Anadarko
Conducting Open Heart Surgery (2004-2007)

Got the Right People on the Bus
• Got the wrong people off the bus
• Leadership was #1 priority
• Focus Groups and “Wounded Duck” lists
• Culture and values were highly prioritized

Created New APC Strategy and Values (>6 months)
• Implemented new portfolio tool and process
• Hours meeting with CEO and executive team
• Every weekend running sensitivities and conducting research

Post-appraised Entire Company Forecasting/Economics
Retrooled & Rebuilt Best-in-Class Exploration Team
• Trained all Petro-Tech’s in risk and probability
• Formed RCT (Risk Consistency Team)
• Rigorous annual post-appraisals of risk & uncertainty

Bought Two Companies – KMG and WGR
• High-graded assets
• High-graded leadership and employee base

Portfolio Analysis of All Assets
• No “Sacred Cows”
• Divest unprofitable assets

Aligned Goals, Performance, People, and Pay
What does post appraising the entire company look like?

420 Plots   Any questions?
5 Years of Differentiating Results – 2007 to 2012

*Predictable, Repeatable Growth*
- 144 MBOE/d Sales volume Growth – 6% CAGR
- 1.5 BBOE Reserve Adds for $15/BOE

*Efficiency Improvements*
- 20+% Reduction in LOE/BOE
- 50+% Improvement in Dhale Drilling Times

*Industry-Leading Exploration*
- ~70% Deepwater Exploration/Appraisal Success Rate

*High-Grade Portfolio*
- $15+ Billion of Monetized Assets
- Added 5 BBOE of Net Risked Resources

*Financial Discipline*
- $2+ Billion of Free Cash Flow
Anadarko: The Payoff for all the hard work by our employees

- The risk/reward in Anadarko is very compelling
- Superior capital efficiency relative to peers;
- Arguably the best exploration program amongst independents with an active calendar providing numerous catalysts; and
- We believe that APC’s shares are poised for outperformance into year-end. We rate APC a Buy with a 12-month price target of $105.
- For the third consecutive quarter, APC raised 2012 production guidance by ~3 MMBoe to 265-267 MMBoe and left capex unchanged, following modest production guidance increases along with 1Q and 2Q results.
- APC is targeting an attractive 8-year 2014-2020 production growth target of 7-9% per annum.
Company “A” – “SMTM – Show me the Money”

Company “A”

- Company “A” buys one of the best independent oil companies in 2005
- Within 3-years, 90% of acquired company’s people leave
- Company “A’s” stock price declines, pays $9MM for strategy manager from Exxon
  - Big contribution is to split Company “A’s” upstream and downstream segments
  - Stock gets a nice quick pump
  - CEO immediately retires with 100’s of millions in compensation
- Company “A” is now a large independent oil company
  - Can’t compete with fast moving independents
  - Can’t grow, no strategy, no competitive advantage
  - Production (-3.1%/Year) and reserves shrinking every year (-17%/Year)
Company “B” – “Houston... We have a problem”...

Company “B”

- Growing production and reserves at double-digit rates
- Pays well...
- But...
  - Company has almost been bankrupt 3-times
  - PUD Reserves have increased 14% in 2-years
  - HUGE reserve swings from Q1 to Q2 2012
  - Selling assets to pay bills
  - 90+% gas
- Value Issues?
- Strategy Issues?
- Competitive Advantage
- Cash Flow Issues
Company “B” Reserves

What a difference 6-months can make?

• **1Q12 Reserves Climb 5% Sequentially**
  • Company B’s proved reserves **rose 5% QoQ** in 1Q12 to **19.8 Tcfe** from 18.79Tcfe.
  • For the quarter, Company B replaced 410% of production (including asset sales) through all sources and 455% of production through the drillbit.
  • Company B’s percentage of proved reserves categorized as PUD was 46%, in line with year end 2011.

• **2Q12 Reserves Fall 12% QoQ on Price Related Revisions**
  • Company B’s **proved reserves fell 12% QoQ** in 2Q12 to **17.4 Tcfe** from 19.8 Tcfe.

• **3Q12 Reserves Fall another 7%**
  • B’s proved reserves **fell 7% QoQ** in 3Q12 to **16.2 Tcfe** from 17.4 Tcfe on very large negative performance revisions and its lowest quarter of drillbit extensions since 3Q09.
  • All-in reserve replacement costs (excluding revisions) were **$4.01/Mcfe, above B’s 2009-2011 average of $2.21/Mcfe.** Further, excluding the significant capital allocated to acreage, F&D costs would be $3.19/Mcfe, also above its 3-year average of $1.09/Mcfe. We provide additional detail on reserve growth and associated reserve replacement costs in Exhibit 10.
WE MUST CHANGE OUR CULTURE OF CYNICISM AND NEGATIVISM.

YOU TWO WILL BE THE "HAPPINESS COMMITTEE." COME UP WITH SOME IDEAS TO IMPROVE MORALE.

SO FAR WE'VE GOT: 1) RAISES, 2) SLAP-THE-BOSS DAY AND 3) NUDE FRIDAYS.

I FEEL MY CYNICISM MELTING AWAY ALREADY.