



Murphy Oil Announces Preliminary Quarterly and Annual Earnings

January 28, 2009

EL DORADO, Ark.--(BUSINESS WIRE)-- Murphy Oil Corporation (NYSE: MUR) announced today that net income in the fourth quarter of 2008 was \$158.5 million (\$0.83 per diluted share), down from net income in the fourth quarter 2007 of \$206.1 million (\$1.07 per diluted share). The 2007 period included a \$59.5 million after-tax non-cash inventory charge in the U.K. and a \$33.9 million income tax benefit in Canada related to a Federal tax rate reduction.

For the year of 2008, net income totaled \$1.77 billion, \$9.22 per diluted share, which was significantly above the \$766.5 million, \$4.01 per diluted share, of net income in 2007.

Fourth Quarter 2008 vs. Fourth Quarter 2007

Net income in the fourth quarter of 2008 was less than the same period of 2007 primarily due to lower earnings for the Company's exploration and production operations, but this was partially offset by greatly improved results for the Company's refining and marketing operations. The net costs of corporate activities increased during the 2008 quarter largely due to higher losses on foreign currency exchange.

The Company's income contribution from exploration and production operations was \$95.9 million in the fourth quarter of 2008 compared to \$268.2 million in the same quarter of 2007. Reduced earnings in 2008 were primarily caused by lower oil and natural gas sales prices, but this impact was partially offset by higher crude oil sales volumes compared to 2007. In addition, in the 2008 quarter the Company had higher exploration expenses, while the 2007 quarter benefited by \$33.9 million from a reduction in the Canadian Federal income tax rate.

The Company's crude oil and gas liquids production averaged 129,257 barrels per day in the fourth quarter of 2008 compared to 113,341 barrels per day in the 2007 quarter. The 14% improvement in oil production in the just completed quarter was primarily attributable to higher Kikeh oil production, offshore Sabah, Malaysia. Kikeh reached plateau rates for oil production during the fourth quarter 2008. Partially offsetting Kikeh's production was lower oil production in the 2008 period in the Gulf of Mexico, which included reduced volumes at several fields after Hurricanes Gustav and Ike while awaiting repairs to downstream facilities owned by others. Crude oil and gas liquids sales volumes averaged 140,112 barrels per day in the fourth quarter of 2008 compared to 103,498 barrels per day in the 2007 quarter. Natural gas sales volumes were 53 million cubic feet per day in the 2008 fourth quarter compared to 71 million cubic feet per day in the 2007 quarter. Lower natural gas sales volumes in the fourth quarter 2008 were primarily due to reduced gas production at certain Gulf of Mexico fields caused by lack of availability of downstream facilities following the hurricanes.

Worldwide crude oil, condensate and natural gas liquids sales prices averaged \$47.75 per barrel for the 2008 fourth quarter compared to \$76.11 per barrel in the 2007 quarter. North American natural gas sales prices averaged \$7.13 per thousand cubic feet (MCF) in the 2008 fourth quarter compared to \$7.27 per MCF in the 2007 quarter. Exploration expenses were \$103.0 million in the 2008 fourth quarter compared to \$82.1 million in the 2007 quarter. The higher exploratory costs in the 2008 quarter were attributable to dry hole costs in Malaysia, seismic costs in Suriname and leasehold amortization at the Tupper field in British Columbia. Unsuccessful exploration wells were drilled during the fourth quarter at the Chengal and Rempah prospects in Block P, offshore Sabah, Malaysia. Production and depreciation expenses increased in 2008 compared to 2007 mostly due to higher crude oil sales volumes and higher average costs in most producing areas.

The Company's refining and marketing operations had record net income of \$140.5 million in the fourth quarter of 2008 compared to a net loss of \$27.4 million in the 2007 quarter. The improved earnings in the 2008 quarter were mostly attributable to very strong U.S. retail marketing margins early in the quarter. The 2007 quarter included an after-tax last-in first-out (LIFO) charge of \$59.5 million to reduce the carrying value of U.K. refining inventories added with the acquisition of the remaining 70% of the Milford Haven, Wales refinery in December 2007.

Corporate activities resulted in after-tax costs of \$77.9 million in the 2008 fourth quarter compared to costs of \$34.7 million in the 2007 quarter. The 2008 period had higher foreign exchange losses and higher administrative expense, but these were partially offset by lower net interest expense in 2008 caused by a combination of lower average debt and higher levels of interest capitalized to development projects. Foreign exchange losses after taxes were \$59.7 million in the 2008 period compared to losses of \$6.5 million in the same period of 2007.

Year 2008 vs. Year 2007

Income from the Company's exploration and production and the refining and marketing businesses was higher for the full-year 2008 compared to 2007, but these improvements were partially offset by higher after-tax costs of corporate activities in 2008.

The Company's exploration and production operations earned \$1.63 billion in 2008 compared to \$657.1 million in 2007. The improved earnings in this business in 2008 were attributable to higher oil and natural gas sales prices, higher crude oil sales volumes, and gains on disposals of Berkana Energy and Lloydminster area properties during 2008. Unfavorable variances in 2008 compared to 2007 included higher exploration, production and depreciation expenses and lower income tax benefits. The 2007 period included a \$33.9 million benefit from a Canadian Federal income tax rate reduction. Exploration expenses of \$313.3 million in 2008 were up from \$203.1 million in 2007, with the most significant increase due to higher amortization of leasehold costs at the Tupper field in Western Canada, but other increases included higher unsuccessful exploratory drilling costs and higher costs for geological and geophysical activities.

Crude oil and gas liquids production averaged 118,254 barrels per day in 2008 compared to 91,522 barrels per day in 2007. The increase in crude oil production levels in 2008 was attributable to higher production levels at the Kikeh field where production commenced in August 2007 and additional wells were brought onstream during 2008. Lower U.S. oil production in 2008 was primarily due to volume declines at the Medusa and Front Runner fields in the Gulf of Mexico; production at these and other fields in the Gulf of Mexico were reduced while awaiting facilities repairs following hurricanes in the third quarter. Crude oil and gas liquids sales volumes were 123,854 barrels per day in the current year compared to 87,602 barrels per day in 2007. Natural gas sales were 56 million cubic feet per day in 2008 compared to 61 million cubic feet per day in 2007. The decline in natural gas sales

volume in 2008 was primarily caused by sale of the Company's interest in Berkana Energy in Canada early in 2008. Although U.S. natural gas sales volumes in 2008 were similar to 2007, volumes were unfavorably impacted in 2008 by reduced production at several fields following Hurricanes Gustav and Ike. Oil sales prices averaged \$85.31 per barrel in 2008 compared to \$62.05 per barrel in 2007. North American natural gas was sold for \$9.54 per MCF in 2008, up from \$7.19 per MCF in 2007.

The Company's refining and marketing operations generated record annual income of \$313.8 million in 2008, compared to profits of \$205.7 million in 2007. The improved results in 2008 were caused mostly by higher U.S. retail gasoline margins and higher refining earnings in the U.K. during 2008 following the December 2007 acquisition of the remaining 70% of the Milford Haven, Wales refinery. However, U.S. refining margins were much weaker in 2008 compared to 2007. The 2007 period included a \$59.5 million after-tax non-cash LIFO charge in the U.K. and a \$24.0 million after-tax charge related to closing 55 retail gasoline stations in the U.S. and Canada.

Corporate after-tax costs were \$173.7 million in 2008 compared to \$96.3 million in 2007. Costs were up in 2008 compared to 2007 primarily due to higher foreign exchange losses and higher net interest expense. The 2008 period included after-tax foreign exchange charges of \$87.8 million, while the effect on 2007 from foreign exchange was a charge of \$13.8 million. Higher net interest expense was mostly caused by lower amounts of interest capitalized to field development activities in 2008.

David M. Wood, President and Chief Executive Officer, commented, "Our upstream earnings for the fourth quarter were hit hard by the precipitous fall in oil prices, though the impact was tempered by improved downstream margins. With the lower commodity prices, we are actively managing our spending programs to match the levels of our current cash flows. Our liquidity position is good with low debt levels at year-end, and we have a significant amount of borrowing capacity available, if needed, under our revolving credit facility. Additionally, financing capacity under low cost uncommitted loan facilities is slowly becoming more available as credit markets improve. The Company's pace of activities remains strong as development projects continue at the Tupper natural gas area in British Columbia, Thunder Hawk in the Gulf of Mexico, Azurite offshore the Republic of Congo, and the Sarawak natural gas development, offshore Malaysia. A wildcat well in the Browse Basin offshore northwest Australia is drilling at intermediate depth.

"We anticipate total worldwide production in the first quarter 2009 of 163,000 barrels of oil equivalent per day, and sales volumes during the quarter should average 156,000 barrels of oil equivalent per day. We currently expect earnings in the first quarter to be in the range of \$0.20 to \$0.40 per diluted share. Total exploration expenses are expected to range between \$60 million and \$95 million during the quarter. Results could vary based on commodity prices, drilling results and timing of crude oil and natural gas sales."

The public is invited to access the Company's conference call to discuss fourth quarter 2008 results on Thursday, January 29 at 12:00 p.m. CST either via the Internet through the Investor Relations section of Murphy Oil's website at <http://www.murphyoilcorp.com/ir> or via the telephone by dialing **1-800-240-2430**. The telephone reservation number for the call is **11124677**. Replays of the call will be available through the same address on Murphy Oil's website, and a recording of the call will be available through February 2 by calling **1-800-405-2236**. Audio downloads of the conference will be available on Murphy's website through March 1 and via Thomson StreetEvents for their service subscribers.

The forward-looking statements reflected in this release are made in reliance upon the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. No assurance can be given that the results discussed herein will be attained, and certain important factors that may cause actual results to differ materially are contained in Murphy's January 15, 1997 Form 8-K report on file with the U.S. Securities and Exchange Commission.

MURPHY OIL CORPORATION
CONSOLIDATED FINANCIAL DATA SUMMARY
(2008 Unaudited)

FOURTH QUARTER	2008	2007
Revenues	\$ 4,430,626,000	5,609,855,000
Net income	\$ 158,468,000	206,118,000
Net income per Common share		
Basic	\$ 0.83	1.09
Diluted	\$ 0.83	1.07
Average shares outstanding		
Basic	189,932,430	188,969,697
Diluted	191,467,179	192,094,311
YEAR		
Revenues	\$27,512,540,000	18,439,098,000
Net income	\$ 1,771,086,000	766,529,000
Net income per Common share		
Basic	\$ 9.34	4.08
Diluted	\$ 9.22	4.01

Average shares outstanding		
Basic	189,608,846	188,027,557
Diluted	192,133,672	191,140,737

Source: Murphy Oil Corporation

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