

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2020

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-8590



MURPHY OIL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

9805 Katy Fwy, Suite G-200

Houston, Texas

(Address of principal executive offices)

71-0361522

(I.R.S. Employer Identification Number)

77024

(Zip Code)

(281) 675-9000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, \$1.00 Par Value	MUR	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

Number of shares of Common Stock, \$1.00 par value, outstanding at July 31, 2020 was 153,598,625.

MURPHY OIL CORPORATION

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PART I – FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS****Murphy Oil Corporation and Consolidated Subsidiaries
CONSOLIDATED BALANCE SHEETS (unaudited)**

<i>(Thousands of dollars)</i>	June 30, 2020	December 31, 2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 145,505	306,760
Accounts receivable, less allowance for doubtful accounts of \$1,605 in 2020 and 2019	372,549	426,684
Inventories	59,728	76,123
Prepaid expenses	61,271	40,896
Assets held for sale	124,337	123,864
Total current assets	763,390	974,327
Property, plant and equipment, at cost less accumulated depreciation, depletion and amortization of \$10,603,617 in 2020 and \$9,333,646 in 2019	8,891,419	9,969,743
Operating lease assets	779,591	598,293
Deferred income taxes	290,006	129,287
Deferred charges and other assets	29,624	46,854
Total assets	<u>\$ 10,754,030</u>	<u>11,718,504</u>
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	\$ 366,205	602,096
Income taxes payable	18,646	19,049
Other taxes payable	16,988	18,613
Operating lease liabilities	103,341	92,286
Other accrued liabilities	151,848	197,447
Liabilities associated with assets held for sale	13,711	13,298
Total current liabilities	670,739	942,789
Long-term debt, including capital lease obligation	2,956,419	2,803,381
Asset retirement obligations	844,545	825,794
Deferred credits and other liabilities	628,904	613,407
Non-current operating lease liabilities	697,674	521,324
Deferred income taxes	182,267	207,198
Total liabilities	5,980,548	5,913,893
Equity		
Cumulative Preferred Stock, par \$100, authorized 400,000 shares, none issued	—	—
Common Stock, par \$1.00, authorized 450,000,000 shares, issued 195,100,628 shares in 2020 and 195,089,269 shares in 2019	195,101	195,089
Capital in excess of par value	931,429	949,445
Retained earnings	5,823,426	6,614,304
Accumulated other comprehensive loss	(690,341)	(574,161)
Treasury stock	(1,691,070)	(1,717,217)
Murphy Shareholders' Equity	4,568,545	5,467,460
Noncontrolling interest	204,937	337,151
Total equity	4,773,482	5,804,611
Total liabilities and equity	<u>\$ 10,754,030</u>	<u>11,718,504</u>

See Notes to Consolidated Financial Statements, page 7.

Murphy Oil Corporation and Consolidated Subsidiaries
CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
<i>(Thousands of dollars, except per share amounts)</i>				
Revenues and other income				
Revenue from sales to customers	\$ 285,745	680,436	886,303	1,309,790
(Loss) gain on crude contracts	(75,880)	57,916	324,792	57,916
Gain on sale of assets and other income	1,677	5,598	4,175	6,790
Total revenues and other income	<u>211,542</u>	<u>743,950</u>	<u>1,215,270</u>	<u>1,374,496</u>
Costs and expenses				
Lease operating expenses	144,644	137,132	353,792	268,828
Severance and ad valorem taxes	6,442	13,072	15,864	23,169
Transportation, gathering and processing	41,090	34,901	85,457	74,443
Exploration expenses, including undeveloped lease amortization	29,468	30,674	49,594	63,212
Selling and general expenses	39,100	57,532	75,872	120,892
Restructuring expenses	41,397	—	41,397	—
Depreciation, depletion and amortization	231,446	264,302	537,548	493,708
Accretion of asset retirement obligations	10,469	9,897	20,435	19,237
Impairment of assets	19,616	—	987,146	—
Other (benefit) expense	22,007	25,437	(23,181)	55,442
Total costs and expenses	<u>585,679</u>	<u>572,947</u>	<u>2,143,924</u>	<u>1,118,931</u>
Operating (loss) income from continuing operations	<u>(374,137)</u>	<u>171,003</u>	<u>(928,654)</u>	<u>255,565</u>
Other income (loss)				
Interest and other income (loss)	(5,171)	(8,968)	(4,930)	(13,716)
Interest expense, net	(38,598)	(54,096)	(79,695)	(100,165)
Total other loss	<u>(43,769)</u>	<u>(63,064)</u>	<u>(84,625)</u>	<u>(113,881)</u>
(Loss) income from continuing operations before income taxes	<u>(417,906)</u>	<u>107,939</u>	<u>(1,013,279)</u>	<u>141,684</u>
Income tax (benefit) expense	(94,773)	9,115	(186,306)	19,937
(Loss) income from continuing operations	<u>(323,133)</u>	<u>98,824</u>	<u>(826,973)</u>	<u>121,747</u>
(Loss) income from discontinued operations, net of income taxes	<u>(1,267)</u>	<u>24,418</u>	<u>(6,129)</u>	<u>74,264</u>
Net (loss) income including noncontrolling interest	<u>(324,400)</u>	<u>123,242</u>	<u>(833,102)</u>	<u>196,011</u>
Less: Net (loss) income attributable to noncontrolling interest	<u>(7,216)</u>	<u>30,970</u>	<u>(99,814)</u>	<u>63,557</u>
NET (LOSS) INCOME ATTRIBUTABLE TO MURPHY	<u>\$ (317,184)</u>	<u>92,272</u>	<u>(733,288)</u>	<u>132,454</u>
(LOSS) INCOME PER COMMON SHARE – BASIC				
Continuing operations	\$ (2.05)	0.40	(4.74)	0.34
Discontinued operations	(0.01)	0.15	(0.04)	0.44
Net (loss) income	<u>\$ (2.06)</u>	<u>0.55</u>	<u>(4.78)</u>	<u>0.78</u>
(LOSS) INCOME PER COMMON SHARE – DILUTED				
Continuing operations	\$ (2.05)	0.40	(4.74)	0.34
Discontinued operations	(0.01)	0.14	(0.04)	0.43
Net (loss) income	<u>\$ (2.06)</u>	<u>0.54</u>	<u>(4.78)</u>	<u>0.77</u>
Cash dividends per Common share	<u>0.13</u>	<u>0.25</u>	<u>0.38</u>	<u>0.50</u>
Average Common shares outstanding (thousands)				
Basic	<u>153,581</u>	<u>168,538</u>	<u>153,429</u>	<u>170,556</u>
Diluted	<u>153,581</u>	<u>169,272</u>	<u>153,429</u>	<u>171,433</u>

See Notes to Consolidated Financial Statements, page 7.

Murphy Oil Corporation and Consolidated Subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
<i>(Thousands of dollars)</i>	2020	2019	2020	2019
Net (loss) income including noncontrolling interest	\$ (324,400)	123,242	(833,102)	196,011
Other comprehensive (loss) income, net of tax				
Net (loss) gain from foreign currency translation	50,568	28,606	(67,843)	54,055
Retirement and postretirement benefit plans	(39,234)	2,762	(48,945)	5,516
Deferred loss on interest rate hedges reclassified to interest expense	309	586	608	1,171
Other comprehensive (loss) income	11,643	31,954	(116,180)	60,742
COMPREHENSIVE (LOSS) INCOME	\$ (312,757)	155,196	(949,282)	256,753

See Notes to Consolidated Financial Statements, page 7.

Murphy Oil Corporation and Consolidated Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

	Six Months Ended June 30,	
	2020	2019
<i>(Thousands of dollars)</i>		
Operating Activities		
Net (loss) income including noncontrolling interest	\$ (833,102)	196,011
Adjustments to reconcile net (loss) income to net cash (required) provided by continuing operations activities:		
Loss (income) from discontinued operations	6,129	(74,264)
Depreciation, depletion and amortization	537,548	493,708
Previously suspended exploration costs	7,677	12,901
Amortization of undeveloped leases	14,770	15,150
Accretion of asset retirement obligations	20,435	19,237
Impairment of assets	987,146	—
Noncash restructuring expense	17,565	—
Deferred income tax (benefit) expense	(167,902)	18,001
Mark to market (gain) loss on contingent consideration	(43,529)	28,890
Mark to market (gain) loss on crude contracts	(173,848)	(50,831)
Long-term non-cash compensation	22,760	44,755
Net decrease (increase) in noncash operating working capital	1,335	(5,366)
Other operating activities, net	(27,605)	(42,761)
Net cash provided by continuing operations activities	369,379	655,431
Investing Activities		
Property additions and dry hole costs	(537,601)	(645,169)
Property additions for King's Quay FPS	(51,635)	—
Acquisition of oil and gas properties	—	(1,226,261)
Proceeds from sales of property, plant and equipment	—	16,816
Net cash required by investing activities	(589,236)	(1,854,614)
Financing Activities		
Borrowings on revolving credit facility	370,000	1,075,000
Repayment of revolving credit facility	(200,000)	—
Cash dividends paid	(57,590)	(85,503)
Distributions to noncontrolling interest	(32,400)	(68,776)
Early retirement of debt	(12,225)	—
Withholding tax on stock-based incentive awards	(7,247)	(6,991)
Debt issuance, net of cost	(613)	—
Proceeds from term loan and other loans	371	500,000
Capital lease obligation payments	(336)	(335)
Repurchase of common stock	—	(299,924)
Net cash provided by financing activities	59,960	1,113,471
Cash Flows from Discontinued Operations ¹		
Operating activities	(1,202)	122,272
Investing activities	4,494	(49,798)
Financing activities	—	(4,914)
Net cash provided by discontinued operations	3,292	67,560
Cash transferred from discontinued operations to continuing operations	—	48,565
Effect of exchange rate changes on cash and cash equivalents	(1,358)	3,268
Net increase (decrease) in cash and cash equivalents	(161,255)	(33,879)
Cash and cash equivalents at beginning of period	306,760	359,923
Cash and cash equivalents at end of period	\$ 145,505	326,044

¹ Net cash provided by discontinued operations is not part of the cash flow reconciliation. See Notes to Consolidated Financial Statements, page 7.

Murphy Oil Corporation and Consolidated Subsidiaries
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
<i>(Thousands of dollars)</i>				
Cumulative Preferred Stock – par \$100, authorized 400,000 shares, none issued	\$ —	—	—	—
Common Stock – par \$1.00, authorized 450,000,000 shares, issued 195,100,628 shares at June 30, 2020 and 195,083,364 shares at June 30, 2019				
Balance at beginning of period	195,101	195,083	195,089	195,077
Exercise of stock options	—	—	12	6
Balance at end of period	195,101	195,083	195,101	195,083
Capital in Excess of Par Value				
Balance at beginning of period	924,930	924,904	949,445	979,642
Exercise of stock options, including income tax benefits	—	—	(156)	(123)
Restricted stock transactions and other	(636)	—	(33,240)	(38,732)
Share-based compensation	7,135	9,040	15,380	17,676
Adjustments to acquisition valuation	—	—	—	(24,519)
Balance at end of period	931,429	933,944	931,429	933,944
Retained Earnings				
Balance at beginning of period	6,159,808	5,627,081	6,614,304	5,513,529
Net (loss) income for the period	(317,184)	92,272	(733,288)	132,454
Sale and leaseback gain recognized upon adoption of ASC 842, net of tax impact	—	—	—	116,768
Cash dividends	(19,198)	(42,105)	(57,590)	(85,503)
Balance at end of period	5,823,426	5,677,248	5,823,426	5,677,248
Accumulated Other Comprehensive Loss				
Balance at beginning of period	(701,984)	(580,999)	(574,161)	(609,787)
Foreign currency translation (loss) gain, net of income taxes	50,568	28,606	(67,843)	54,055
Retirement and postretirement benefit plans, net of income taxes	(39,234)	2,762	(48,945)	5,516
Deferred loss on interest rate hedges reclassified to interest expense, net of income taxes	309	586	608	1,171
Balance at end of period	(690,341)	(549,045)	(690,341)	(549,045)
Treasury Stock				
Balance at beginning of period	(1,691,706)	(1,217,293)	(1,717,217)	(1,249,162)
Purchase of treasury shares	—	(299,924)	—	(299,924)
Awarded restricted stock, net of forfeitures	636	—	26,147	31,869
Balance at end of period – 41,512,066 shares of Common Stock in 2020 and 32,832,771 shares of Common Stock in 2019, at cost	(1,691,070)	(1,517,217)	(1,691,070)	(1,517,217)
Murphy Shareholders' Equity	4,568,545	4,740,013	4,568,545	4,740,013
Noncontrolling Interest				
Balance at beginning of period	212,154	377,901	337,151	368,343
Acquisition closing adjustments	—	—	—	(4,592)
Net (loss) income attributable to noncontrolling interest	(7,216)	30,970	(99,814)	63,557
Distributions to noncontrolling interest owners	(1)	(50,339)	(32,400)	(68,776)
Balance at end of period	204,937	358,532	204,937	358,532
Total Equity	\$ 4,773,482	5,098,545	4,773,482	5,098,545

See Notes to Consolidated Financial Statements, page 7.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

These notes are an integral part of the financial statements of Murphy Oil Corporation and Consolidated Subsidiaries (Murphy/the Company) on pages 2 through 6 of this Form 10-Q report.

Note A – Nature of Business and Interim Financial Statements

NATURE OF BUSINESS – Murphy Oil Corporation is an international oil and gas company that conducts its business through various operating subsidiaries. The Company primarily produces oil and natural gas in the United States and Canada and conducts oil and natural gas exploration activities worldwide.

In connection with the LLOG acquisition, further discussed in Note P – Acquisitions, we hold a 0.5% interest in two variable interest entities (VIEs), Delta House Oil and Gas Lateral LLC and Delta House Floating Production System (FPS) LLC (collectively Delta House). These VIEs have not been consolidated because we are not considered the primary beneficiary. These non-consolidated VIEs are not material to our financial position or results of operations. As of June 30, 2020, our maximum exposure to loss was \$3.5 million, which represents our net investment in Delta House. We have not provided any financial support to Delta House other than amounts previously required by our membership interest.

INTERIM FINANCIAL STATEMENTS – In the opinion of Murphy’s management, the unaudited financial statements presented herein include all accruals necessary to present fairly the Company’s financial position at June 30, 2020 and December 31, 2019, and the results of operations, cash flows and changes in stockholders’ equity for the interim periods ended June 30, 2020 and 2019, in conformity with accounting principles generally accepted in the United States of America (U.S.). In preparing the financial statements of the Company in conformity with accounting principles generally accepted in the U.S., management has made a number of estimates and assumptions related to the reporting of assets, liabilities, revenues, and expenses and the disclosure of contingent assets and liabilities. Actual results may differ from the estimates.

Financial statements and notes to consolidated financial statements included in this Form 10-Q report should be read in conjunction with the Company’s 2019 Form 10-K report, as certain notes and other pertinent information have been abbreviated or omitted in this report. Financial results for the three-month and six-month periods ended June 30, 2020 are not necessarily indicative of future results.

Note B – New Accounting Principles and Recent Accounting Pronouncements

Accounting Principles Adopted

Financial Instruments – Credit Losses. In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13 which replaces the impairment model for most financial assets, including trade receivables, from the incurred loss methodology to a forward-looking expected loss model that will result in earlier recognition of credit losses. The amendments in this ASU are effective for fiscal years beginning after December 15, 2019, with early adoption permitted, and is to be applied on a modified retrospective basis. The Company adopted this accounting standard in the first quarter of 2020 and it did not have a material impact on its consolidated financial statements.

Fair Value Measurement. In August 2018, the FASB issued ASU 2018-13 which modifies disclosure requirements related to fair value measurement. The amendments in this ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Implementation on a prospective or retrospective basis varies by specific disclosure requirement. Early adoption is permitted. The standard also allows for early adoption of any removed or modified disclosures upon issuance of this ASU while delaying adoption of the additional disclosures until their effective date. The Company adopted this accounting standard in the first quarter of 2020 and it did not have a material impact on its consolidated financial statements.

Recent Accounting Pronouncements

Income Taxes. In December 2019, the FASB issued ASU 2019-12, which removes certain exceptions for investments, intraperiod allocations and interim calculations, and adds guidance to reduce complexity in accounting for income taxes. The amendments in this ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. Implementation on a prospective or retrospective basis varies by specific topics within the ASU. Early adoption is permitted. The Company is currently assessing the potential impact of this ASU to its consolidated financial statements.

Compensation-Retirement Benefits-Defined Benefit Plans-General. In August 2018, the FASB issued ASU 2018-14 which modifies the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. For public companies, the amendments in this ASU are effective for fiscal years beginning after December 15, 2020, with early adoption permitted, and is to be applied on a retrospective basis to all periods presented. The Company is currently assessing the potential impact of this ASU to its consolidated financial statements.

Note C – Revenue from Contracts with Customers

Nature of Goods and Services

The Company explores for and produces crude oil, natural gas and natural gas liquids (collectively oil and gas) in select basins around the globe. The Company's revenue from sales of oil and gas production activities are primarily subdivided into two key geographic segments: the U.S. and Canada. Additionally, revenue from sales to customers is generated from three primary revenue streams: crude oil and condensate, natural gas liquids, and natural gas.

For operated oil and gas production where the non-operated working interest owner does not take-in-kind its proportionate interest in the produced commodity, the Company acts as an agent for the working interest owner and recognizes revenue only for its own share of the commingled production. The exception to this is the reporting of the noncontrolling interest in MP GOM as prescribed by ASC 810-10-45.

U.S. - In the United States, the Company primarily produces oil and gas from fields in the Eagle Ford Shale area of South Texas and in the Gulf of Mexico. Revenue is generally recognized when oil and gas are transferred to the customer at the delivery point. Revenue recognized is largely index based with price adjustments for floating market differentials.

Canada - In Canada, contracts are primarily long-term floating commodity index priced, except for certain natural gas physical forward sales fixed-price contracts. For the Offshore business in Canada, contracts are based on index prices and revenue is recognized at the time of vessel load based on the volumes on the bill of lading and point of custody transfer.

In the third quarter of 2019, the Company made an immaterial reclassification to correct its financial statements to report transportation, gathering, and processing costs as a separate line item (previously reported net in revenue) in the Consolidated Statements of Operations and revised all historical periods to reflect this presentation. There was no resultant change in net income attributable to Murphy.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)
Note C – Revenue from Contracts with Customers (Contd.)
Disaggregation of Revenue

The Company reviews performance based on two key geographical segments and between onshore and offshore sources of revenue within these geographies.

For the three-month and six-month periods ended June 30, 2020, the Company recognized \$285.7 million and \$886.3 million, respectively, from contracts with customers for the sales of oil, natural gas liquids and natural gas. For the three-month and six-month periods ended June 30, 2019, the Company recognized \$680.4 million and \$1,309.8 million respectively, from contracts with customers for the sales of oil, natural gas liquids and natural gas.

		Three Months Ended June 30,		Six Months Ended June 30,	
		2020	2019	2020	2019
<i>(Thousands of dollars)</i>					
Net crude oil and condensate revenue					
United States	Onshore	\$ 54,550	193,565	185,786	328,241
	Offshore	150,253	352,281	497,225	691,944
Canada	Onshore	11,527	28,031	34,910	56,972
	Offshore	11,077	42,355	35,691	87,279
Other		(58)	3,123	1,806	5,975
Total crude oil and condensate revenue		227,349	619,355	755,418	1,170,411
Net natural gas liquids revenue					
United States	Onshore	3,876	8,719	9,379	16,940
	Offshore	3,464	4,478	8,490	9,770
Canada	Onshore	1,276	2,775	3,310	6,236
Total natural gas liquids revenue		8,616	15,972	21,179	32,946
Net natural gas revenue					
United States	Onshore	4,090	7,340	9,648	14,914
	Offshore	10,665	9,219	25,660	13,696
Canada	Onshore	35,025	28,550	74,398	77,823
Total natural gas revenue		49,780	45,109	109,706	106,433
Total revenue from contracts with customers		285,745	680,436	886,303	1,309,790
(Loss) gain on crude contracts		(75,880)	57,916	324,792	57,916
Gain on sale of assets and other income		1,677	5,598	4,175	6,790
Total revenue and other income		\$ 211,542	743,950	1,215,270	1,374,496

Contract Balances and Asset Recognition

As of June 30, 2020, and December 31, 2019, receivables from contracts with customers, net of royalties and associated payables, on the balance sheet from continuing operations, were \$101.3 million and \$186.8 million, respectively. Payment terms for the Company's sales vary across contracts and geographical regions, with the majority of the cash receipts required within 30 days of billing. Based on a forward-looking expected loss model in accordance with ASU 2016-13 (see Note B), the Company did not recognize any impairment losses on receivables or contract assets arising from customer contracts during the reporting periods.

The Company has not entered into any upstream oil and gas sale contracts that have financing components as at June 30, 2020.

The Company does not employ sales incentive strategies such as commissions or bonuses for obtaining sales contracts. For the periods presented, the Company did not identify any assets to be recognized associated with the costs to obtain a contract with a customer.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)
Note C – Revenue from Contracts with Customers (Contd.)
Performance Obligations

The Company recognizes oil and gas revenue when it satisfies a performance obligation by transferring control over a commodity to a customer. Judgment is required to determine whether some customers simultaneously receive and consume the benefit of commodities. As a result of this assessment for the Company, each unit of measure of the specified commodity is considered to represent a distinct performance obligation that is satisfied at a point in time upon the transfer of control of the commodity.

For contracts with market or index-based pricing, which represent the majority of sales contracts, the Company has elected the allocation exception and allocates the variable consideration to each single performance obligation in the contract. As a result, there is no price allocation to unsatisfied remaining performance obligations for delivery of commodity product in subsequent periods.

The Company has entered into several long-term, fixed-price contracts in Canada. The underlying reason for entering a fixed price contract is generally unrelated to anticipated future prices or other observable data and serves a particular purpose in the company's long-term strategy.

As of June 30, 2020, the Company had the following sales contracts in place which are expected to generate revenue from sales to customers for a period of more than 12 months starting at the inception of the contract:

Current Long-Term Contracts Outstanding at June 30, 2020

Location	Commodity	End Date	Description	Approximate Volumes
U.S.	Oil	Q4 2021	Fixed quantity delivery in Eagle Ford	17,000 BOED
U.S.	Natural Gas and NGL	Q1 2023	Deliveries from dedicated acreage in Eagle Ford	As produced
Canada	Natural Gas	Q4 2020	Contracts to sell natural gas at Alberta AECO fixed prices	59 MMCFD
Canada	Natural Gas	Q4 2020	Contracts to sell natural gas at USD Index pricing	60 MMCFD
Canada	Natural Gas	Q4 2021	Contracts to sell natural gas at USD Index pricing	10 MMCFD
Canada	Natural Gas	Q4 2024	Contracts to sell natural gas at USD Index pricing	30 MMCFD
Canada	Natural Gas	Q4 2026	Contracts to sell natural gas at USD Index pricing	38 MMCFD
Canada	Natural Gas	Q4 2026	Contracts to sell natural gas at USD Index pricing	11 MMCFD

Fixed price contracts are accounted for as normal sales and purchases for accounting purposes.

Note D – Property, Plant, and Equipment
Exploratory Wells

Under FASB guidance exploratory well costs should continue to be capitalized when the well has found a sufficient quantity of reserves to justify its completion as a producing well and the Company is making sufficient progress assessing the reserves and the economic and operating viability of the project.

At June 30, 2020, the Company had total capitalized exploratory well costs for continuing operations pending the determination of proved reserves of \$180.1 million. The following table reflects the net changes in capitalized exploratory well costs during the six-month periods ended June 30, 2020 and 2019.

(Thousands of dollars)

	2020	2019
Beginning balance at January 1	\$ 217,326	207,855
Additions pending the determination of proved reserves	2,328	50,307
Capitalized exploratory well costs charged to expense	(39,519)	(13,145)
Balance at June 30	\$ 180,135	245,017

The capitalized well costs charged to expense during 2020 represent a charge for asset impairments (see below). The capitalized well costs charged to expense during 2019 included the CM-1X and the CT-1X wells in Vietnam Block 11-2/11. The wells were originally drilled in 2017.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)
Note D – Property, Plant and Equipment (Contd.)

The following table provides an aging of capitalized exploratory well costs based on the date the drilling was completed for each individual well and the number of projects for which exploratory well costs have been capitalized. The projects are aged based on the last well drilled in the project.

<i>(Thousands of dollars)</i>	June 30,					
	2020			2019		
	Amount	No. of Wells	No. of Projects	Amount	No. of Wells	No. of Projects
Aging of capitalized well costs:						
Zero to one year	\$ 24,429	3	3	33,125	3	2
One to two years	30,691	2	2	61,293	1	1
Two to three years	—	—	—	27,266	1	1
Three years or more	125,015	6	—	123,333	5	—
	\$ 180,135	11	5	245,017	10	4

Of the \$155.7 million of exploratory well costs capitalized more than one year at June 30, 2020, \$87.6 million is in Vietnam, \$27.4 million is in the U.S., \$25.2 million is in Brunei, and \$15.5 million is in Mexico. In all geographical areas, either further appraisal or development drilling is planned and/or development studies/plans are in various stages of completion.

Divestments

In July 2019, the Company completed a divestiture of its two subsidiaries conducting Malaysian operations, Murphy Sabah Oil Co., Ltd. and Murphy Sarawak Oil Co., Ltd., in a transaction with PTT Exploration and Production Public Company Limited (PTTEP) which was effective January 1, 2019. Total cash consideration received upon closing was \$2.0 billion. A gain on sale of \$960.0 million was recorded as part of discontinued operations on the Consolidated Statement of Operations during 2019. The Company does not anticipate tax liabilities related to the sales proceeds. Murphy is entitled to receive a \$100.0 million bonus payment contingent upon certain future exploratory drilling results prior to October 2020.

Acquisitions

In 2016, a Canadian subsidiary of Murphy Oil acquired a 70% operated working interest (WI) in Athabasca Oil Corporation's (Athabasca) production, acreage, infrastructure and facilities in the Kaybob Duvernay lands, and a 30% non-operated WI in Athabasca's production, acreage, infrastructure and facilities in the liquids rich Placid Montney lands in Alberta, the majority of which was unproved. As part of the transaction, Murphy agreed to pay an additional \$168.0 million in the form of a carried interest on the Kaybob Duvernay property. As of June 30, 2020, all of the carried interest had been fully utilized.

Impairments

In 2020, declines in future oil and natural gas prices (principally driven by reduced demand in response to the COVID-19 pandemic and increased supply in the first quarter of 2020 from foreign oil producers and - see Risk Factors on page 39) led to impairments in certain of the Company's U.S. Offshore and Other Foreign properties. The Company recorded pretax noncash impairment charges of \$987.1 million to reduce the carrying values to their estimated fair values at select properties.

The fair values were determined by internal discounted cash flow models using estimates of future production, prices, costs and discount rates believed to be consistent with those used by principal market participants in the applicable region.

The following table reflects the recognized impairments for the six months ended June 30, 2020.

<i>(Thousands of dollars)</i>	Six Months Ended June 30, 2020	
U.S.	\$	947,437
Other Foreign		39,709
	\$	987,146

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)
Note E – Discontinued Operations and Assets Held for Sale

The Company has accounted for its former Malaysian exploration and production operations and its former U.K., U.S. refining and marketing operations as discontinued operations for all periods presented. The results of operations associated with discontinued operations for the three-month and six-month periods ended June 30, 2020 and 2019 were as follows:

<i>(Thousands of dollars)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Revenues	\$ 1	159,961	4,074	355,373
Costs and expenses				
Lease operating expenses	—	58,160	—	120,876
Depreciation, depletion and amortization	—	2,345	—	33,698
Other costs and expenses (benefits)	1,268	57,401	10,203	70,481
(Loss) income before taxes	(1,267)	42,055	(6,129)	130,318
Income tax expense	—	17,637	—	56,054
(Loss) income from discontinued operations	\$ (1,267)	24,418	(6,129)	74,264

The following table presents the carrying value of the major categories of assets and liabilities of the Brunei exploration and production operations, the U.K. refining and marketing operations and the Company's office building in El Dorado, AR and two airplanes that are reflected as held for sale on the Company's Consolidated Balance Sheets as of June 30, 2020 and December 31, 2019.

<i>(Thousands of dollars)</i>	June 30, 2020	December 31, 2019
Current assets		
Cash	\$ 30,898	25,185
Accounts receivable	425	4,834
Inventories	406	406
Prepaid expenses and other	814	1,882
Property, plant, and equipment, net	82,353	82,116
Deferred income taxes and other assets	9,441	9,441
Total current assets associated with assets held for sale	124,337	123,864
Current liabilities		
Accounts payable	\$ 4,342	3,702
Current maturities of long-term debt (finance lease)	720	705
Taxes payable	1,510	1,411
Long-term debt (finance lease)	6,889	7,240
Asset retirement obligation	250	240
Total current liabilities associated with assets held for sale	13,711	13,298

Note F – Financing Arrangements and Debt

As of June 30, 2020, the Company had a \$1.6 billion revolving credit facility (RCF). The RCF is a senior unsecured guaranteed facility which expires in November 2023. At June 30, 2020, the Company had \$170.0 million outstanding borrowings under the RCF and \$3.7 million of outstanding letters of credit, which reduce the borrowing capacity of the RCF. At June 30, 2020, the interest rate in effect on borrowings under the facility was 1.86%. At June 30, 2020, the Company was in compliance with all covenants related to the RCF.

The Company also has a shelf registration statement on file with the U.S. Securities and Exchange Commission that permits the offer and sale of debt and/or equity securities through October 2021.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**Note F – Financing Arrangements and Debt (Contd.)****Note G – Other Financial Information**

Additional disclosures regarding cash flow activities are provided below.

<i>(Thousands of dollars)</i>	Six Months Ended June 30,	
	2020	2019
Net (increase) decrease in operating working capital, excluding cash and cash equivalents:		
(Increase) decrease in accounts receivable ¹	\$ 227,710	(141,793)
(Increase) decrease in inventories	13,968	(617)
(Increase) decrease in prepaid expenses	(20,712)	(12,190)
Increase (decrease) in accounts payable and accrued liabilities ¹	(219,228)	147,569
Increase (decrease) in income taxes payable	(403)	1,665
Net (increase) decrease in noncash operating working capital	\$ 1,335	(5,366)
Supplementary disclosures:		
Cash income taxes paid, net of refunds	\$ (7)	79
Interest paid, net of amounts capitalized of \$4.9 million in 2020 and \$0 million in 2019	100,745	102,802
Non-cash investing activities:		
Asset retirement costs capitalized ²	\$ 6,342	38,396
(Increase) decrease in capital expenditure accrual	58,602	(65,830)

¹ Excludes receivable/payable balances relating to mark-to-market of crude contracts and contingent consideration relating to acquisitions.

² 2019 includes asset retirement obligations assumed as part of the LLOG acquisition of \$37.3 million. See Note P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)
Note H – Employee and Retiree Benefit Plans

The Company has defined benefit pension plans that are principally noncontributory and cover most full-time employees. All pension plans are funded except for the U.S. and Canadian nonqualified supplemental plan and the U.S. director’s plan. All U.S. tax qualified plans meet the funding requirements of federal laws and regulations. Contributions to foreign plans are based on local laws and tax regulations. The Company also sponsors health care and life insurance benefit plans, which are not funded, that cover most retired U.S. employees. The health care benefits are contributory; the life insurance benefits are noncontributory.

On May 6, 2020, the Company announced that it was closing its headquarter office in El Dorado, Arkansas, its office in Calgary, Alberta, and consolidating all worldwide staff activities to its existing office location in Houston, Texas. As a result of this decision and the subsequent restructuring activities, a pension remeasurement was triggered and the Company incurred pension curtailment and special termination benefit charges as a result of the associated reduction of force. The Company elected the use of a practical expedient to perform the pension remeasurement as of May 31, 2020, which resulted in an increase in our pension and other postretirement benefit liabilities of \$63.0 million due to lower discount rate and lower plan assets relative to December 31, 2019.

The table that follows provides the components of net periodic benefit expense for the three-month and six-month periods ended June 30, 2020 and 2019.

<i>(Thousands of dollars)</i>	Three Months Ended June 30,			
	Pension Benefits		Other Postretirement Benefits	
	2020	2019	2020	2019
Service cost	\$ 2,166	2,062	446	420
Interest cost	5,763	7,100	794	943
Expected return on plan assets	(6,297)	(6,370)	—	—
Amortization of prior service cost (credit)	183	246	—	(97)
Recognized actuarial loss	4,264	3,508	—	—
Net periodic benefit expense	6,079	6,546	1,240	1,266
Other - curtailment	586	—	(1,825)	—
Other - special termination benefits	8,435	—	—	—
Total net periodic benefit expense	\$ 15,100	6,546	(585)	1,266

<i>(Thousands of dollars)</i>	Six Months Ended June 30,			
	Pension Benefits		Other Postretirement Benefits	
	2020	2019	2020	2019
Service cost	\$ 4,332	4,124	893	840
Interest cost	11,554	14,251	1,588	1,888
Expected return on plan assets	(12,641)	(12,830)	—	—
Amortization of prior service cost (credit)	366	493	—	(195)
Recognized actuarial loss	8,533	7,022	—	—
Net periodic benefit expense	12,144	13,060	2,481	2,533
Other - curtailment	586	—	(1,825)	—
Other - special termination benefits	8,435	—	—	—
Total net periodic benefit expense	\$ 21,165	13,060	656	2,533

The components of net periodic benefit expense, other than the service cost, curtailment and special termination benefits components, are included in the line item “Interest and other income (loss)” in Consolidated Statements of Operations. The curtailment and special termination benefits components are included in the line item “Restructuring expenses” in Consolidated Statement of Operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

During the six-month period ended June 30, 2020, the Company made contributions of \$15.3 million to its defined benefit pension and postretirement benefit plans. Remaining funding in 2020 for the Company's defined benefit pension and postretirement plans is anticipated to be \$22.4 million.

Note I – Incentive Plans

The costs resulting from all share-based and cash-based incentive plans are recognized as an expense in the Consolidated Statements of Operations using a fair value-based measurement method over the periods that the awards vest.

The 2017 Annual Incentive Plan (2017 Annual Plan) authorizes the Executive Compensation Committee (the Committee) to establish specific performance goals associated with annual cash awards that may be earned by officers, executives and certain other employees. Cash awards under the 2017 Annual Plan are determined based on the Company's actual financial and operating results as measured against the performance goals established by the Committee.

In May 2020, the Company's shareholders approved replacement of the 2018 Long-Term Incentive Plan (2018 Long-Term Plan) with the 2020 Long-Term Incentive Plan (2020 Long-Term Plan). All awards on or after May 13, 2020, will be made under the 2020 Long-Term Plan.

The 2020 Long-Term Plan and the 2018 Long-Term Incentive Plan authorizes the Committee to make grants of the Company's Common Stock to employees. These grants may be in the form of stock options (nonqualified or incentive), stock appreciation rights (SAR), restricted stock, restricted stock units (RSU), performance units, performance shares, dividend equivalents and other stock-based incentives. The 2020 Long-Term Plan expires in 2030. A total of 5,000,000 shares are issuable during the life of the 2020 Long-Term Plan. Shares issued pursuant to awards granted under this Plan may be shares that are authorized and unissued or shares that were reacquired by the Company, including shares purchased in the open market. Share awards that have been canceled, expired, forfeited or otherwise not issued under an award shall not count as shares issued under this Plan.

The Company also has a Stock Plan for Non-Employee Directors that permits the issuance of restricted stock, restricted stock units and stock options or a combination thereof to the Company's Non-Employee Directors.

In the first quarter of 2020, the Committee granted 999,700 performance-based RSUs and 340,600 time-based RSUs to certain employees under the 2018 Long-Term Plan. The fair value of the performance-based RSUs, using a Monte Carlo valuation model, was \$21.51 per unit. The fair value of the time-based RSUs was estimated based on the fair market value of the Company's stock on the date of grant of \$21.68 per unit. Additionally, in February 2020, the Committee granted 1,152,500 cash-settled RSUs (CRSU) to certain employees. The CRSUs are to be settled in cash, net of applicable income taxes, and are accounted for as liability-type awards. The initial fair value of the CRSUs granted in February 2020 was \$21.68. Also, in February, the Committee granted 106,248 shares of time-based RSUs to the Company's non-employee Directors under the 2018 Stock Plan for Non-Employee Directors. These units are scheduled to vest on the third anniversary of the date of grant. The estimated fair value of these awards was \$22.59 per unit on date of grant.

All stock option exercises are non-cash transactions for the Company. The employee receives net shares, after applicable withholding obligations, upon each stock option exercise. The actual income tax benefit realized from the tax deductions related to stock option exercises of the share-based payment arrangements were immaterial for the six-month period ended June 30, 2020.

Amounts recognized in the financial statements with respect to share-based plans are shown in the following table:

	Six Months Ended June 30,	
	2020	2019
<i>(Thousands of dollars)</i>		
Compensation charged against income before tax benefit	\$ 10,272	30,003
Related income tax (expense) benefit recognized in income	769	4,387

Certain incentive compensation granted to the Company's named executive officers, to the extent their total compensation exceeds \$1.0 million per executive per year, is not eligible for a U.S. income tax deduction under the Tax Cuts and Jobs Act (2017 Tax Act).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)
Note J – Earnings per Share

Net (loss) income attributable to Murphy was used as the numerator in computing both basic and diluted income per Common share for the three-month and six-month periods ended June 30, 2020 and 2019. The following table reports the weighted-average shares outstanding used for these computations.

<i>(Weighted-average shares)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Basic method	153,580,758	168,537,896	153,428,666	170,555,685
Dilutive stock options and restricted stock units ¹	—	734,567	—	877,007
Diluted method	153,580,758	169,272,463	153,428,666	171,432,692

¹ Due to a net loss recognized by the Company for the three-month and six-month periods ended June 30, 2020, no unvested stock awards were included in the computation of diluted earnings per share because the effect would have been antidilutive.

The following table reflects certain options to purchase shares of common stock that were outstanding during the periods presented but were not included in the computation of diluted shares above because the incremental shares from the assumed conversion were antidilutive.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Antidilutive stock options excluded from diluted shares	2,187,235	2,927,469	2,396,920	3,066,166
Weighted average price of these options	\$ 39.24	\$ 45.38	\$ 40.83	\$ 45.66

Note K – Income Taxes

The Company's effective income tax rate is calculated as the amount of income tax expense (benefit) divided by income from continuing operations before income taxes. For the three-month and six-month periods ended June 30, 2020 and 2019, the Company's effective income tax rates were as follows:

	2020	2019
Three months ended June 30,	22.7%	8.4%
Six months ended June 30,	18.4%	14.1%

The effective tax rate for the three-month period ended June 30, 2020 is higher than the U.S. statutory tax rate of 21% principally due to a research and development tax credit in Canada, which has the impact of increasing the effective tax rate.

The effective tax rate for the three-month period ended June 30, 2019 was below the statutory tax rate primarily due to an enacted future change in the Alberta provincial corporate income tax rate in Canada that reduced the future deferred tax liability by \$13 million and no tax applied to the pre-tax income of the noncontrolling interest in MP Gulf of Mexico, LLC (MP GOM).

The effective tax rate for the six-month period ended June 30, 2020 was below the U.S. statutory tax rate of 21% due to exploration expenses in certain foreign jurisdictions in which no income tax benefit is available, as well as no tax benefit available from the pre-tax loss of the noncontrolling interest in MP GOM. These items reduced the tax credit on a reported pre-tax net loss.

The effective tax rate for the six-month period ended June 30, 2019 was below the statutory tax rate of 21% due to an enacted future change in the Alberta provincial corporate income tax rate in Canada that reduced the future deferred tax liability \$13 million and no tax applied to the pre-tax income of the noncontrolling interest in MP GOM.

The Company's tax returns in multiple jurisdictions are subject to audit by taxing authorities. These audits often take multiple years to complete and settle. Although the Company believes that recorded liabilities for unsettled issues are adequate, additional gains or losses could occur in future years from resolution of outstanding unsettled matters. As of June 30, 2020, the earliest years remaining open for audit and/or settlement in our major taxing jurisdictions are as follows: United States – 2016; Canada – 2015; Malaysia – 2013; and United Kingdom – 2018. Following the divestment of Malaysia in the third quarter of

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note K – Income Taxes (Contd.)

2019, the Company has retained certain possible liabilities and rights to income tax receivables relating to Malaysia for the years prior to 2019. The Company believes current recorded liabilities are adequate.

Note L – Financial Instruments and Risk Management

Murphy uses derivative instruments to manage certain risks related to commodity prices, foreign currency exchange rates and interest rates. The use of derivative instruments for risk management is covered by operating policies and is closely monitored by the Company's senior management. The Company does not hold any derivatives for speculative purposes and it does not use derivatives with leveraged or complex features. Derivative instruments are traded with creditworthy major financial institutions or over national exchanges such as the New York Mercantile Exchange (NYMEX). The Company has a risk management control system to monitor commodity price risks and any derivatives obtained to manage a portion of such risks. For accounting purposes, the Company has not designated commodity and foreign currency derivative contracts as hedges, and therefore, it recognizes all gains and losses on these derivative contracts in its Consolidated Statements of Operations. Certain interest rate derivative contracts were accounted for as hedges and the gain or loss associated with recording the fair value of these contracts was deferred in Accumulated other comprehensive loss until the anticipated transactions occur.

Commodity Price Risks

At June 30, 2020, the Company had 45,000 barrels per day in WTI crude oil swap financial contracts maturing through December 2020 at an average price of \$56.42, and 2,000 barrels per day in WTI crude oil swap financial contracts maturing from January to December of 2021 at an average price of \$41.54. Under these contracts, which mature monthly, the Company pays the average monthly price in effect and receives the fixed contract price.

At June 30, 2019, the Company had 20,000 barrels per day in WTI crude oil swap financial contracts maturing through December 2019 at an average price of \$63.64 and 20,000 barrels per day in WTI crude oil swap financial contracts maturing through December 2020 at an average price of \$60.10.

Foreign Currency Exchange Risks

The Company is subject to foreign currency exchange risk associated with operations in countries outside the U.S. The Company had no foreign currency exchange short-term derivatives outstanding at June 30, 2020 and 2019.

At June 30, 2020 and December 31, 2019, the fair value of derivative instruments not designated as hedging instruments are presented in the following table.

<i>(Thousands of dollars)</i>	June 30, 2020		December 31, 2019	
	Asset (Liability) Derivatives		Asset (Liability) Derivatives	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Type of Derivative Contract				
Commodity	Accounts receivable	\$ 157,809	Accounts payable	\$ (33,364)

For the three-month and six-month periods ended June 30, 2020 and 2019, the gains and losses recognized in the Consolidated Statements of Operations for derivative instruments not designated as hedging instruments are presented in the following table.

<i>(Thousands of dollars)</i>	Statement of Operations Location	Gain (Loss)		Gain (Loss)	
		Three Months Ended June 30,		Six months ended June 30,	
		2020	2019	2020	2019
Type of Derivative Contract					
Commodity	(Loss) gain on crude contracts	\$ (75,880)	57,916	\$ 324,792	57,916

Interest Rate Risks

Under hedge accounting rules, the Company deferred the net cost associated with derivative contracts purchased to manage interest rate risk associated with 10-year notes sold in May 2012 to match the payment of interest on these notes through 2022. During the six-month periods ended June 30, 2020 and 2019, \$0.8 million and \$1.5 million, respectively, of the deferred loss on the interest rate swaps was charged to Interest expense in the Consolidated Statement of Operations. The remaining loss (net of tax) deferred on these matured contracts at June 30, 2020 was \$2.3 million and is recorded, net of income taxes of \$0.6 million, in Accumulated other comprehensive loss in the Consolidated Balance Sheet. The Company expects to charge approximately \$0.8 million of this deferred loss to Interest expense, net in the Consolidated Statement of Operations during the remainder of 2020.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)
Note L – Financial Instruments and Risk Management (Contd.)
Fair Values – Recurring

The Company carries certain assets and liabilities at fair value in its Consolidated Balance Sheets. The fair value hierarchy is based on the quality of inputs used to measure fair value, with Level 1 being the highest quality and Level 3 being the lowest quality. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are observable inputs other than quoted prices included within Level 1. Level 3 inputs are unobservable inputs which reflect assumptions about pricing by market participants.

The carrying value of assets and liabilities recorded at fair value on a recurring basis at June 30, 2020 and December 31, 2019, are presented in the following table.

<i>(Thousands of dollars)</i>	June 30, 2020				December 31, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Commodity derivative contracts	\$ —	157,809	—	157,809	—	—	—	—
	<u>\$ —</u>	<u>157,809</u>	<u>—</u>	<u>157,809</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Liabilities:								
Commodity derivative contracts	\$ —	—	—	—	—	33,364	—	33,364
Nonqualified employee savings plans	15,703	—	—	15,703	17,035	—	—	17,035
Contingent consideration	—	—	103,258	103,258	—	—	146,787	146,787
	<u>\$ 15,703</u>	<u>—</u>	<u>103,258</u>	<u>118,961</u>	<u>17,035</u>	<u>33,364</u>	<u>146,787</u>	<u>197,186</u>

The fair value of WTI crude oil derivative contracts in 2020 and 2019 were based on active market quotes for WTI crude oil. The income effect of changes in the fair value of crude oil derivative contracts is recorded in Gain (loss) on crude contracts in the Consolidated Statements of Operations.

The nonqualified employee savings plan is an unfunded savings plan through which participants seek a return via phantom investments in equity securities and/or mutual funds. The fair value of this liability was based on quoted prices for these equity securities and mutual funds. The income effect of changes in the fair value of the nonqualified employee savings plan is recorded in Selling and general expenses in the Consolidated Statements of Operations.

The contingent consideration, related to two acquisitions in 2019 and 2018, is valued using a Monte Carlo simulation model. The income effect of changes in the fair value of the contingent consideration is recorded in Other (income) expense in the Consolidated Statements of Operations. Any remaining contingent consideration payable will be due annually in years 2021 to 2026.

The Company offsets certain assets and liabilities related to derivative contracts when the legal right of offset exists. There were no offsetting positions recorded at June 30, 2020 and December 31, 2019.

Note M – Accumulated Other Comprehensive Loss

The components of Accumulated other comprehensive loss on the Consolidated Balance Sheets at December 31, 2019 and June 30, 2020 and the changes during the six-month period ended June 30, 2020, are presented net of taxes in the following table.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

<i>(Thousands of dollars)</i>	Foreign Currency Translation Gains (Losses)	Retirement and Postretirement Benefit Plan Adjustments	Deferred Loss on Interest Rate Derivative Hedges	Total
Balance at December 31, 2019	\$ (353,252)	(218,015)	(2,894)	(574,161)
Components of other comprehensive income (loss):				
Before reclassifications to income and retained earnings	(67,843)	(55,707)	—	(123,550)
Reclassifications to income	—	6,762 ¹	608 ²	7,370
Net other comprehensive income (loss)	(67,843)	(48,945)	608	(116,180)
Balance at June 30, 2020	(421,095)	(266,960)	(2,286)	(690,341)

¹ Reclassifications before taxes of \$8,987 are included in the computation of net periodic benefit expense for the six-month period ended June 30, 2020. See Note H for additional information. Related income taxes of \$2,225 are included in Income tax expense (benefit) for the six-month period ended June 30, 2020.

² Reclassifications before taxes of \$769 are included in Interest expense, net, for the six-month period ended June 30, 2020. Related income taxes of \$161 are included in Income tax expense (benefit) for the six-month period ended June 30, 2020. See Note L for additional information.

Note N – Environmental and Other Contingencies

The Company's operations and earnings have been, and may be, affected by various forms of governmental action both in the United States and throughout the world. Examples of such governmental action include, but are by no means limited to: tax legislation changes, including tax rate changes and retroactive tax claims; royalty and revenue sharing changes; price controls; currency controls; allocation of supplies of crude oil and petroleum products and other goods; expropriation of property; restrictions and preferences affecting the issuance of oil and gas or mineral leases; restrictions on drilling and/or production; laws and regulations intended for the promotion of safety and the protection and/or remediation of the environment; governmental support for other forms of energy; and laws and regulations affecting the Company's relationships with employees, suppliers, customers, stockholders and others. Governmental actions are often motivated by political considerations and may be taken without full consideration of their consequences or may be taken in response to actions of other governments. It is not practical to attempt to predict the likelihood of such actions, the form the actions may take or the effect such actions may have on the Company.

Murphy and other companies in the oil and gas industry are subject to numerous federal, state, local and foreign laws and regulations dealing with the environment. Violation of federal or state environmental laws, regulations and permits can result in the imposition of significant civil and criminal penalties, injunctions and construction bans or delays. A discharge of hazardous substances into the environment could, to the extent such event is not insured, subject the Company to substantial expense, including both the cost to comply with applicable regulations and claims by neighboring landowners and other third parties for any personal injury and property damage that might result.

The Company currently owns or leases, and has in the past owned or leased, properties at which hazardous substances have been or are being handled. Although the Company has used operating and disposal practices that were standard in the industry at the time, hazardous substances may have been disposed of or released on or under the properties owned or leased by the Company, or on or under other locations where these wastes have been taken for disposal. In addition, many of these properties have been operated by third parties whose treatment and disposal or release of hydrocarbons or other wastes were not under Murphy's control. Under existing laws, the Company could be required to remove or remediate previously disposed wastes (including wastes disposed of or released by prior owners or operators), to clean up contaminated property (including contaminated groundwater) or to perform remedial plugging operations to prevent future contamination. Certain of these historical properties are in various stages of negotiation, investigation, and/or cleanup and the Company is investigating the extent of any such liability and the availability of applicable defenses.

The Company has retained certain liabilities related to environmental and operational matters at formerly owned U.S. refineries that were sold in 2011. The Company obtained insurance covering certain levels of environmental exposures related to past operations of these refineries. The Company has not retained any environmental exposure associated with Murphy's former U.S. marketing operations. The Company believes costs related to these sites will not have a material adverse effect on Murphy's net income/ (loss), financial condition or liquidity in a future period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note N– Environmental and Other Contingencies (Contd.)

There is the possibility that environmental expenditures could be required at currently unidentified sites, and new or revised regulations could require additional expenditures at known sites. However, based on information currently available to the Company, the amount of future remediation costs incurred, at known or currently unidentified sites, is not expected to have a material adverse effect on the Company's future net income/(loss), cash flows or liquidity.

Murphy and its subsidiaries are engaged in a number of other legal proceedings, all of which Murphy considers routine and incidental to its business. Based on information currently available to the Company, the ultimate resolution of environmental and legal matters referred to in this note is not expected to have a material adverse effect on the Company's net income/ (loss), financial condition or liquidity in a future period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)
Note O – Business Segments

Information about business segments and geographic operations is reported in the following table. For geographic purposes, revenues are attributed to the country in which the sale occurs. Corporate, including interest income, other gains and losses (including foreign exchange gains/losses and realized and unrealized gains/losses on crude oil contracts), interest expense and unallocated overhead, is shown in the tables to reconcile the business segments to consolidated totals.

	Total Assets at June 30, 2020	Three Months Ended June 30, 2020		Three Months Ended June 30, 2019	
		External Revenues	Income (Loss)	External Revenues	Income (Loss)
<i>(Millions of dollars)</i>					
Exploration and production ¹					
United States	\$ 7,363.8	228.3	(143.1)	576.7	133.0
Canada	2,184.9	59.2	(19.5)	102.0	(5.9)
Other	269.2	—	(9.0)	3.1	(3.4)
Total exploration and production	9,817.9	287.5	(171.6)	681.8	123.7
Corporate	915.7	(76.0)	(151.6)	62.2	(24.9)
Assets/revenue/income (loss) from continuing operations	10,733.6	211.5	(323.2)	744.0	98.8
Discontinued operations, net of tax	20.4	—	(1.2)	—	24.4
Total	\$ 10,754.0	211.5	(324.4)	744.0	123.2
		Six Months Ended June 30, 2020		Six Months Ended June 30, 2019	
		External Revenues	Income (Loss)	External Revenues	Income (Loss)
Exploration and production ¹					
United States		739.8	(839.1)	1,077.5	249.2
Canada		148.9	(26.4)	228.9	1.6
Other		1.8	(61.3)	6.0	(31.7)
Total exploration and production		890.5	(926.8)	1,312.4	219.1
Corporate		324.8	99.8	62.1	(97.4)
Assets/revenue/income (loss) from continuing operations		1,215.3	(827.0)	1,374.5	121.7
Discontinued operations, net of tax		—	(6.1)	—	74.3
Total		1,215.3	(833.1)	1,374.5	196.0

¹ Additional details about results of oil and gas operations are presented in the table on pages 27 and 28.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**Note P – Acquisitions****LLOG Acquisition:**

In June 2019, the Company announced the completion of a transaction with LLOG Exploration Offshore L.L.C. and LLOG Bluewater Holdings, L.L.C., (LLOG) which was effective January 1, 2019. Through this transaction, Murphy acquired strategic deepwater Gulf of Mexico assets which added approximately 67 MMBOE of proven reserves at May 31, 2019.

Under the terms of the transaction, Murphy paid cash consideration of \$1,236.2 million and has an obligation to pay additional contingent consideration of up to \$200 million in the event that certain revenue thresholds are exceeded between 2019 and 2022; and \$50 million following first oil from certain development projects. The revenue threshold was not exceeded for the 2019 period.

The following table contains the preliminary purchase price allocations at fair value:

<i>(Thousands of dollars)</i>	LLOG (Final)
Cash consideration paid	\$ 1,236,165
Contingent consideration	89,444
Total purchase consideration	1,325,609
<i>(Thousands of dollars)</i>	
Fair value of Property, plant and equipment	1,356,185
Other assets	6,697
Less: Asset retirement obligations	(37,273)
Total net assets	\$ 1,325,609

The fair value measurements of crude oil and natural gas properties and asset retirement obligations are based on inputs that are not observable in the market and therefore represent Level 3 inputs. The fair values of crude oil and natural gas properties and asset retirement obligations were measured using valuation techniques that convert expected future cash flows to a single discounted amount. Significant inputs to the valuation of crude oil and natural gas properties included estimates of: (i) proved and probable reserves; (ii) production rates and related development timing; (iii) future operating and development costs; (iv) future commodity prices; and (v) a market-based weighted average discount rate. These inputs require significant judgments and estimates by management at the time of the valuation, are sensitive, and may be subject to change.

Results of Operations

Murphy's Consolidated Statement of Operations for the three month period ended June 30, 2020, included additional revenues of \$40.9 million and pre-tax loss of \$31.6 million attributable to the acquired LLOG assets. For the six months ended June 30, 2020, additional revenues of \$134.5 million and pre-tax loss of \$437.9 million attributable to the acquired LLOG assets (including impairment expense of \$432.9 million).

Note Q – Restructuring Charges

On May 6, 2020, the Company announced that it was closing its headquarter office in El Dorado, Arkansas, its office in Calgary, Alberta, and consolidating all worldwide staff activities to its existing office location in Houston, Texas. As a result of this decision, certain directly attributable costs and charges have been recognized and reported as Restructuring charges as part of net income in the second quarter 2020. These costs include severance, relocation, IT costs, pension curtailment charges and a write-off of the right of use asset lease associated with the Canada office. Further, the office building in El Dorado and two airplanes are classified as held for sale. All Restructuring charges have been recorded in the Corporate segment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**Note Q – Restructuring Charges (Contd.)**

The following table presents a summary of the restructuring charges included in Operating (loss) income from continuing operations for the three months ended June 30, 2020:

	Three Months Ended June 30, 2020	
<i>(Thousands of dollars)</i>		
Severance	\$	19,867
Pension and termination benefit charges		10,913
Contract exit costs and other		10,617
Restructuring charges	\$	41,397

The following table represents a reconciliation of the liability associated with the Company's restructuring activities at June 30, 2020, which is reflected in Other accrued liabilities on the Consolidated Balance Sheet:

<i>(Thousands of dollars)</i>		
Restructuring accruals	\$	23,832
Utilizations		(7,169)
Liability at June 30, 2020	\$	16,663

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS

Summary

In the first half of 2020 the continued spread of coronavirus disease 2019 (COVID-19) has led to disruption in the global economy and a weakness in demand for crude oil. Additionally, certain major global suppliers of crude oil announced supply increases in the first quarter of 2020 which resulted in a contribution to the lower global commodity prices in the first quarter and early second quarter. Subsequent to the supply increases the OPEC+ group of oil producing countries agreed to supply restrictions which helped support the oil price in the latter part of the second quarter. The reduction in commodity prices compared to 2019 will reduce the Company's profits and operating cash-flows; this is discussed in more detail in the Outlook section on page 36. Low oil demand continues.

For the three months ended June 30, 2020, West Texas Intermediate (WTI) crude oil prices averaged approximately \$28 per barrel (compared to \$46 in the first quarter of 2020 and \$60 in the second quarter of 2019). The closing price for WTI at the end of the second quarter of 2020 was approximately \$38 per barrel, reflecting a 36% reduction from the price at the end of 2019. The average price in July 2020 was \$40.77 per barrel. As of August 4, 2020 closing, the NYMEX WTI forward curve price for September through December 2020 was \$42.07 per barrel.

For the three months ended June 30, 2020, the Company produced 180 thousand barrels of oil equivalent per day (including noncontrolling interest) from continuing operations. The Company invested \$179.6 million in capital expenditures (on a value of work done basis) in the second quarter of 2020, which included \$32.7 million to fund the development of the King's Quay Floating Production System (FPS). The Company reported net loss from continuing operations of \$323.1 million (which includes loss attributable to noncontrolling interest of \$7.2 million) for the second quarter of 2020.

For the six months ended June 30, 2020, the Company produced 189 thousand barrels of oil equivalent per day (including noncontrolling interest) from continuing operations. The Company invested \$557.6 million in capital expenditures (on a value of work done basis) in the six months ended June 30, 2020, which included \$61.4 million to fund the development of the King's Quay FPS. The Company reported net loss from continuing operations of \$827.0 million (which includes post tax impairment charges of \$708.3 million and loss attributable to noncontrolling interest of \$99.8 million) for the six months ended June 30, 2020.

For the three months ended June 30, 2019, the Company produced 171 thousand barrels of oil equivalent per day (including noncontrolling interest) from continuing operations. The Company invested \$1.6 billion in capital expenditures (on a value of work done basis) in the second quarter of 2019, which included the LLOG acquisition of \$1.2 billion. The Company reported net income from continuing operations of \$98.8 million (which includes income attributable to noncontrolling interest of \$31.0 million) for the three months ended June 30, 2019.

For the six months ended June 30, 2019, the Company produced 166 thousand barrels of oil equivalent per day (including noncontrolling interest) from continuing operations which excludes Malaysia as it is held for sale. The Company invested \$2.0 billion in capital expenditures (on a value of work done basis) in the first half of 2019, which included the LLOG acquisition of \$1.2 billion. The Company reported net income from continuing operations of \$121.7 million (which includes income attributable to noncontrolling interest of \$63.6 million) for the six months ended June 30, 2019.

During the three-month and six-month periods ended June 30, 2020, crude oil and condensate volumes from continuing operations were higher than the prior year period as a result of the LLOG acquisition in the second quarter of 2019. The additional income from higher volumes was offset by lower average oil prices that were below average comparable benchmark prices during 2019. The results are explained in more detail below.

Results of Operations

Murphy's income (loss) by type of business is presented below.

	Income (Loss)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
<i>(Millions of dollars)</i>				
Exploration and production	\$ (171.6)	123.7	(926.8)	219.1
Corporate and other	(151.6)	(24.9)	99.8	(97.4)
(Loss) income from continuing operations	(323.2)	98.8	(827.0)	121.7
Discontinued operations ¹	(1.2)	24.4	(6.1)	74.3
Net (loss) income including noncontrolling interest	\$ (324.4)	123.2	(833.1)	196.0

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

¹ The Company has presented its Malaysia E&P operations and former U.K. and U.S. refining and marketing operations as discontinued operations in its consolidated financial statements.

Exploration and Production

Results of E&P continuing operations are presented by geographic segment below.

	Income (Loss)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
<i>(Millions of dollars)</i>				
Exploration and production				
United States	\$ (143.1)	133.0	(839.1)	249.2
Canada	(19.5)	(5.9)	(26.4)	1.6
Other	(9.0)	(3.4)	(61.3)	(31.7)
Total	\$ (171.6)	123.7	(926.8)	219.1

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS (Contd.)
Results of Operations (contd.)
Other key performance metrics

The Company uses other operational performance and income metrics to review operational performance. The table below presents Earnings before interest, taxes, depreciation and amortization (EBITDA) and adjusted EBITDA. Management uses EBITDA and adjusted EBITDA internally to evaluate the Company's operational performance and trends between periods and relative to its industry competitors. EBITDA and adjusted EBITDA are non-GAAP financial measures and should not be considered a substitute for Net (loss) income or Cash provided by operating activities as determined in accordance with accounting principles generally accepted in the United States of America. Also presented below is adjusted EBITDA per barrel of oil equivalent sold, a non-GAAP financial metric. Management uses EBITDA per barrel of oil equivalent sold to evaluate the Company's profitability of one barrel of oil equivalent sold in the period.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
<i>(Millions of dollars, except per barrel of oil equivalents sold)</i>				
Net (loss) income attributable to Murphy (GAAP)	\$ (317.1)	92.3	(733.2)	132.5
Income tax (benefit) expense	(94.8)	9.1	(186.3)	19.9
Interest expense, net	38.6	54.1	79.7	100.2
Depreciation, depletion and amortization expense ¹	219.1	246.0	505.3	458.1
EBITDA attributable to Murphy (Non-GAAP)	(154.2)	401.5	(334.5)	710.7
Impairment of assets ¹	19.6	—	886.0	—
Mark-to-market (gain) loss on crude oil derivative contracts	184.5	(50.8)	(173.8)	(50.8)
Mark-to-market (gain) loss on contingent consideration	15.7	15.4	(43.5)	28.9
Restructuring expenses	41.4	—	41.4	—
Accretion of asset retirement obligations	10.5	9.9	20.4	19.2
Discontinued operations loss (income)	1.2	(24.4)	6.1	(74.3)
Inventory loss	—	—	4.8	—
Foreign exchange (gains) losses	1.4	3.0	(3.3)	5.6
Unutilized rig charges	4.5	—	8.0	—
Business development transaction costs	—	7.8	—	20.3
Write-off of previously suspended exploration wells	—	—	—	13.2
Adjusted EBITDA attributable to Murphy (Non-GAAP)	\$ 124.6	362.4	411.6	672.8
Total barrels of oil equivalents sold from continuing operations attributable to Murphy (thousands of barrels)	15,242	14,269	32,312	27,766
Adjusted EBITDA per barrel of oil equivalents sold	8.17	25.40	12.74	24.23

¹ Depreciation, depletion, and amortization expense used in the computation of EBITDA excludes the portion attributable to the non-controlling interest.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS (Contd.)
Results of Operations (contd.)
OIL AND GAS OPERATING RESULTS – THREE MONTHS ENDED JUNE 30, 2020 AND 2019

(Millions of dollars)	United States ¹	Canada	Other	Total
Three Months Ended June 30, 2020				
Oil and gas sales and other operating revenues	\$ 228.3	59.2	—	287.5
Lease operating expenses	116.8	27.4	0.5	144.7
Severance and ad valorem taxes	6.1	0.4	—	6.5
Transportation, gathering and processing	31.5	9.6	—	41.1
Depreciation, depletion and amortization	175.8	49.7	0.5	226.0
Impairments of assets	19.6	—	—	19.6
Accretion of asset retirement obligations	9.1	1.3	—	10.4
Exploration expenses				
Dry holes and previously suspended exploration costs	7.6	—	—	7.6
Geological and geophysical	8.0	0.1	0.5	8.6
Other exploration	2.9	0.1	3.0	6.0
	18.5	0.2	3.5	22.2
Undeveloped lease amortization	4.8	—	2.4	7.2
Total exploration expenses	23.3	0.2	5.9	29.4
Selling and general expenses	7.6	5.4	2.3	15.3
Other	24.2	(1.2)	0.1	23.1
Results of operations before taxes	(185.7)	(33.6)	(9.3)	(228.6)
Income tax provisions (benefits)	(42.6)	(14.1)	(0.3)	(57.0)
Results of operations (excluding Corporate segment)	\$ (143.1)	(19.5)	(9.0)	(171.6)
Three Months Ended June 30, 2019				
Oil and gas sales and other operating revenues	\$ 576.7	102.0	3.1	681.8
Lease operating expenses	99.7	36.9	0.6	137.2
Severance and ad valorem taxes	12.8	0.3	—	13.1
Transportation, gathering and processing	27.7	7.2	—	34.9
Depreciation, depletion and amortization	201.2	56.8	1.3	259.3
Accretion of asset retirement obligations	8.4	1.5	—	9.9
Exploration expenses				
Dry holes and previously suspended exploration costs	(0.2)	—	—	(0.2)
Geological and geophysical	15.4	—	2.4	17.8
Other exploration	2.8	0.1	3.1	6.0
	18.0	0.1	5.5	23.6
Undeveloped lease amortization	5.9	0.4	0.9	7.2
Total exploration expenses	23.9	0.5	6.4	30.8
Selling and general expenses	12.9	6.1	6.1	25.1
Other	27.9	0.2	0.1	28.2
Results of operations before taxes	162.2	(7.5)	(11.4)	143.3
Income tax provisions (benefits)	29.2	(1.6)	(8.0)	19.6
Results of operations (excluding Corporate segment)	\$ 133.0	(5.9)	(3.4)	123.7

¹ Includes results attributable to a noncontrolling interest in MP GOM.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS (Contd.)**Results of Operations (contd.)****OIL AND GAS OPERATING RESULTS – SIX MONTHS ENDED JUNE 30, 2020 AND 2019***(Millions of dollars)*

	United States ¹	Canada	Other	Total
Six Months Ended June 30, 2020				
Oil and gas sales and other operating revenues	\$ 739.8	148.9	1.8	890.5
Lease operating expenses	295.0	58.0	0.8	353.8
Severance and ad valorem taxes	15.2	0.7	—	15.9
Transportation, gathering and processing	66.1	19.4	—	85.5
Depreciation, depletion and amortization	423.3	101.7	1.0	526.0
Impairment of assets	947.4	—	39.7	987.1
Accretion of asset retirement obligations	17.7	2.7	—	20.4
Exploration expenses				
Dry holes and previously suspended exploration costs	7.7	—	—	7.7
Geological and geophysical	9.3	0.1	4.2	13.6
Other exploration	3.7	0.3	9.5	13.5
	20.7	0.4	13.7	34.8
Undeveloped lease amortization	9.9	0.2	4.6	14.7
Total exploration expenses	30.6	0.6	18.3	49.5
Selling and general expenses	11.3	9.8	3.9	25.0
Other	(21.5)	(1.0)	(1.1)	(23.6)
Results of operations before taxes	(1,045.3)	(43.0)	(60.8)	(1,149.1)
Income tax provisions (benefits)	(206.2)	(16.6)	0.5	(222.3)
Results of operations (excluding Corporate segment)	\$ (839.1)	(26.4)	(61.3)	(926.8)
Six months ended June 30, 2019				
Oil and gas sales and other operating revenues	\$ 1,077.5	228.9	6.0	1,312.4
Lease operating expenses	192.1	75.9	0.9	268.9
Severance and ad valorem taxes	22.6	0.6	—	23.2
Transportation, gathering and processing	59.3	15.2	—	74.5
Depreciation, depletion and amortization	365.1	116.3	2.3	483.7
Accretion of asset retirement obligations	16.2	3.0	—	19.2
Exploration expenses				
Dry holes and previously suspended exploration costs	(0.1)	—	13.1	13.0
Geological and geophysical	15.9	—	7.9	23.8
Other exploration	4.0	0.2	7.1	11.3
	19.8	0.2	28.1	48.1
Undeveloped lease amortization	12.8	0.7	1.7	15.2
Total exploration expenses	32.6	0.9	29.8	63.3
Selling and general expenses	30.2	13.7	11.7	55.6
Other	58.5	0.4	0.4	59.3
Results of operations before taxes	300.9	2.9	(39.1)	264.7
Income tax provisions (benefits)	51.7	1.3	(7.4)	45.6
Results of operations (excluding Corporate segment)	\$ 249.2	1.6	(31.7)	219.1

¹ Includes results attributable to a noncontrolling interest in MP GOM.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS (Contd.)**Results of Operations (contd.)**Exploration and Production*Second quarter 2020 vs. 2019*

All amounts include amount attributable to a noncontrolling interest in MP GOM, unless otherwise noted.

United States E&P operations reported a loss of \$143.1 million in the second quarter of 2020 compared to income of \$133.0 million in the second quarter of 2019. Results were \$276.1 million unfavorable in the 2020 quarter compared to the 2019 period due to lower revenues (\$348.4 million), impairment charge (\$19.6 million), higher lease operating expenses (\$17.1 million) and transportation, gathering, and processing expenses (\$3.8 million), partially offset by lower income tax expense (\$71.8 million), depreciation, depletion and amortization (\$25.4 million), general and administrative (G&A: \$5.3 million), and other operating expense (\$3.7 million). Lower revenues were primarily due to lower commodity prices and lower Eagle Ford Shale volumes (due to lower capital expenditures), partially offset by higher volumes in the U.S. Gulf of Mexico (as a result of the LLOG acquisition in the second quarter of 2019 and partially offset by shut-in GOM production in May 2020 due to the low price). The impairment charge relates to a US Offshore project for which the lease expired in June 2020. Higher lease operating expense was primarily attributable to well workovers at Dalmatian (\$20.5 million) and Cascade 4 (\$4.6 million), offset by certain cost-savings initiatives taken in the US Onshore business. Lower depreciation expense was primarily due to lower depreciation rates following the impairment charges incurred in the first quarter of 2020.

Canadian E&P operations reported a loss of \$19.5 million in the second quarter 2020 compared to a loss of \$5.9 million in the 2019 quarter. Results were unfavorable \$13.6 million compared to the 2019 period primarily due to lower revenue (\$42.8 million), partially offset by a higher tax benefit (\$12.5 million), lower lease operating expenses (\$9.5 million) and lower depreciation and amortization (\$7.1 million). Lower revenue was principally due to lower commodity prices and lower Terra Nova volumes, partially offset by higher volumes at Kaybob and Hibernia. Lower lease operating expenses and depreciation were a result of a shut-in at Terra Nova (starting in December 2019). Terra Nova is expected to be shut-in for the remainder of 2020 for Asset Integrity work.

Other international E&P operations reported a loss from continuing operations of \$9.0 million in the second quarter of 2020 compared to a net a loss of \$3.4 million in the prior year quarter. The result was \$5.6 million unfavorable in the 2020 period versus 2019 primarily due higher Brunei prior period revenue.

Six months 2020 vs. 2019

All amounts include amount attributable to a noncontrolling interest in MP GOM, unless otherwise noted.

United States E&P operations reported a loss of \$839.1 million in the first six months of 2020 compared to income of \$249.2 million in the first six months of 2019. Results were \$1,088.3 million unfavorable in the 2020 quarter compared to the 2019 period primarily due to an impairment charge (\$947.4 million), lower revenues (\$337.7 million), higher lease operating expenses (\$102.9 million), depreciation, depletion and amortization (DD&A: \$58.2 million), and transportation, gathering, and processing charges (\$6.8 million); partially offset by lower income tax expense (\$257.9 million), other operating expense (\$80.0 million), and G&A (\$18.9 million). The impairment charge is a result of lower forecast future prices at the end of the first quarter 2020, as a result of decreased oil demand and increased oil supply (as discussed above). Based on an evaluation of expected future cash flows from properties as of June 30, 2020, the Company did not have any other significant properties with carrying values that were impaired at that date. If quoted prices decline in future periods, the lower level of projected cash flows for properties could lead to future impairment charges being recorded. The Company cannot predict the amount or timing of impairment expenses that may be recorded in the future. Higher lease operating expenses and depreciation expense were due primarily to higher volumes from the LLOG acquisition in the second quarter of 2019 (\$21.9 million) and well workovers at Cascade (\$49.3 million) and Dalmatian (\$20.5 million). Lower income tax expense is a result of pre-tax losses driven by the impairment charge and lower commodity prices. Lower other operating expense is primarily due to a favorable mark to market revaluation on contingent consideration from prior Gulf of Mexico (GOM) acquisitions (\$43.5 million). Lower G&A is due to lower long-term incentive charges. Lower revenues were primarily due to lower commodity prices partially offset by higher volumes in the U.S. Gulf of Mexico (as a result of the LLOG acquisition in the second quarter of 2019).

Canadian E&P operations reported a loss of \$26.4 million in the first six months of 2020 compared to income of \$1.6 million in the first six months quarter of 2019. Results were unfavorable \$28 million compared to the 2019 period primarily due to lower revenue (\$80.0 million), partially offset by lower lease operating expense (\$17.9 million), lower DD&A (\$14.6 million), and lower income tax charges (\$17.9 million). Lower revenues were due to lower oil and condensate prices versus the prior year and a shut-in at Terra Nova for Asset Integrity work (starting in December 2019 and expected to continue through 2020 full year). Lower lease operating expenses and lower DD&A were a result of lower sales.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS (Contd.)**Results of Operations (contd.)**

Other international E&P operations reported a loss from continuing operations of \$61.3 million in the first six months of 2020 compared to a net loss of \$31.7 million in the prior year. The 2020 results include an impairment charge of \$39.7 million related to the Brunei asset.

Corporate*Second quarter 2020 vs. 2019*

On May 6, 2020, the Company announced that it was closing its headquarter office in El Dorado, Arkansas, its office in Calgary, Alberta, and consolidating all worldwide staff activities to its existing office location in Houston, Texas. As a result of this decision, certain directly attributable costs and charges have been recognized and reported as Restructuring charges as part of net income in the second quarter 2020. These costs include severance, relocation, IT costs, pension curtailment, termination charges and a write-off of the right of use asset lease associated with the Canada office. Further, the office building in El Dorado and two airplanes are classified as held for sale.

Corporate activities, which include interest expense and income, foreign exchange effects, realized and unrealized gains/losses on crude oil contracts and corporate overhead not allocated to Exploration and Production, reported a net loss of \$151.6 million in the second quarter 2020 compared to net loss of \$24.9 million in the 2019 quarter. The \$126.7 million unfavorable variance is principally due to 2020 mark to market losses on forward swap commodity contracts (\$184.5 million) compared to gains on forward contracts (\$50.8 million) in the second quarter of 2019, restructuring charges (\$41.4 million) related to the closure of the El Dorado and Calgary offices, offset by higher realized gains on forward commodity contracts (\$101.5 million), higher tax credit (\$27.4 million), lower interest expense (\$15.6 million) and G&A expenses (\$8.6 million). Losses in forward swap commodity contracts are due to an increase in market pricing in future periods whereby the contract provides the Company with a fixed price. Higher realized gains on forward commodity contracts are due to lower prices versus the fixed contract price. Lower interest expense is due to higher borrowings in the second quarter 2019 due to temporary borrowings on the Company's revolving credit facility (RCF) to fund the LLOG acquisition (the revolver borrowings were repaid in the third quarter 2019 following the divestment of the Malaysia business).

Six months 2020 vs. 2019

Corporate activities, which include interest expense and income, foreign exchange effects, realized and unrealized gains/losses on crude oil contracts and corporate overhead not allocated to Exploration and Production, reported earnings of \$99.8 million in the first six months of 2020 compared to a loss of \$97.4 million in the first six months of 2019. The \$197.2 million favorable variance is primarily due to higher mark to market gains on forward swap commodity contracts (\$123.0 million), higher realized gains on forward swap commodity contracts (\$143.9 million), lower interest charges (\$24.1 million), lower G&A (\$14.4 million), and partially offset by higher tax charges (\$61.7 million) and restructuring charges (\$41.4 million). As of June 30, 2020, the average forward NYMEX WTI price for the remainder of 2020 was \$39.47 and for 2021 was \$40.31 (versus fixed hedge prices of \$56.42 and \$42.93; see below).

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS (Contd.)**Results of Operations (contd.)****Production Volumes and Prices***Second quarter 2020 vs. 2019*

Total hydrocarbon production from continuing operations averaged 179,506 barrels of oil equivalent per day in the second quarter of 2020, which represented a 5% increase from the 170,885 barrels per day produced in second quarter 2019. The increase was principally due to the acquisition of producing Gulf of Mexico assets as part of the LLOG acquisition in the second quarter of 2019, partially offset by GOM shut-in production in May 2020 (32.4 MBOED) for low commodity prices and lower Eagle Ford Shale production.

Average crude oil and condensate production from continuing operations was 108,712 barrels per day in the second quarter of 2020 compared to 107,283 barrels per day in the second quarter of 2019. The increase of 1,429 barrels per day was principally due to higher volumes in the Gulf of Mexico (5,940 barrels per day) due to the acquisition of assets as part of the LLOG acquisition and offset by GOM shut-in production in May 2020 (20 MBOED) for low commodity prices and lower Eagle Ford Shale production. On a worldwide basis, the Company's crude oil and condensate prices averaged \$23.03 per barrel in the second quarter 2020 compared to \$64.74 per barrel in the 2019 period, a decrease of 64% quarter to quarter.

Total production of natural gas liquids (NGL) from continuing operations was 11,540 barrels per day in the second quarter 2020 compared to 10,168 barrels per day in the 2019 period. The average sales price for U.S. NGL was \$7.67 per barrel in the 2020 quarter compared to \$15.95 per barrel in 2019. The average sales price for NGL in Canada was \$13.78 per barrel in the 2020 quarter compared to \$28.41 per barrel in 2019. NGL prices are higher in Canada due to the higher value of product produced at the Kaybob and Placid assets.

Natural gas sales volumes from continuing operations averaged 356 million cubic feet per day (MMCFD) in the second quarter 2020 compared to 321 MMCFD in 2019. The increase of 35 MMCFD was a result of higher volumes in the Gulf of Mexico (30 MMCFD) and higher volumes in Canada (10 MMCFD). Higher volumes in the Gulf of Mexico are due to the acquisition of assets related to the MP GOM transaction and the LLOG acquisition.

Natural gas prices for the total Company averaged \$1.54 per thousand cubic feet (MCF) in the 2020 quarter, versus \$1.55 per MCF average in the same quarter of 2019. Average natural gas prices in the US and Canada in the quarter were \$1.68 and \$1.49 respectively.

Six months 2020 vs. 2019

Total hydrocarbon production from all E&P continuing operations averaged 189,350 barrels of oil equivalent per day in the first six months of 2020, which represented a 14% increase from the 166,269 barrels per day produced in the first six months of 2019. The increase is principally due to the acquisition of producing Gulf of Mexico assets as part of the LLOG acquisition in the second quarter of 2019.

Average crude oil and condensate production from continuing operations was 115,396 barrels per day in the first six months of 2020 compared to 104,567 barrels per day in the first six months of 2019. The increase of 10,829 barrels per day was principally due to higher volumes in the Gulf of Mexico (11,811 barrels per day) due to the acquisition of assets as part of the LLOG acquisition. On a worldwide basis, the Company's crude oil and condensate prices averaged \$35.65 per barrel in the first six months of 2020 compared to \$61.83 per barrel in the 2019 period, a decrease of 42% year over year.

Total production of natural gas liquids (NGL) from continuing operations was 12,597 barrels per day in the first six months of 2020 compared to 9,664 barrels per day in the 2019 period. The average sales price for U.S. NGL was \$8.62 per barrel in 2020 compared to \$17.20 per barrel in 2019. The average sales price for NGL in Canada was \$15.04 per barrel in 2020 compared to \$31.81 per barrel in 2019. NGL prices are higher in Canada due to the higher value of product produced at the Kaybob and Placid assets.

Natural gas sales volumes from continuing operations averaged 368 million cubic feet per day (MMCFD) in the first six months of 2020 compared to 312 MMCFD in 2019. The increase of 56 MMCFD was a primarily the result of higher volumes in the Gulf of Mexico (46 MMCFD) and the Canadian Tupper asset (20 MMCFD). Higher volumes in the Gulf of Mexico are due to the acquisition of assets related to the LLOG transaction. Higher volumes at the Tupper asset are due to higher number of wells operating and improved type curves.

Natural gas prices for the total Company averaged \$1.64 per thousand cubic feet (MCF) in the first six months of 2020, versus \$1.88 per MCF average in the same period of 2019. Average natural gas prices in the US and Canada in the quarter were \$1.84 and \$1.55, respectively.

Additional details about results of oil and gas operations are presented in the tables on pages 27 and 28.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS (Contd.)
Results of Operations (contd.)

The following table contains hydrocarbons produced during the three-month and six-month periods ended June 30, 2020 and 2019.

		Three Months Ended June 30,		Six Months Ended June 30,	
		2020	2019	2020	2019
Barrels per day unless otherwise noted					
Continuing operations					
Net crude oil and condensate					
United States	Onshore	27,986	33,145	29,510	29,532
	Gulf of Mexico ¹	67,002	61,062	72,866	61,055
Canada	Onshore	7,872	5,943	7,353	6,199
	Offshore	5,852	6,685	5,495	7,304
Other		—	448	172	477
Total net crude oil and condensate - continuing operations		108,712	107,283	115,396	104,567
Net natural gas liquids					
United States	Onshore	5,303	5,977	5,444	5,641
	Gulf of Mexico ¹	5,219	3,118	5,944	2,940
Canada	Onshore	1,018	1,073	1,209	1,083
Total net natural gas liquids - continuing operations		11,540	10,168	12,597	9,664
Net natural gas – thousands of cubic feet per day					
United States	Onshore	27,697	32,209	29,830	30,752
	Gulf of Mexico ¹	68,717	39,029	75,333	29,356
Canada	Onshore	259,108	249,367	262,978	252,120
Total net natural gas - continuing operations		355,522	320,605	368,141	312,228
Total net hydrocarbons - continuing operations including NCI ^{2,3}		179,506	170,885	189,350	166,269
Noncontrolling interest					
Net crude oil and condensate – barrels per day		(10,719)	(11,160)	(11,370)	(11,669)
Net natural gas liquids – barrels per day		(443)	(458)	(501)	(506)
Net natural gas – thousands of cubic feet per day		(4,059)	(4,507)	(4,575)	(4,203)
Total noncontrolling interest		(11,839)	(12,369)	(12,634)	(12,876)
Total net hydrocarbons - continuing operations excluding NCI ^{2,3}		167,667	158,516	176,716	153,394
Discontinued operations					
Net crude oil and condensate – barrels per day		—	21,556	—	23,744
Net natural gas liquids – barrels per day		—	529	—	636
Net natural gas – thousands of cubic feet per day ²		—	93,382	—	97,465
Total discontinued operations		—	37,649	—	40,624
Total net hydrocarbons produced excluding NCI ^{2,3}		167,667	196,165	176,716	194,018

¹ Includes net volumes attributable to a noncontrolling interest in MP Gulf of Mexico, LLC (MP GOM).

² Natural gas converted on an energy equivalent basis of 6:1

³ NCI – noncontrolling interest in MP GOM.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS (Contd.)
Results of Operations (contd.)

The following table contains hydrocarbons sold during the three-month and six-month periods ended June 30, 2020 and 2019.

Barrels per day unless otherwise noted		Three Months Ended		Six Months Ended	
		June 30,		June 30,	
		2020	2019	2020	2019
Continuing operations					
Net crude oil and condensate					
United States	Onshore	27,986	33,145	29,510	29,532
	Gulf of Mexico ¹	66,669	58,842	73,836	61,053
Canada	Onshore	7,872	5,943	7,353	6,199
	Offshore	5,943	6,723	5,559	7,324
Other		—	470	156	468
Total net crude oil and condensate - continuing operations		108,470	105,123	116,414	104,576
Net natural gas liquids					
United States	Onshore	5,303	5,977	5,444	5,641
	Gulf of Mexico ¹	5,219	3,118	5,944	2,940
Canada	Onshore	1,018	1,073	1,209	1,083
Total net natural gas liquids - continuing operations		11,540	10,168	12,597	9,664
Net natural gas – thousands of cubic feet per day					
United States	Onshore	27,697	32,209	29,830	30,752
	Gulf of Mexico ¹	68,717	39,029	75,333	29,356
Canada	Onshore	259,108	249,367	262,978	252,120
Total net natural gas - continuing operations		355,522	320,605	368,141	312,228
Total net hydrocarbons - continuing operations including NCI ^{2,3}		179,264	168,725	190,368	166,278
Noncontrolling interest					
Net crude oil and condensate – barrels per day		(10,653)	(10,715)	(11,564)	(11,669)
Net natural gas liquids – barrels per day		(443)	(458)	(501)	(506)
Net natural gas – thousands of cubic feet per day ²		(4,059)	(4,507)	(4,575)	(4,203)
Total noncontrolling interest		(11,773)	(11,924)	(12,828)	(12,876)
Total net hydrocarbons - continuing operations excluding NCI ^{2,3}		167,491	156,801	177,540	153,403
Discontinued operations					
Net crude oil and condensate – barrels per day		—	21,121	—	23,676
Net natural gas liquids – barrels per day		—	498	—	580
Net natural gas – thousands of cubic feet per day ²		—	93,382	—	97,465
Total discontinued operations		—	37,183	—	40,500
Total net hydrocarbons sold excluding NCI ^{2,3}		167,491	193,984	177,540	193,903

¹ Includes net volumes attributable to a noncontrolling interest in MP GOM.

² Natural gas converted on an energy equivalent basis of 6:1

³ NCI – noncontrolling interest in MP GOM.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS (Contd.)
Results of Operations (contd.)

The following table contains the weighted average sales prices excluding transportation cost deduction for the three-month and six-month periods ended June 30, 2020 and 2019. Comparative periods are conformed to current presentation.

		Three Months Ended June 30,		Six Months Ended June 30,	
		2020	2019	2020	2019
Weighted average Exploration and Production sales prices					
Continuing operations					
Crude oil and condensate – dollars per barrel					
United States	Onshore	21.42	64.17	34.59	61.41
	Gulf of Mexico ¹	24.77	65.79	37.00	62.62
Canada ²	Onshore	16.09	51.83	26.09	50.78
	Offshore	20.48	69.23	35.28	65.84
Other		—	73.05	63.51	70.50
Natural gas liquids – dollars per barrel					
United States	Onshore	8.03	15.98	9.45	16.55
	Gulf of Mexico ¹	7.29	15.78	7.85	18.36
Canada ²	Onshore	13.78	28.41	15.04	31.81
Natural gas – dollars per thousand cubic feet					
United States	Onshore	1.62	2.50	1.74	2.68
	Gulf of Mexico ¹	1.71	2.60	1.87	2.58
Canada ²	Onshore	1.49	1.26	1.55	1.71
Discontinued operations					
Crude oil and condensate – dollars per barrel					
Malaysia ³	Sarawak	—	78.25	—	70.32
	Block K	—	65.79	—	65.56
Natural gas liquids – dollars per barrel					
Malaysia ³	Sarawak	—	41.45	—	48.07
Natural gas – dollars per thousand cubic feet					
Malaysia ³	Sarawak	—	2.57	—	3.60
	Block K	—	0.24	—	0.24

¹ Prices include the effect of noncontrolling interest share for MP GOM.

² U.S. dollar equivalent.

³ Prices are net of payments under the terms of the respective production sharing contracts.

Financial Condition
Cash Provided by Operating Activities

Net cash provided by continuing operating activities was \$369.4 million for the first six months of 2020 compared to \$655.4 million during the same period in 2019. The decreased cash from operating activities is primarily attributable to lower sales (\$423.5 million) and higher lease operating expenses (\$85.0 million), partially offset by higher cash payments received on forward swap commodity contracts (\$143.9 million), lower general and administrative expenses (\$45.0 million). See above for explanation of underlying business reasons.

Cash Used in Investing Activities

Cash used for property additions and dry holes, which includes amounts expensed, were \$589.2 million and \$645.2 million in the six-month periods ended June 30, 2020 and 2019, respectively. In 2020, this includes \$51.6 million used to fund the development of the King's Quay FPS which is expected to be refunded on the closing of a transaction to sell this asset to a third party. Lower property additions are a result of reducing the capital spending budget in response to the current commodity price environment.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS (contd.)

Financial Condition (contd.)

As a result of the lower commodity prices, the Company has made significant reductions to its planned 2020 capital spending for the remainder of 2020. See Outlook section on page 36 for further details.

Total accrual basis capital expenditures were as follows:

<i>(Millions of dollars)</i>	Six Months Ended June 30,	
	2020	2019
Capital Expenditures		
Exploration and production	\$ 550.2	1,966.9
Corporate	7.4	5.6
Total capital expenditures	<u>\$ 557.6</u>	<u>1,972.5</u>

A reconciliation of property additions and dry hole costs in the Consolidated Statements of Cash Flows to total capital expenditures for continuing operations follows.

<i>(Millions of dollars)</i>	Six Months Ended June 30,	
	2020	2019
Property additions and dry hole costs per cash flow statements	\$ 537.6	645.2
Property additions King's Quay per cash flow statements	51.6	—
Acquisition of oil and gas properties	—	1,226.3
Geophysical and other exploration expenses	23.0	32.0
Capital expenditure accrual changes and other	(54.6)	69.0
Total capital expenditures	<u>\$ 557.6</u>	<u>1,972.5</u>

Capital expenditures in the exploration and production business in 2020 compared to 2019 have decreased as a result of the 2019 LLOG acquisition and in response to the current commodity price environment, with significant capital expenditure reductions in the Eagle Ford Shale. The King's Quay FPS development project is expected to be refunded on the closing of a transaction to sell this asset to a third party.

Cash Provided by Financing Activities

Net cash provided by financing activities was \$60.0 million for the first six months of 2020 compared to net cash provided by financing activities of \$1,113.5 million during the same period in 2019. In 2020, the cash provided by financing activities was principally from borrowings on the Company's unsecured RCF (\$170.0 million). Total cash dividends to shareholders amounted to \$57.6 million for the six months ended June 30, 2020 compared to \$85.5 million in the same period of 2019 due to shares repurchased throughout 2019 and a 50% reduction in the quarterly dividend effective in the second quarter 2020. As of June 30, 2020 and in the event it is required to fund investing activities from borrowings, the Company has \$1,426.3 million available on its committed RCF.

In 2019, net cash provided by financing activities was \$1.1 billion principally from net borrowings on the RCF (\$1,075.0 million) and a short-term loan (\$500.0 million) to fund the LLOG acquisition. These borrowings were repaid in July 2019 following the completion of the Malaysia divestment for net sales proceeds of \$2.0 billion. In 2019 the Company used cash to buy back issued ordinary shares of \$299.9 million.

Working Capital

Working capital (total current assets less total current liabilities – excluding assets and liabilities held for sale) at June 30, 2020 was \$(18.0) million, \$61.1 million higher than December 31, 2019, with the increase primarily attributable to a lower cash balance (\$161.3 million), lower accounts payable (\$235.9 million), lower accounts receivable (\$54.1 million), and lower other accrued liabilities (\$45.6 million). Lower accounts payable is due to lower capital activity. Lower accounts receivable is due to lower commodity sales prices.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS (contd.)
Financial Condition (contd.)
Capital Employed

At June 30, 2020, long-term debt of \$2,956.4 million had increased by \$153.0 million compared to December 31, 2019, as a result of net borrowing on the RCF. The fixed-rate notes had a weighted average maturity of 7.3 years and a weighted average coupon of 5.9 percent.

A summary of capital employed at June 30, 2020 and December 31, 2019 follows.

	June 30, 2020		December 31, 2019	
	Amount	%	Amount	%
<i>(Millions of dollars)</i>				
Capital employed				
Long-term debt	\$ 2,956.4	39.3 %	\$ 2,803.4	33.9 %
Murphy shareholders' equity	4,568.5	60.7 %	5,467.5	66.1 %
Total capital employed	\$ 7,525.0	100.0 %	\$ 8,270.8	100.0 %

Cash and invested cash are maintained in several operating locations outside the United States. At June 30, 2020, Cash and cash equivalents held outside the U.S. included U.S. dollar equivalents of approximately \$20.5 million in Canada. In addition, \$19.1 million of cash was held in the United Kingdom and \$11.8 million was held in Brunei (both of which were reported in current Assets held for sale on the Company's Consolidated Balance Sheet at June 30, 2020). In certain cases, the Company could incur cash taxes or other costs should these cash balances be repatriated to the U.S. in future periods. Canada currently collects a 5% withholding tax on any earnings repatriated to the U.S.

Accounting changes and recent accounting pronouncements – see Note B
Outlook

As discussed in the Summary section on page 24, average crude oil prices were lower during the second quarter of 2020 compared to the average prices during the first quarter of 2020. NYMEX WTI forward curve prices for the balance of 2020 have recovered to an average of \$42.07 per barrel at the end of July 2020, however we cannot predict what impact the ongoing COVID-19 pandemic and other economic factors may have on commodity pricing. Lower prices are expected to result in lower profits and operating cash-flows. For the third quarter, production is expected to average between 153 and 163 MBOEPD, excluding NCI. If price volatility persists, the Company will review the option of production curtailments to avoid incurring losses on certain produced barrels.

In response to the COVID-19 pandemic and reduced commodity prices, the Company reduced 2020 capital expenditures significantly from the original plan of \$1.4 billion to \$1.5 billion to a range of \$680 million to \$720 million, excluding NCI. The Company has also embarked on a cost reduction plan for both future direct operational expenditures and general and administrative costs. The Company will primarily fund its remaining capital program in 2020 using operating cash flow but will supplement funding where necessary with borrowings under the available revolving credit facility. The Company is closely monitoring the impact of lower commodity prices on its financial position and is currently in compliance with the covenants related to the revolving credit facility (see Note F). The Company's response to COVID-19 is discussed in more detail in the risk factors on page 39.

As of August 5, 2020, the Company has entered into derivative or forward fixed-price delivery contracts to manage risk associated with certain future oil and natural gas sales prices as follows:

Area	Commodity	Type	Volumes (Bbl/d)	Price (USD/Bbl)	Remaining Period	
					Start Date	End Date
United States	WTI ¹	Fixed price derivative swap	45,000	\$56.42	7/1/2020	12/31/2020
United States	WTI ¹	Fixed price derivative swap	15,000	\$42.93	1/1/2021	12/31/2021

Area	Commodity	Type	Volumes (MMcf/d)	Price (CAD/Mcf)	Remaining Period	
					Start Date	End Date
Montney	Natural Gas	Fixed price forward sales at AECO	59	C\$2.81	7/1/2020	12/31/2020
Montney	Natural Gas	Fixed price forward sales at AECO	25	C\$2.62	1/1/2021	12/31/2021

¹ West Texas Intermediate

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS (Contd.)

Forward-Looking Statements

This Form 10-Q contains forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements are generally identified through the inclusion of words such as “aim”, “anticipate”, “believe”, “drive”, “estimate”, “expect”, “expressed confidence”, “forecast”, “future”, “goal”, “guidance”, “intend”, “may”, “objective”, “outlook”, “plan”, “position”, “potential”, “project”, “seek”, “should”, “strategy”, “target”, “will” or variations of such words and other similar expressions. These statements, which express management’s current views concerning future events or results, are subject to inherent risks and uncertainties. Factors that could cause one or more of these future events or results not to occur as implied by any forward-looking statement include, but are not limited to: macro conditions in the oil and gas industry, including supply/demand levels, actions taken by major oil exporters and the resulting impacts on commodity prices; increased volatility or deterioration in the success rate of our exploration programs or in our ability to maintain production rates and replace reserves; reduced customer demand for our products due to environmental, regulatory, technological or other reasons; adverse foreign exchange movements; political and regulatory instability in the markets where we do business; the impact on our operations or market of health pandemics such as COVID-19 and related government responses; other natural hazards impacting our operations or markets; any other deterioration in our business, markets or prospects; any failure to obtain necessary regulatory approvals; any inability to service or refinance our outstanding debt or to access debt markets at acceptable prices; or adverse developments in the U.S. or global capital markets, credit markets or economies in general. For further discussion of factors that could cause one or more of these future events or results not to occur as implied by any forward-looking statement, see “Risk Factors” in Murphy’s 2019 Annual Report on Form 10-K on file with the U.S. Securities and Exchange Commission and on page 39 of this Form 10-Q report. Murphy undertakes no duty to publicly update or revise any forward-looking statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risks associated with interest rates, prices of crude oil, natural gas and petroleum products, and foreign currency exchange rates. As described in Note L to this Form 10-Q report, Murphy makes use of derivative financial and commodity instruments to manage risks associated with existing or anticipated transactions.

There were commodity transactions in place at June 30, 2020, covering certain future U.S. crude oil sales volumes in 2020. A 10% increase in the respective benchmark price of these commodities would have decreased the net receivable associated with these derivative contracts by approximately \$35.7 million, while a 10% decrease would have increased the recorded receivable by a similar amount.

There were no derivative foreign exchange contracts in place at June 30, 2020.

ITEM 4. CONTROLS AND PROCEDURES

Under the direction of its principal executive officer and principal financial officer, controls and procedures have been established by the Company to ensure that material information relating to the Company and its consolidated subsidiaries is made known to the officers who certify the Company's financial reports and to other members of senior management and the Board of Directors.

Based on the Company's evaluation as of the end of the period covered by the filing of this Quarterly Report on Form 10-Q, the principal executive officer and principal financial officer of Murphy Oil Corporation have concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) are effective to ensure that the information required to be disclosed by Murphy Oil Corporation in reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

During the quarter ended June 30, 2020, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Murphy and its subsidiaries are engaged in a number of legal proceedings, all of which Murphy considers routine and incidental to its business. Based on information currently available to the Company, the ultimate resolution of matters referred to in this item is not expected to have a material adverse effect on the Company's net income or loss, financial condition or liquidity in a future period.

ITEM 1A. RISK FACTORS

The Company's operations in the oil and gas business naturally lead to various risks and uncertainties. These risk factors are discussed in Item 1A Risk Factors in its 2019 Form 10-K filed on February 27, 2020. The Company has not identified any additional risk factors not previously disclosed in its 2019 Form 10-K report, except as discussed below.

Volatility in the global prices of crude oil, natural gas liquids and natural gas can significantly affect the Company's operating results.

Among the most significant variable factors impacting the Company's results of operations are the sales prices for crude oil, natural gas liquids and natural gas that it produces. Many of the factors influencing prices of crude oil and natural gas are beyond our control. These factors include:

- worldwide and domestic supplies of and demand for crude oil, natural gas liquids and natural gas;
- the ability of the members of OPEC and certain non-OPEC members, for example, certain major suppliers such as Russia and Saudi Arabia, to agree to and maintain production levels;
- the production levels of non-OPEC countries, including production levels in the shale plays in the United States;
- the level of drilling, completion and production activities by other exploration and production companies, and variability therein, in response to market conditions;
- political instability or armed conflict in oil and natural gas producing regions;
- changes in weather patterns and climate;
- natural disasters such as hurricanes and tornadoes;
- the price and availability of alternative and competing forms of energy, such as nuclear, hydroelectric, wind or solar;
- the effect of conservation efforts;
- the occurrence or threat of epidemics or pandemics, such as the recent outbreak of coronavirus disease 2019 (COVID-19), or any government response to such occurrence or threat which may lower the demand for hydrocarbon fuels;
- technological advances affecting energy consumption and energy supply;
- domestic and foreign governmental regulations and taxes, including further legislation requiring, subsidizing or providing tax benefits for the use of alternative energy sources and fuels; and
- general economic conditions worldwide.

In the first quarter of 2020, certain major global suppliers announced supply increases in oil which contributed to the lower global commodity prices. In the first quarter of 2020, certain countries also announced unexpected price discounts of \$6 to \$8 per barrel to global customers. In the second quarter of 2020, the OPEC+ group of producers agreed to cut output by 9.7 million barrels of oil per day in May and June 2020.

Further, the recent global downturn, largely triggered by the COVID-19 pandemic (discussed below) has impacted demand, and hence applying further downward pressure on hydrocarbon energy prices. The longer the COVID-19 pandemic continues, including prolonged government restrictions on businesses and reduced activity of consumers, the longer the downward pressure will be applied.

For the three months ended June 30, 2020, West Texas Intermediate (WTI) crude oil prices averaged approximately \$28 (compared to \$46 in the first three months of 2020). The closing price for WTI at the end of the second quarter of 2020 was approximately \$38 per barrel (compared to \$30 at the end of the first quarter), reflecting a 36% reduction from the price at the end of 2019. In comparison, WTI averaged approximately \$57 in 2019, \$65 in 2018 and \$51 in 2017. The closing price for WTI at the end of 2019 was approximately \$60 per barrel. As of August 4, 2020 closing, the NYMEX WTI forward curve price for September through December 2020 was \$42.07. The current futures forward curve indicates that prices may continue at or near current prices for an extended time. Certain U.S. and Canadian crude oils are priced from oil indices other than WTI, and these indices are influenced by different supply and demand forces than those that affect the WTI prices.

The average New York Mercantile Exchange (NYMEX) natural gas sales price for the three months ended June 30, 2020 was \$1.65 per million British Thermal Units (MMBTU). The closing price for NYMEX natural gas as of June 30, 2020, was \$1.57 per MMBTU. In comparison, NYMEX was \$2.52 in 2019, \$3.12 in 2018 and \$2.96 per MMBTU in 2017. The

closing price for NYMEX natural gas as of December 31, 2019, was \$2.19 per MMBTU. The Company also has exposure to the Canadian benchmark natural gas price, AECO, which averaged \$1.33 per MMBTU in 2019. The Company has entered into certain forward fixed price contracts as detailed in the Outlook section on page 41 and certain variable netback contracts providing exposure to Malin and Chicago City Gate prices.

Lower prices may materially and adversely affect our results of operations, cash flows and financial condition, and this trend could continue during 2020 and beyond. Lower oil and natural gas prices could reduce the amount of oil and natural gas that the Company can economically produce, resulting in a reduction in the proved oil and natural gas reserves we could recognize. The Company cannot predict how changes in the sales prices of oil and natural gas will affect the results of operations in future periods. The Company has hedged a portion of its exposure to the effects of changing prices of crude oil and natural gas by selling forwards, swaps and other forms of derivative contracts. The Company markets a portion of Canadian natural gas production to locations other than AECO and through physical forward sales.

See Note L - Financial Instruments and Risk Management for additional information on the derivative instruments used to manage certain risks related to commodity prices.

We face various risks related to health epidemics, pandemics and similar outbreaks, which may have material adverse effects on our business, financial position, results of operations and/or cash flows.

We face various risks related to health epidemics, pandemics and similar outbreaks, including the global outbreak of COVID-19. In the first half of 2020 the continued spread of COVID-19 has led to disruption in the global economy and weakness in demand in crude oil, natural gas liquids and natural gas, which has applied downward pressure on global commodity prices. See “Volatility in the global prices of crude oil, natural gas liquids and natural gas can significantly affect the Company’s operating results.”

If significant portions of our workforce are unable to work effectively, including because of illness, quarantines, government actions, facility closures or other restrictions in connection with the COVID-19 pandemic, our operations will likely be impacted and decrease our ability to produce, oil, natural gas liquids and natural gas. We may be unable to perform fully on our contracts and our costs may increase as a result of the COVID-19 outbreak. These cost increases may not be fully recoverable or adequately covered by insurance.

It is possible that the continued spread of COVID-19 could also further cause disruption in our supply chain; cause delay, or limit the ability of vendors and customers to perform, including in making timely payments to us; and cause other unpredictable events. The impact of COVID-19 has impacted capital markets, which may increase the cost of capital and adversely impact access to capital. The impact on capital markets may also impact our customers financial position and recoverability of our receivables from sales to customers.

We continue to work with our stakeholders (including customers, employees, suppliers, financial and lending institutions and local communities) to address responsibly this global pandemic. We continue to monitor the situation, to assess further possible implications to our business, supply chain and customers, and to take actions in an effort to mitigate adverse consequences. The Company has initiated an aggressive cost and capital expenditures reduction program in response to the lower commodity price as a result of weaker demand caused by the COVID-19 pandemic.

We cannot at this time predict the impact of the COVID-19 pandemic, but it could have a material adverse effect on our business, financial position, results of operations and/or cash flows. The extent to which the COVID-19 or other health pandemics or epidemics may impact our results will depend on future developments, which are highly uncertain and cannot be predicted.

The Company is exposed to credit risks associated with (i) sales of certain of its products to customers, (ii) its joint venture partners and (iii) other counterparties.

Murphy is exposed to credit risk in three principle areas:

- Accounts receivable credit risk from selling its produced commodity to customers;
- Joint venture partners related to certain oil and natural gas properties operated by the Company. These joint venture partners may not be able to meet their financial obligation to pay for their share of capital and operating costs as they become due; and
- Counterparty credit risk related to forward price commodity hedge contracts to protect the Company’s cash flows against lower oil and natural gas prices

To mitigate these risks the Company:

- Actively monitors the credit worthiness of all its customers, joint venture partners, and forward commodity hedge counterparties;
- Given the inherent credit risks in a cyclical commodity price business, the Company has increased the focus on its review of joint venture partners, the magnitude of potential exposure, and planning suitable actions should a joint venture partner fail to pay its share of capital and operating expenditures.

The inability of a purchaser of the Company's produced commodity, a joint venture partner of the Company, or counterparty in a forward price commodity hedge to meet their respective payment obligations to the Company could have an adverse effect on Murphy's future earnings and cash flows.

ITEM 6. EXHIBITS

The Exhibit Index on page 43 of this Form 10-Q report lists the exhibits that are hereby filed or incorporated by reference.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MURPHY OIL CORPORATION

(Registrant)

By /s/ CHRISTOPHER D. HULSE

Christopher D. Hulse

Vice President and Controller

(Chief Accounting Officer and Duly Authorized Officer)

August 6, 2020
(Date)

EXHIBIT INDEX

<u>Exhibit No.</u>	
3.2	By-Laws of Murphy Oil Corporation, as amended effective August 5, 2020
31.1	Certification required by Rule 13a-14(a) pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification required by Rule 13a-14(a) pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certifications pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101. INS	XBRL Instance Document
101. SCH	XBRL Taxonomy Extension Schema Document
101. CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101. DEF	XBRL Taxonomy Extension Definition Linkbase Document
101. LAB	XBRL Taxonomy Extension Labels Linkbase Document
101. PRE	XBRL Taxonomy Extension Presentation Linkbase

Exhibits other than those listed above have been omitted since they are either not required or not applicable.



BY – LAWS

as amended August 5, 2020

ARTICLE I.

Offices

Section 1 Offices Murphy Oil Corporation (hereinafter called the Company) may have, in addition to its principal office in Delaware, a principal or other office or offices at such place or places, either within or without the State of Delaware, as the board of directors may from time to time determine or as shall be necessary or appropriate for the conduct of the business of the Company.

ARTICLE II.

Meetings of Stockholders

Section 1 Place of Meetings The annual meeting of the stockholders shall be held at the place therein determined by the board of directors and stated in the notice thereof, and other meetings of the stockholders may be held at such place or places, within or without the State of Delaware, as shall be fixed by the board of directors and stated in the notice thereof.

Section 2 Annual Meetings The annual meeting of stockholders for the election of directors and the transaction of such other business as may come before the meeting shall be held in each year on the second Wednesday in May unless otherwise determined by the board of directors. If this date shall fall upon a legal holiday, the meeting shall be held on the next succeeding business day. At each annual meeting, the stockholders entitled to vote shall elect a board of directors and may transact such other corporate business as shall be properly brought before the meeting in compliance with the requirements set forth in Section 7 hereof.

Section 3 Special Meetings Special meetings of the stockholders for any purpose or purposes may be called by the Chairman of the Board or by order of the board of directors and shall be called by the Chairman of the Board or the Secretary upon the written request of stockholders holding of record at least a majority of the outstanding shares of stock of the Company entitled to vote at such meeting. Such written request shall state the purpose or purposes for which such meeting is to be called and shall set forth any matter such stockholder proposes to bring before the meeting

as amended August 5, 2020

or any person whom the stockholder proposes to nominate for election as a director, in each case in proper written form in accordance with the applicable requirements set forth in Sections 7 and 8 hereof. At each special meeting, the stockholders entitled to vote shall transact only such corporate business as shall be brought before the meeting in compliance with the applicable requirements set forth in Sections 7 and 8 hereof.

Section 4 Notice of Meetings Except as otherwise expressly required by law, notice of each meeting of stockholders, whether annual or special, shall be given at least 10 days before the date on which the meeting is to be held to each stockholder of record entitled to vote thereat by delivering a notice thereof to him personally, or by mailing such notice in a postage prepaid envelope directed to him at his address as it appears on the books of the Company, unless he shall have filed with the Secretary of the Company a written request that notices intended for him be directed to another address, in which case such notice shall be directed to him at the address designated in such request. Notice of any meeting of stockholders shall not be required to be given to any stockholder who shall attend such meeting in person or by proxy; and if any stockholder shall in person or by attorney thereunto authorized, in writing or by telegraph, cable, radio or wireless and confirmed in writing, waive notice of any meeting of the stockholders, whether prior to or after such meeting, notice thereof need not be given to him. Notice of any adjourned meeting of the stockholders shall not be required to be given except where expressly required by law.

Section 5 Quorum At each meeting of the stockholders the holders of record of a majority of the issued and outstanding stock of the Company entitled to vote at such meeting, present in person or by proxy, shall constitute a quorum for the transaction of business except where otherwise provided by law, the certificate of incorporation or these by-laws. In the absence of a quorum, any officer entitled to preside at or act as secretary of such meeting shall have the power to adjourn the meeting from time to time until a quorum shall be constituted. At any such adjourned meeting at which a quorum shall be present any business may be transacted which might have been transacted at the meeting as originally called.

Section 6 Voting At every meeting of stockholders each holder of record of the issued and outstanding stock of the Company entitled to vote at such meeting shall be entitled to one vote in person or by proxy, but no proxy shall be voted after three years from its date unless the proxy provides for a longer period, and, except where the transfer books of the Company have been closed or a date has been fixed as the record date for the determination of stockholders entitled to vote, no share of stock shall be voted directly or indirectly. At all meetings of the stockholders, a quorum being present, all matters shall be decided by majority vote of those present in person or by proxy, except as otherwise required by the laws of the State of Delaware or the certificate of incorporation; *provided, however*, that in the case of an election of directors where the number of nominees exceeds the number of directors to be elected, the directors shall be elected by plurality vote of those present in person by

proxy. The vote thereat on any question need not be by ballot unless required by the laws of the State of Delaware.

Section 7 Notice and Nature of Business at Stockholders' Meetings At any meeting of the stockholders, only such business shall be conducted as shall have been brought before the meeting (a) by or at the direction of the board of directors or (b) in the case of the annual meeting of stockholders or a special meeting of stockholders called upon written request of a majority of the outstanding shares of stock of the Company entitled to vote at such meeting (but not in the case of any other special meeting of stockholders), by any stockholder of the Company who is a stockholder of record at the time of giving of the notice provided for in this Section 7 and is entitled to vote at such meeting and who complies with the procedures set forth in this Section 7.

For business to be properly brought before a stockholder meeting by a stockholder, such business must be a proper matter for stockholder action under the Delaware General Corporation Law, such stockholder must have given timely notice thereof in proper written form to the Secretary of the Company, such stockholder, or a duly authorized representative, must attend the meeting in order to present such business and, in the case of a special meeting of stockholders called upon written request of a majority of the outstanding shares of stock of the Company entitled to vote at such meeting, such business shall be limited to those matters stated in the written request for such meeting pursuant to Section 3 hereof.

To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Company (a) in the case of the annual meeting of stockholders, not less than 90 days nor more than 120 days prior to the anniversary date of the immediately preceding annual meeting of stockholders; *provided, however*, that in the event that the annual meeting is called for a date that is not within 30 days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the 10th day following the earlier of the day on which such notice of the date of the meeting was first mailed to stockholders or the day on which public disclosure of the date of the meeting was first made and (b) in the case of a special meeting of stockholders, not later than the close of business on the 10th day following the earlier of the day on which notice of the date of the meeting was first mailed to stockholders or the day on which public disclosure of the date of the meeting was first made. In no event shall the public announcement of an adjournment or postponement of a meeting of stockholders commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

To be in proper written form for a nomination under this Section 7, a stockholder's notice to the Secretary must set forth as to each matter such stockholder proposes to bring before the meeting (a) a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and, in the event that such business includes

a proposal to amend these by-laws, the text of the proposed amendment) and the reasons for conducting such business at the meeting, (b) the name and address, as they appear on the Company's books, of such stockholder and the name and address of the beneficial owner, if any, on whose behalf the proposal is made, (c) the number of shares of each class or series of capital stock of the Company that are owned beneficially (and proof of any such beneficial ownership) or of record by such stockholder or such beneficial owner, (d) a description of all arrangements or understandings between such stockholder or such beneficial owner and any other person or persons (including their names) in connection with the proposal of such business by such stockholder and a description of any material interest of such stockholder or such beneficial owner in such business, (e) a description of any agreement, arrangement or understanding (including, regardless of the form of settlement, any derivative, long or short positions, profit interests, forwards, futures, swaps, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions or borrowed or loaned shares) that has been entered into by or on behalf of, or any other agreement, arrangement or understanding that has been made, the effect or intent of which is to create or mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such stockholder or any such beneficial owner (or any of their respective affiliates) with respect to the Company's securities, (f) a representation that such stockholder or a duly authorized representative intends to appear in person at the meeting to bring such business before the meeting, (g) a representation as to whether the stockholder or beneficial owner, if any, intends or is part of a group that intends to (1) deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Company's outstanding capital stock required to approve or adopt the proposal and/or (2) otherwise solicit proxies from stockholders in support of such proposal and (h) any other information relating to such stockholder, beneficial owner or proposed business that would be required to be disclosed in a proxy statement or other filing required to be made in connection with solicitation of proxies in support of such proposal pursuant to Section 14 of the Securities and Exchange Act of 1934, as amended (together with the rules and regulations promulgated thereunder and any successor laws, rules and regulations, the "**Exchange Act**"; references to any given section of the Exchange Act shall include the rules and regulations promulgated thereunder). The Company may require the stockholder and/or beneficial owner proposing to bring business before the meeting to furnish such other information as it may reasonably require to determine whether each proposed item of business is a proper matter for stockholder action.

The foregoing notice requirements with respect to business proposals shall be deemed satisfied by a stockholder if such stockholder has submitted a proposal to the Company in compliance with Rule 14a-8 promulgated under the Exchange Act and such stockholder's proposal has been included in a proxy statement that has been prepared by the Company to solicit proxies for such annual meeting.

No business shall be conducted at a stockholder meeting except in accordance with the procedures set forth in this Section 7. The chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly

brought before the meeting in accordance with the provisions of the by-laws, and if he should so determine, he shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

Section 8 Nomination of Directors Only persons who are nominated in accordance with the procedures set forth in these by-laws shall be eligible to be elected as directors at a meeting of stockholders, except as may be otherwise provided in the certificate of incorporation of the Company with respect to the right of holders of preferred stock of the Company to nominate and elect a specified number of directors in certain circumstances.

Nominations of persons for election to the board of directors of the Company may be made at a meeting of stockholders (a) by or at the direction of the board of directors; (b) in the case of the annual meeting of stockholders or a special meeting of stockholders called for the purpose of electing one or more directors (but not in the case of any other special meeting of stockholders), by any stockholder of the Company who is a stockholder of record at the time of giving of notice provided for in this Section 8 and is entitled to vote at such meeting and who complies with the procedures set forth in this Section 8 or (c) in accordance with Section 9. For nominations to be properly brought before a meeting by a stockholder pursuant to the foregoing clause (b), the stockholder must have given timely notice thereof in proper written form to the Secretary of the Company and such stockholder, or a duly authorized representative, must attend the meeting in order to make such nominations.

To be timely pursuant to the foregoing clause (b), a stockholder's notice shall be delivered to or mailed and received at the principal executive offices of the Company (a) in the case of the annual meeting of stockholders, not less than 90 days nor more than 120 days prior to the anniversary date of the immediately preceding annual meeting of stockholders; *provided, however*, that in the event that the annual meeting of stockholders is called for a date that is not within 30 days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the 10th day following the earlier of the day on which notice of the date of the meeting was first mailed to stockholders or the day on which public disclosure of the date of the meeting was first made and (b) in the case of a special meeting of stockholders, not later than the close of business on the 10th day following the earlier of the day on which notice of the date of the meeting was first mailed to stockholders or the day on which public disclosure of the date of the meeting was first made. In no event shall public announcement of an adjournment or postponement of a meeting of stockholders commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

Notwithstanding anything in the foregoing paragraph to the contrary, in the event that the number of directors to be elected to the board of directors of the Company at the annual meeting is increased and there is no public disclosure by the Company naming all the nominees for director or specifying the size of the increased board of

directors at least 100 days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 8 shall also be considered timely, but only with respect to nominees for any new positions created by any such increase, if it shall be delivered to the Secretary at the principal executive offices of the Company not later than the close of business on the 10th day following the day on which such public disclosure is first made by the Company.

To be in proper written form, such stockholder's notice shall set forth (a) as to each person whom the stockholder proposes to nominate for election or reelection as a director, all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Section 14 of the Exchange Act (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); and (b) as to the stockholder giving the notice, (i) the name and address, as they appear on the Company's books, of such stockholder and the name and address of the beneficial owner, if any, on whose behalf the nomination is made, (ii) the class and number of shares of the capital stock of each class or series of capital stock of the Company that are owned beneficially (and proof of any such beneficial ownership) or of record by such stockholder or such beneficial owner, (iii) a description of all arrangements or understandings between such shareholder or such beneficial owner and each proposed nominee or any other person or persons (including their names and addresses) pursuant to which the nomination(s) are to be made by such shareholder, (iv) a description of any agreement, arrangement or understanding (including, regardless of the form of settlement, any derivative, long or short positions, profit interests, forwards, futures, swaps, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions and borrowed or loaned shares) that has been entered into by or on behalf of, or any other agreement, arrangement or understanding that has been made, the effect or intent of which is to create or mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such stockholder or any such beneficial owner (or any of their respective affiliates) with respect to the Company's securities, (v) a representation that such stockholder or a duly authorized representative intends to appear in person at the meeting to nominate the persons named in such notice, (vi) a representation as to whether the stockholder or beneficial owner, if any, intends or is part of a group that intends to (1) deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Company's outstanding capital stock required to elect such proposed nominee(s) and/or (2) otherwise solicit proxies from stockholders in support of such proposed nominee(s), (vii) any other information relating to such shareholder or beneficial owner that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Section 14 of the Exchange Act and (viii) any other information relating to the nomination as the Company may reasonably require to determine the eligibility of the nominee to be elected as a director of the Company. At the request of the board of directors, any person nominated by the board of directors for election as a director shall furnish to the Secretary of the Company that information required to be set forth in a stockholder's notice of nomination which pertains to the nominee.

No person shall be eligible to serve as a director of the Company unless nominated in accordance with the procedures set forth in this Section 8 or Section 9. The chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the procedures prescribed by these by-laws, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

Section 9 Nominations of Directors Included in the Company's Proxy Materials

(a) Inclusion of Stockholder Nominee in Proxy Statement. Subject to the provisions of this Section 9, if expressly requested in the relevant Nomination Notice (as defined below), the Company shall include in its proxy statement for any annual meeting of stockholders (but not at any special meeting of stockholders): (i) the name of any person nominated for election (the “**Stockholder Nominee**”), which shall also be included on the Company’s form of proxy and ballot, by any Eligible Stockholder (as defined below) or group of up to 20 Eligible Stockholders that, as determined by the board of directors or its designee acting in good faith, has (individually and collectively, in the case of a group) satisfied all applicable conditions and complied with all applicable procedures set forth in this Section 9 (such Eligible Stockholder or group of Eligible Stockholders being a “**Nominating Stockholder**”); (ii) disclosure about the Stockholder Nominee and the Nominating Stockholder required under the rules of the Securities and Exchange Commission or other applicable law to be included in the proxy statement; (iii) any statement included by the Nominating Stockholder in the Nomination Notice for inclusion in the proxy statement in support of the Stockholder Nominee’s election to the board of directors (subject, without limitation, to Section 9(e) (ii)), provided that such statement does not exceed 500 words; and (iv) any other information that the Company or the board of directors determines, in their discretion, to include in the proxy statement relating to the nomination of the Stockholder Nominee, including, without limitation, any statement in opposition to the nomination and any of the information provided pursuant to this Section 9.

(b) Maximum Number of Stockholder Nominees.

(i) The Company shall not be required to include in the proxy statement for an annual meeting of stockholders more Stockholder Nominees than that number of directors constituting 20% of the total number of directors of the Company on the last day on which a Nomination Notice may be submitted pursuant to this Section 9 (rounded down to the nearest whole number), but, in any event, not fewer than two (the “**Maximum Number**”). The Maximum Number for a particular annual meeting shall be reduced by: (1) Stockholder Nominees whose nominations are subsequently withdrawn; (2) Stockholder Nominees who the board of directors itself decides to nominate for election at such annual meeting and (3) the number of incumbent directors who had been Stockholder Nominees at any of the preceding two annual meetings of stockholders and whose reelection at the upcoming annual meeting of stockholders is being recommended by the board of directors. In the event that one or more vacancies for any reason occurs on the board of directors after the deadline set forth in Section 9(d) but before the date of the annual meeting of stockholders and the board of directors resolves to reduce the size of the board in connection therewith, the Maximum Number shall be calculated based on the number of directors in office as so reduced.

(ii) If the number of Stockholder Nominees pursuant to this Section 9 for any annual meeting of stockholders exceeds the Maximum Number then, promptly upon notice from the Company, each Nominating Stockholder will select one Stockholder Nominee for inclusion in the proxy statement until the Maximum Number is reached, going in order of the amount (largest to smallest) of shares of the Company's common stock that each Nominating Stockholder disclosed as owned in its Nomination Notice, with the process repeated if the Maximum Number is not reached after each Nominating Stockholder has selected one Stockholder Nominee. If, after the deadline for submitting a Nomination Notice as set forth in Section 9(d), a Nominating Stockholder becomes ineligible or withdraws its nomination or a Stockholder Nominee becomes ineligible or unwilling to serve on the board of directors, whether before or after the mailing of the definitive proxy statement, then the Company: (1) shall not be required to include in its proxy statement or on any ballot or form of proxy the Stockholder Nominee or any successor or replacement nominee proposed by the Nominating Stockholder or by any other Nominating Stockholder and (2) may otherwise communicate to its stockholders, including without limitation by amending or supplementing its proxy statement or ballot or form of proxy, that the Stockholder Nominee will not be included as a Stockholder Nominee in the proxy statement or on any ballot or form of proxy and will not be voted on at the annual meeting of stockholders.

(c) Eligibility of Nominating Stockholder.

(i) An “**Eligible Stockholder**” is a person who has either (1) been a record holder of the shares of common stock of the Company used to satisfy the eligibility requirements in this Section 9(c) continuously for the three-year period specified in subsection (c)(ii) of this Section 9 below or (2) provides to the Secretary of the Company, within the time period referred to in Section 9(d), evidence of continuous ownership of such shares for such three-year period from one or more securities intermediaries in a form that the board of directors or its designee, acting in good faith, determines acceptable.

(ii) An Eligible Stockholder or group of up to 20 Eligible Stockholders may submit a nomination in accordance with this Section 9 only if the person or group (in the aggregate) has continuously owned at least the Minimum Number (as defined below) (as adjusted for any stock splits, reverse stock splits, stock dividends or similar events) of shares of the Company's common stock throughout the three-year period preceding and including the date of submission of the Nomination Notice, and continues to own at least the Minimum Number of shares through the date of the annual meeting of stockholders. The following shall be treated as one Eligible Stockholder if such Eligible Stockholder shall provide together with the Nomination Notice documentation satisfactory to the board of directors or its designee, acting in good faith, that demonstrates compliance with the following criteria: (1) funds under common management and investment control; (2) funds under common management and funded primarily by the same employer; or (3) a “family of investment companies” or a “group of investment companies” (each as defined in the Investment Company Act of 1940, as amended). For the avoidance of doubt, in the event of a nomination by a Nominating Stockholder that includes more than one Eligible Stockholder, any and all requirements and obligations

for a given Eligible Stockholder or, except as the context otherwise makes clear, the Nominating Stockholder that are set forth in this Section 9, including the minimum holding period, shall apply to each member of such group; *provided, however*, that the Minimum Number shall apply to the aggregate ownership of the group of Eligible Stockholders constituting the Nominating Stockholder. Should any Eligible Stockholder withdraw from a group of Eligible Stockholders constituting a Nominating Stockholder at any time prior to the annual meeting of stockholders, the Nominating Stockholder shall be deemed to own only the shares held by the remaining Eligible Stockholders. As used in this Section 9, any reference to a “group” or “group of Eligible Stockholders” refers to any Nominating Stockholder that consists of more than one Eligible Stockholder and to all the Eligible Stockholders that make up such Nominating Stockholder.

(iii) The “**Minimum Number**” of shares of the Company’s common stock means 3% of the number of outstanding shares of common stock of the Company as of the most recent date for which such amount is given in any filing by the Company with the Securities and Exchange Commission prior to the submission of the Nomination Notice.

(iv) For purposes of this Section 9, an Eligible Stockholder “**owns**” only those outstanding shares of the Company’s common stock as to which such Eligible Stockholder possesses both: (1) the full voting and investment rights pertaining to such shares and (2) the full economic interest in (including the opportunity for profit from and the risk of loss on) such shares; provided that the number of shares calculated in accordance with clauses (1) and (2) shall not include any shares (x) sold by such Eligible Stockholder or any of its affiliates in any transaction that has not been settled or closed, (y) borrowed by such Eligible Stockholder or any of its affiliates for any purpose or purchased by such Eligible Stockholder or any of its affiliates pursuant to an agreement to resell, or (z) subject to any option, warrant, forward contract, swap, contract of sale, other derivative or similar agreement entered into by such Eligible Stockholder or any of its affiliates, whether any such instrument or agreement is to be settled with shares or with cash based on the notional amount or value of outstanding capital stock of Company, in any such case which instrument or agreement has, or is intended to have, the purpose or effect of: (x) reducing in any manner, to any extent or at any time in the future, such Eligible Stockholder’s or any of its affiliates’ full right to vote or direct the voting of any such shares, and/or (y) hedging, offsetting, or altering to any degree any gain or loss arising from the full economic ownership of such shares by such Eligible Stockholder or any of its affiliates. An Eligible Stockholder “owns” shares held in the name of a nominee or other intermediary so long as the Eligible Stockholder retains the right to instruct how the shares are voted with respect to the election of directors and possesses the full economic interest in the shares. An Eligible Stockholder’s ownership of shares shall be deemed to continue during any period in which the Eligible Stockholder has delegated any voting power by means of a proxy, power of attorney, or other similar instrument or arrangement that is revocable at any time by the Eligible Stockholder. An Eligible Stockholder’s ownership of

shares shall be deemed to continue during any period in which the Eligible Stockholder has loaned such shares provided that the Eligible Stockholder has the power to recall such loaned shares on not more than five business days' notice. The terms "owned," "owning" and other variations of the word "own" shall have correlative meanings. Whether outstanding shares of the Company are "owned" for these purposes shall be determined by the board of directors or its designee acting in good faith. For purposes of this Section 9(c)(iv), the term "affiliate" or "affiliates" shall have the meaning ascribed thereto under the General Rules and Regulations under the Exchange Act.

(v) No Eligible Stockholder shall be permitted to be in more than one group constituting a Nominating Stockholder, and if any Eligible Stockholder appears as a member of more than one group, such Eligible Stockholder shall be deemed to be a member of only the group that has the largest ownership position as reflected in the Nomination Notice.

(d) **Nomination Notice.** To nominate a Stockholder Nominee pursuant to this Section 9, the Nominating Stockholder must submit to the Secretary of the Company all of the following information and documents in a form that the board of directors or its designee, acting in good faith, determines acceptable (collectively, the "**Nomination Notice**"), not less than 120 days nor more than 150 days prior to the anniversary of the date that the Company mailed its proxy statement for the prior year's annual meeting of stockholders; *provided, however*, that if (and only if) the annual meeting of stockholders is not scheduled to be held within a period that commences 30 days before the first anniversary date of the preceding year's annual meeting of stockholders and ends 30 days after the first anniversary date of the preceding year's annual meeting of stockholders (an annual meeting date outside such period being referred to herein as an "**Other Meeting Date**"), the Nomination Notice shall be given in the manner provided herein by the later of the close of business on the date that is 180 days prior to such Other Meeting Date or the tenth day following the date such Other Meeting Date is first publicly announced or disclosed (in no event shall the adjournment or postponement of an annual meeting, or the announcement thereof, commence a new time period (or extend any time period) for the giving of the Nomination Notice):

(i) one or more written statements from the record holder of the shares (and from each intermediary through which the shares are or have been held during the requisite three-year holding period) verifying that, as of a date within seven (7) calendar days prior to the date of the Nomination Notice, the Nominating Stockholder owns, and has continuously owned for the preceding three (3) years, the Minimum Number of shares, and the Nominating Stockholder's agreement to provide, within five (5) business days after the record date for the annual meeting, written statements from the record holder and intermediaries verifying the Nominating Stockholder's continuous ownership of the Minimum Number of shares through the record date;

(ii) an agreement to provide immediate notice if the Nominating Stockholder ceases to own the Minimum Number of shares at any time prior to the date of the annual meeting;

(iii) a copy of the Schedule 14N (or any successor form) relating to the Stockholder Nominee, completed and filed with the Securities and Exchange Commission by the Nominating Stockholder as applicable, in accordance with Securities and Exchange Commission rules;

(iv) the written consent of each Stockholder Nominee to being named in the Company's proxy statement, form of proxy and ballot as a nominee and to serving as a director if elected;

(v) a written notice of the nomination of such Stockholder Nominee that includes the following additional information, agreements, representations and warranties by the Nominating Stockholder (including, for the avoidance of doubt, each group member in the case of a Nominating Stockholder consisting of a group of Eligible Stockholders): (1) the information that would be required to be set forth in a stockholder's notice of nomination pursuant to Section 8 of this Article II; (2) the details of any relationship that existed within the past three years and that would have been described pursuant to Item 6(e) of Schedule 14N (or any successor item) if it existed on the date of submission of the Schedule 14N; (3) a representation and warranty that the Nominating Stockholder did not acquire, and is not holding, securities of the Company for the purpose or with the effect of influencing or changing control of the Company; (4) a representation and warranty that the Nominating Stockholder has not nominated and will not nominate for election to the board of directors at the annual meeting any person other than such Nominating Stockholder's Stockholder Nominee(s); (5) a representation and warranty that the Nominating Stockholder has not engaged in and will not engage in a "solicitation" within the meaning of Rule 14a-1(l) under the Exchange Act (without reference to the exception in Section 14a-1(l)(2)(iv)) with respect to the annual meeting, other than with respect to such Nominating Stockholder's Stockholder Nominee(s) or any nominee of the board of directors; (6) a representation and warranty that the Nominating Stockholder will not use any proxy card other than the Company's proxy card in soliciting stockholders in connection with the election of a Stockholder Nominee at the annual meeting; (7) a representation and warranty that the Stockholder Nominee's candidacy or, if elected, board membership would not violate applicable state or federal law or the rules of any stock exchange on which the Company's securities are traded (the "**Stock Exchange Rules**"); (8) a representation and warranty that the Stockholder Nominee: (A) does not have any direct or indirect relationship with the Company that will cause the Stockholder Nominee to be deemed not independent pursuant to the Company's Corporate Governance Guidelines and otherwise qualifies as independent under the Company's Corporate Governance Guidelines and the Stock Exchange Rules; (B) meets the audit committee and compensation committee independence requirements under the Stock Exchange Rules; (C) is a "non-employee director" for the purposes of Rule 16b-3 under the Exchange Act (or any successor rule); (D) is an "outside director" for the purposes of Section 162(m) of the Internal Revenue Code (or any successor provision); (E) is not and has not been subject to any event specified in Rule 506(d)(1) of Regulation D (or any successor rule) under the Securities Act of 1933 or Item 401(f) of Regulation S-K (or any successor rule) under the Exchange Act, without reference to whether the event is

material to an evaluation of the ability or integrity of the Stockholder Nominee; and (F) meets the director qualifications set forth in the Company's Corporate Governance Guidelines; (9) a representation and warranty that the Nominating Stockholder satisfies the eligibility requirements set forth in Section 9(c); (10) a representation and warranty that the Nominating Stockholder will continue to satisfy the eligibility requirements described in Section 9(c) through the date of the annual meeting; (11) a representation as to the Nominating Stockholder's intentions with respect to continuing to hold the Minimum Number of shares for at least one year following the annual meeting; (12) details of any position of the Stockholder Nominee as an officer or director of any competitor (that is, any entity that produces products or provides services that compete with or are alternatives to the principal products produced or services provided by the Company or its affiliates) of the Company, within the three years preceding the submission of the Nomination Notice; (13) if desired, a statement for inclusion in the proxy statement in support of the Stockholder Nominee's election to the board of directors, provided that such statement shall not exceed 500 words and shall fully comply with Section 14 of the Exchange Act and the rules and regulations thereunder; and (14) in the case of a nomination by a Nominating Stockholder comprised of a group, the designation by all Eligible Stockholders in such group of one Eligible Stockholder that is authorized to act on behalf of the Nominating Stockholder with respect to matters relating to the nomination, including withdrawal of the nomination;

(vi) an executed agreement pursuant to which the Nominating Stockholder (including in the case of a group, each Eligible Stockholder in that group) agrees: (1) to comply with all applicable laws, rules and regulations in connection with the nomination, solicitation and election; (2) to file any written solicitation or other communication with the Company's stockholders relating to one or more of the Company's directors or director nominees or any Stockholder Nominee with the Securities and Exchange Commission, regardless of whether any such filing is required under any rule or regulation or whether any exemption from filing is available for such materials under any rule or regulation; (3) to assume all liability stemming from an action, suit or proceeding concerning any actual or alleged legal or regulatory violation arising out of any communication by the Nominating Stockholder or the Stockholder Nominee nominated by such Nominating Stockholder with the Company, its stockholders or any other person in connection with the nomination or election of directors, including, without limitation, the Nomination Notice; (4) to indemnify and hold harmless (jointly with all other Eligible Stockholders, in the case of a group of Eligible Stockholders) the Company and each of its directors, officers and employees individually against any liability, loss, damages, expenses or other costs (including attorneys' fees) incurred in connection with any threatened or pending action, suit or proceeding, whether legal, administrative or investigative, against the Company or any of its directors, officers or employees arising out of or relating to a failure or alleged failure of the Nominating Stockholder or Stockholder Nominee to comply with, or any breach or alleged breach of, its, or his or her, as applicable, obligations, agreements or representations under this Section 9; (5) in the event that any information included in the

Nomination Notice, or any other communication by the Nominating Stockholder (including with respect to any Eligible Stockholder included in a group) with the Company, its stockholders or any other person in connection with the nomination or election ceases to be true and accurate in all material respects (or due to a subsequent development omits a material fact necessary to make the statements made not misleading), to promptly (and in any event within 48 hours of discovering such misstatement or omission) notify the Company and any other recipient of such communication of the misstatement or omission in such previously provided information and of the information that is required to correct the misstatement or omission; and (6) in the event that the Nominating Stockholder (including any Eligible Stockholder included in a group) has failed to continue to satisfy the eligibility requirements described in Section 9(c), to promptly notify the Company; and

(vii) an executed agreement by the Stockholder Nominee: (1) to provide to the Company such other information, including completion of the Company's director nominee questionnaire, as the board of directors or its designee, acting in good faith, may request; (2) that the Stockholder Nominee has read and agrees, if elected, to serve as a member of the board of directors, to adhere to the Company's Corporate Governance Guidelines, Code of Business Conduct and Ethics and any other Company policies and guidelines applicable to directors; and (3) that the Stockholder Nominee is not and will not become a party to (A) any compensatory, payment or other financial agreement, arrangement or understanding with any person or entity (a "**Compensation Arrangement**") in connection with such person's nomination or candidacy for director of the Company that has not been fully disclosed to the Company prior to or concurrently with the Nominating Stockholder's submission of the Nomination Notice, (B) any Compensation Arrangement in connection with service or action as a director of the Company, (C) any agreement, arrangement or understanding with any person or entity as to how the Stockholder Nominee would vote or act on any issue or question as a director (a "**Voting Commitment**") that has not been fully disclosed to the Company prior to or concurrently with the Nominating Stockholder's submission of the Nomination Notice or (D) any Voting Commitment that could limit or interfere with the Nominee's ability to comply, if elected as a director of the Company, with his or her fiduciary duties under applicable law.

The information and documents required by this Section 9(d) shall be (i) provided with respect to and executed by each Eligible Stockholder in the group in the case of a Nominating Stockholder comprised of a group of Eligible Stockholders; and (ii) provided with respect to the persons specified in Instructions 1 and 2 to Items 6(c) and (d) of Schedule 14N (or any successor item) (x) in the case of a Nominating Stockholder that is an entity and (y) in the case of a Nominating Stockholder that is a group that includes one or more Eligible Stockholders that are entities. The Nomination Notice shall be deemed submitted on the date on which all of the information and documents referred to in this Section 9(d) (other than such information and documents contemplated to be provided after the date the Nomination Notice is provided) have been delivered to or, if sent by mail, received by the Secretary of the Company.

(e) Exceptions.

(i) Notwithstanding anything to the contrary contained in this Section 9, the Company may omit from its proxy statement any Stockholder Nominee and any information concerning such Stockholder Nominee (including a Nominating Stockholder's statement in support) and no vote on such Stockholder Nominee will occur (notwithstanding that proxies in respect of such vote may have been received by the Company), and the Nominating Stockholder may not, after the last day on which a Nomination Notice would be timely, cure in any way any defect preventing the nomination of the Stockholder Nominee, if: (1) the Company receives a notice that a stockholder intends to nominate a candidate for director at the annual meeting pursuant to the advance notice requirements set forth in Section 8 of this Article II without such stockholder's notice expressly electing to have such director candidate(s) included in the Company's proxy statement pursuant to this Section 9; (2) the Nominating Stockholder (or, in the case of a Nominating Stockholder consisting of a group of Eligible Stockholders, the Eligible Stockholder that is authorized to act on behalf of the Nominating Stockholder), or any qualified representative thereof, does not appear at the annual meeting to present the nomination submitted pursuant to this Section 9 or the Nominating Stockholder withdraws its nomination; (3) the board of directors or its designee, acting in good faith, determines that such Stockholder Nominee's nomination or election to the board of directors would result in the Company violating or failing to be in compliance with these by-laws or the certificate of incorporation or any applicable law, rule or regulation to which the Company is subject, including the Stock Exchange Rules; (4) the Stockholder Nominee was nominated for election to the board of directors pursuant to this Section 9 at any of the Company's two preceding annual meetings of stockholders and (A) withdrew from or became ineligible or unavailable for election at any such annual meeting or (B) received a vote of less than 10% of the shares of common stock entitled to vote for such Stockholder Nominee; (5) the Stockholder Nominee has been, within the past three years, an officer or director of a competitor, as defined for purposes of Section 8 of the Clayton Antitrust Act of 1914, as amended; or (6) the Company is notified, or the board of directors or its designee acting in good faith determines, that a Nominating Stockholder has failed to continue to satisfy the eligibility requirements described in Section 9(c), any of the representations and warranties made in the Nomination Notice ceases to be true and accurate in all material respects (or omits a material fact necessary to make the statement made not misleading), the Stockholder Nominee becomes unwilling or unable to serve on the board of directors or any material violation or breach occurs of any of the obligations, agreements, representations or warranties of the Nominating Stockholder or the Stockholder Nominee under this Section 9.

(ii) Notwithstanding anything to the contrary contained in this Section 9, the Company may omit from its proxy statement, or may supplement or correct, any information, including all or any portion of the statement in support of the Stockholder Nominee included in the Nomination Notice, if the board of directors or its designee in good faith determines that: (1) such information is not true in all material respects or omits a material statement necessary to make the statements made not misleading; (2) such information directly or indirectly impugns the character, integrity or personal reputation of, or directly

or indirectly makes charges concerning improper, illegal or immoral conduct or associations, without factual foundation, with respect to, any individual, corporation, partnership, association or other entity, organization or governmental authority; (3) the inclusion of such information in the proxy statement would otherwise violate the Securities and Exchange Commission proxy rules or any other applicable law, rule or regulation or (4) the inclusion of such information in the proxy statement would impose a material risk of liability upon the Company.

The Company may solicit against, and include in the proxy statement its own statement relating to, any Stockholder Nominee.

Section 10 Record Date

- (a) In order that the Company may determine the stockholders entitled to consent to corporate action in writing without a meeting, the board of directors shall be entitled to fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the board of directors, and which date shall not be more than 10 days after the date upon which the resolution fixing the record date is adopted by the board of directors.

Any stockholder of record seeking to have the stockholders authorize or take corporate action by written consent shall, by written notice to the Secretary, request the board of directors to fix a record date. Such written notice must set forth as to each action that the stockholder proposes to take by consent (a) the text of the proposal (including the text of any resolutions to be adopted by consent and the language of any proposed amendment to the by-laws of the Company), (b) the reasons for soliciting consents for the proposal, (c) the name and address, as they appear on the Company's books, of such stockholder and the name and address of the beneficial owner, if any, on whose behalf the proposal is made, (c) the number of shares of each class or series of capital stock of the Company that are owned beneficially (and proof of any such beneficial ownership) or of record by such stockholder or such beneficial owner, (d) a description of all arrangements or understandings between such stockholder or such beneficial owner and any other person or persons (including their names) in connection with the proposal and a description of any material interest of such stockholder or such beneficial owner in such action and (e) any other information relating to such shareholder, beneficial owner or proposal that would be required to be disclosed in a proxy statement or other filing required to be made in connection with solicitations of proxies or consents, in each case pursuant to Section 14 of the Exchange Act. To the extent the proposed action by consent involves the election of directors, the notice shall set forth as to each person whom the stockholder proposes to elect, all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Section 14 of the Exchange Act (including such person's written consent to being named in the proxy or information statement as a potential director and to serving as a director if

elected). During the 10 day period following the date of receipt of the notice required under this Section 10, the Company may require the stockholder and/or beneficial owner requesting a record date for proposed stockholder action by consent to furnish such other information as it may reasonably require to determine the validity of the request for a record date.

The board of directors shall be entitled to adopt promptly a resolution fixing the record date; provided that if the board of directors determines to so fix a record date it must adopt such resolution within 10 days after the date on which the request is received. If no record date has been fixed by the board of directors within 10 days of the date on which such a request is received, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the board of directors is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Company by delivery to its registered office in the State of Delaware, its principal place of business or to any officer or agent of the Company having custody of the book in which proceedings of meetings of stockholders are recorded, to the attention of the Secretary of the Company. Delivery made to the Company's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the board of directors and prior action by the board of directors is required by applicable law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the date on which the board of directors adopts the resolution taking such prior action.

- (b) In the event of the delivery, in the manner provided by Section (a), to the Company of the requisite written consent or consents to take corporate action and/or any related revocation or revocations, the Company may engage nationally recognized independent inspectors of elections for the purpose of promptly performing a ministerial review of the validity of the consents and revocations. If independent inspectors are so engaged, then for the purpose of permitting the inspectors to perform such review, no action by written consent without a meeting shall be effective until such date as the independent inspectors certify to the Company that the consents delivered to the Company in accordance with Section (a) represent at least the minimum number of votes that would be necessary to take the corporate action. Nothing contained in this paragraph shall in any way be construed to suggest or imply that the board of directors or any stockholder shall not be entitled to contest the validity of any consent or revocation thereof, whether before or after such certification by the independent inspectors, or to take any other action (including, without limitation, the commencement, prosecution or defense of any litigation with respect thereto, and the seeking of injunctive relief in such litigation).
- (c) Every written consent shall bear the date of signature of each stockholder who signs the consent and no written consent shall be effective to take the

corporate action referred to therein unless, within 60 days of the earliest dated written consent delivered in accordance with Section (a), a written consent or consents signed by a sufficient number of stockholders to take such action are delivered to the Company in the manner prescribed in Section (a).

Section 11 Conduct of Stockholder Meetings The order of business at each meeting of stockholders shall be as determined by the chairman of the meeting. The chairman of the meeting shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts and things as are necessary or desirable for the proper conduct of the meeting, including, without limitation, the establishment of procedures for the maintenance of order and safety, limitations on the time allotted to presenting proposals or to questions or comments on the affairs of the Company, restrictions on entry to such meeting after the time prescribed for the commencement thereof and the opening and closing of the voting polls.

Section 12 General Nothing in these by-laws shall be deemed to prohibit a stockholder from including any proposals in the Company's proxy statement to the extent such inclusion shall be required under the Exchange Act or to lessen any obligation of any stockholder to comply with the applicable requirements of the Exchange Act in connection with the matters referred to in Sections 7, 8 and 9 of this Article II; *provided, however*, that neither the fact that business is properly brought before a meeting by a stockholder under Section 7 of this Article II nor the fact that a stockholder's nominee qualifies for nomination or election to the board of directors under Section 8 or Section 9 of this Article II shall obligate the Company to endorse that candidate or proposal or, except to the extent required by Section 9 of this Article II or by the Exchange Act, to provide a means to vote on that proposal or nominee on proxy cards solicited by the Company or to include information about that proposal or nominee in the Company's proxy statement.

For the purposes of Sections 7 and 8, "public disclosure" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Company with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

ARTICLE III.

Board of Directors

Section 1 General Powers The property, business and affairs of the Company shall be managed by the board of directors.

Section 2 Number and Term of Office The board of directors shall consist of not less than nine nor more than fourteen directors, with the exact number of directors to be determined from time to time solely by resolution adopted by the affirmative vote of a majority of the board of directors. Directors need not be stockholders. Each director shall hold office until the annual meeting of the stockholders next following

his election and until his successor shall have been elected and shall qualify, or until his death, resignation or removal.

Section 3 Quorum and Manner of Acting Unless otherwise provided by law, the presence of a majority of the board of directors shall be necessary to constitute a quorum for the transaction of business. In the absence of a quorum, a majority of the directors present may adjourn the meeting from time to time until a quorum shall be present. Notice of any adjourned meeting need not be given. At all meetings of directors, a quorum being present, all matters shall be decided by the affirmative vote of a majority of the directors present, except as otherwise required by the laws of the State of Delaware.

Section 4 Place of Meetings, etc. The board of directors may hold its meetings and keep the books and records of the Company at such place or places within or without the State of Delaware as the board may from time to time determine.

Section 5 Annual Meeting Promptly after each annual meeting of stockholders for the election of directors and on the same day the board of directors shall meet for the purpose of organization, the election of officers and the transaction of other business. Notice of such meeting need not be given. Such meeting may be held at any other time or place as shall be specified in a notice given as hereinafter provided for special meetings of the board of directors or in a consent and waiver of notice thereof signed by all the directors.

Section 6 Regular Meetings Regular meetings of the board of directors may be held at such time and place, within or without the State of Delaware, as shall from time to time be determined by the board of directors. After there has been such determination and notice thereof has been once given to each member of the board of directors, regular meetings may be held without further notice being given.

Section 7 Chairman of the Board The Chairman of the Board shall preside at all meetings of the stockholders and directors at which he may be present. He shall have such other authority and responsibility and perform such other duties as may be determined by the board of directors. He shall not be an employee nor an officer of the Company.

Section 8 Special Meetings; Notice Special meetings of the board of directors shall be held whenever called by the Chairman of the Board or by a majority of the directors. Notice of each such meeting shall be given to each director at least 48 hours before the date of the meeting in such manner as is determined in advance by the board of directors. Each such notice shall state the time and place of the meeting but need not state the purposes thereof. Notice of any meeting of the board of directors need not be given to any director, however, if waived by him in writing, whether before or after such meeting, or if he shall be present at such meeting. Any meeting of the board of directors shall be a legal meeting without any notice thereof having been given if all the directors then in office shall be present thereat.

Section 9 Resignation Any director of the Company may resign at any time by giving written notice to the Chairman of the Board or the Secretary of the Company. Except as provided in Section 6 of Article II, the resignation of any director shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 10 Removal Any director may be removed at any time, either with or without cause, by the affirmative vote of the holders of record of a majority of the issued and outstanding class of stock of the Company entitled to vote for the election of such director, given at a special meeting of the stockholders called for that purpose. The vacancy in the board of directors caused by any such removal may be filled by the stockholders at such meeting.

Section 11 Vacancies Any vacancy that shall occur in the board of directors by reason of death, resignation, disqualification or removal or any other cause whatever, unless filled as provided in Section 10 hereof, shall be filled by the majority (even if that be only a single director) of the remaining directors theretofore elected by the holders of the class of capital stock which elected the directors whose office shall have become vacant. If any new directorship is created by increase in the number of directors, a majority of the directors then in office may fill such new directorship. The term of office of any director so chosen to fill a vacancy or a new directorship shall terminate upon the election and qualification of directors at any meeting of stockholders called for the purpose of electing directors.

Section 12 Action by Consent Unless otherwise restricted by the certificate of incorporation or these by-laws, any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting, if all members of the board of directors or committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions, are filed with the minutes of proceedings of the board of directors or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 13 Compensation of Directors Directors may receive a fee, as fixed by the board of directors, for their services, together with expenses for attendance at regular or special meetings of the board. Members of committees of the board of directors may be allowed compensation for attending committee meetings. Nothing herein contained shall be construed to preclude any director from serving the Company or any subsidiary thereof in any other capacity and receiving compensation therefor.

ARTICLE IV.

Committees of the Board

The board of directors may, by resolution or resolutions passed by a majority of the whole board, designate one or more committees, each committee to consist of one or more of the directors of the Company, which, to the extent provided in said resolution or resolutions, and subject to applicable law, shall have and may exercise the powers of the board of directors in the management of the business and affairs of the Company, and may have power to authorize the seal of the Company to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the board of directors.

ARTICLE V.

Officers

Section 1 Number The principal officers of the Company shall be a President, one or more Vice Presidents (which may be designated as Executive or Senior Vice President(s)), a Secretary, a Treasurer, and a Controller. One person may hold the offices and perform the duties of any two or more of said offices.

Section 2 Election and Term of Office The principal officers of the Company shall be chosen annually by the board of directors at the annual meeting thereof. Each such officer shall hold office until his successor shall have been chosen and shall qualify, or until his death or until he shall resign or shall have been removed in the manner hereinafter provided.

Section 3 Subordinate Officers In addition to the principal officers enumerated in Section 1 of this Article V, the Company may have one or more Assistant Vice Presidents, one or more Assistant Treasurers, one or more Assistant Secretaries and such other officers, agents and employees as the board of directors may deem necessary, each of whom shall hold office for such period, have such authority, and perform such duties as the board or the President may from time to time determine. The board of directors may delegate to any principal officer the power to appoint and to remove any such subordinate officers, agents or employees.

Section 4 Compensation of Principal Officers The salaries of the principal officers shall be fixed from time to time either by the board of directors or by a committee of the board to which such power may be delegated. The salaries of any other officers shall be fixed by the President or by a committee or committees to which he may delegate such power.

Section 5 Removal Any officer may be removed, either with or without cause, at any time, by resolution adopted by the board of directors at any regular meeting of the board or at any special meeting of the board called for the purpose at which a quorum is present.

Section 6 Vacancies A vacancy in any office may be filled for the unexpired portion of the term in the manner prescribed in these by-laws for election or appointment to such office for such term.

Section 7 President The President shall be the chief executive officer of the Company and as such shall have general supervision and management of the affairs of the Company subject to the control of the board of directors. He may enter into any contract or execute any deeds, mortgages, bonds, contracts or other instruments in the name and on behalf of the Company except in cases in which the authority to enter into such contract or execute and deliver such instrument, as the case may be, shall be otherwise expressly delegated. In general he shall perform all duties incident to the office of President as herein defined and all such other duties as from time to time may be assigned to him by the board of directors. In the absence of the Chairman of the Board, the President shall preside at meetings of the stockholders and directors.

Section 8 Vice Presidents The Vice Presidents, in order of their seniority unless otherwise determined by the board of directors, shall in the absence or disability of the President perform the duties and exercise the powers of such offices. The Vice Presidents shall perform such other duties and have such other powers as the President or the board of directors may from time to time prescribe.

Section 9 Secretary The Secretary shall attend all sessions of the board and all meetings of the stockholders, and record all votes and the minutes of all proceedings in a book to be kept for that purpose, and shall perform like duties for the committees of the board of directors when required. He shall give or cause to be given, notice of all meetings of the stockholders and of special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors, or the President, under whose supervision he shall be. He shall keep in safe custody the seal of the Company and, when authorized by the board of directors, affix the same to any instrument requiring it, and when so affixed it shall be attested by his signature or by the signature of the Treasurer or an Assistant Secretary.

Section 10 Treasurer The Treasurer shall have custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in the books belonging to the Company, and shall deposit all moneys and other valuable effects in the name and to the credit of the Company in such depositories as may be designated from time to time by the board of directors.

He shall disburse the funds of the Company as may be ordered by the board, taking proper vouchers for such disbursements, and shall render to the President and board of directors at the regular meetings of the board, or whenever they may require it, an account of the financial condition of the Company.

If required by the board of directors, he shall give the Company a bond, in such sum and with such surety or sureties as shall be satisfactory to the board, for the faithful performance of the duties of his office, and for the restoration to the Company, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Company.

Section 11 Controller The Controller shall be in charge of the accounts of the Company and shall perform such duties as from time to time may be assigned to him by the President or by the board of directors.

ARTICLE VI.

Shares and Their Transfer

Section 1 Certificates for Stock Certificates for shares of capital stock of the Company shall be numbered, and shall be entered in the books of the Company, in the order in which they are issued.

Section 2 Regulations The board of directors may make such rules and regulations as it may deem expedient, not inconsistent with the certificate of incorporation or these by-laws, concerning the issue, transfer and registration of certificates for shares of capital stock of the Company. It may appoint, or authorize any principal officer or officers to appoint, one or more transfer clerks or one or more transfer agents and one or more registrars, and may require all such certificates to bear the signature or signatures of any of them.

Section 3 Stock Certificate Signature The certificates for shares of the respective classes of such stock shall be signed by, or in the name of the Company by, the Chairman of the Board, the President or any Vice President and the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, and where signed (a) by a transfer agent or an assistant transfer agent or (b) by a transfer clerk acting on behalf of the Company and a registrar, the signature of any such Chairman of the Board, President, Vice President, Treasurer, Assistant Treasurer, Secretary or Assistant Secretary may be facsimile. Each such certificate shall exhibit the name of the holder thereof and number of shares represented thereby and shall not be valid until countersigned by a transfer agent.

The board of directors may, if it so determines, direct that certificates for shares of any class or classes of capital stock of the Company be registered by a registrar, in which case such certificates will not be valid until so registered.

In case any officer of the Company who shall have signed, or whose facsimile signature shall have been used on, any certificate for shares of capital stock of the

Company shall cease to be such officer, whether because of death, resignation or otherwise, before such certificate shall have been delivered by the Company, such certificate shall nevertheless be deemed to have been adopted by the Company and may be issued and delivered as though the person who signed such certificate or whose facsimile signature shall have been used thereon had not ceased to be such officer.

Section 4 Designations, Preferences, etc. on Certificates for Stock Certificates for shares of capital stock of the Company shall state on the face or back thereof that the Company will furnish without charge to each stockholder who so requests (which request may be addressed to the Secretary of the Company or to a transfer agent) a statement of the designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof which the Company is authorized to issue and the qualifications, limitations or restrictions of such preferences and/or rights.

Section 5 Stock Ledger A record shall be kept by the Secretary or by any other officer, employee or agent designated by the board of directors of the name of the person, firm, or corporation holding the stock represented by such certificates, the number of shares represented by such certificates, respectively, and the respective dates thereof, and in case of cancellation the respective dates of cancellation.

Section 6 Cancellation Every certificate surrendered to the Company for exchange or transfer shall be canceled, and no new certificate or certificates shall be issued in exchange for any existing certificate until such existing certificate shall have been so canceled.

Section 7 Transfers of Stock Transfers of shares of the capital stock of the Company shall be made only on the books of the Company by the registered holder thereof or by his attorney thereunto authorized on surrender of the certificate or certificates for such shares properly endorsed and the payment of all taxes thereon. The person in whose name shares of stock stand on the books of the Company shall be deemed the owner thereof for all purposes as regards the Company; *provided, however*, that whenever any transfer of shares shall be made for collateral security, and not absolutely, such fact, if known to the Secretary or the transfer agent making such transfer, shall be so expressed in the entry of transfer.

Section 8 Closing of Transfer Books The board of directors may by resolution direct that the stock transfer books of the Company be closed for a period not exceeding 60 days preceding the date of any meeting of the stockholders, or the date for the payment of any dividend, or the date for the allotment of any rights, or the date when any change or conversion or exchange of capital stock of the Company shall go into effect. In lieu of such closing of the stock transfer books, the board may fix in advance a date, not exceeding 60 days preceding the date of any meeting of stockholders, or the date for the payment of any dividend, or the date for the

allotment of rights, or the date when any change of conversion or exchange of capital stock shall go into effect or a date in connection with obtaining such consent, as a record date for the determination of the stockholders entitled to notice of, and to vote at, such meeting, and any adjournment thereof, or to receive payment of any such dividend, or to receive any such allotment of rights, or to exercise the rights in respect of any such change, conversion, or exchange of capital stock, as the case may be, notwithstanding any transfer of any stock on the books of the Company after the record date so fixed.

ARTICLE VII.

Miscellaneous Provisions

Section 1 Corporate Seal The board of directors shall provide a corporate seal which shall be in the form of a circle and shall bear the name of the Company and words and figures showing that it was incorporated in the State of Delaware in the year 1964. The Secretary shall be the custodian of the seal. The board of directors may authorize a duplicate seal to be kept and used by any other officer.

Section 2 Fiscal Year The fiscal year of the Company shall be fixed by resolution of the board of directors.

Section 3 Voting of Stocks Owned by the Company The board of directors may authorize any person in behalf of the Company to attend, vote and grant proxies to be used at any meeting of stockholders of any corporation in which the Company may hold stock.

Section 4 Dividends Subject to the provisions of the certificate of incorporation, the board of directors may, out of funds legally available therefor, at any regular or special meeting declare dividends upon the capital stock of the Company as and when they deem expedient. Dividends may be paid in cash, in property, or in shares of capital stock of the Company, subject to the provisions of the certificate of incorporation. Before declaring any dividend there may be set apart out of any funds of the Company available for dividends such sum or sums as the directors from time to time in their discretion deem proper for working capital or as a reserve fund to meet contingencies or for equalizing dividends or for such other purposes as the directors shall deem conducive to the interests of the Company.

ARTICLE VIII

Indemnification of Directors, Officers, Employees and Agents; Insurance

Section 1.

- (a) Each person (and the heirs, executors or administrators of such person) who was or is a party or is threatened to be made a party to, or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director or officer of the Company or is or was serving at the request of the Company as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified and held harmless by the Company to the fullest extent permitted by Delaware Law. The right to indemnification conferred in this Article VIII shall also include the right to be paid by the Company the expenses incurred in connection with any such proceeding in advance of its final disposition to the fullest extent authorized by Delaware Law. The right to indemnification conferred in this Article VIII shall be a contract right.
- (b) The Company may, by action of its board of directors, provide indemnification to such of the employees and agents of the Company to such extent and to such effect as the board of directors shall determine to be appropriate and authorized by Delaware Law.

Section 2 The Company shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss incurred by such person in any such capacity or arising out of such person's status as such, whether or not the Company would have the power to indemnify such person against such liability under Delaware Law.

Section 3 The rights and authority conferred in this Article VIII shall not be exclusive of any other right which any person may otherwise have or hereafter acquire.

Section 4 Neither the amendment nor repeal of this Article VIII, nor the adoption of any provision of the Certificate of Incorporation or these by-laws of the Company, nor, to the fullest extent permitted by Delaware Law, any modification of law, shall eliminate or reduce the effect of this Article VIII in respect of any acts or omissions occurring prior to such amendment, repeal, adoption or modification.

ARTICLE IX.

Amendments

The by-laws of the Company may be altered, amended or repealed either by the affirmative vote of a majority of the stock issued and outstanding and entitled to vote in respect thereof and represented in person or by proxy at any annual or special meeting of the stockholders, or by the affirmative vote of a majority of the directors then in office given at any regular or special meeting of the board of directors. By-laws, whether made or altered by the stockholders or by the board of directors, shall be subject to alteration or repeal by the stockholders as in this Article provided.

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Roger W. Jenkins, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Murphy Oil Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal controls over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions)
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: August 6, 2020

/s/ Roger W. Jenkins

Roger W. Jenkins
Principal Executive Officer

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, David R. Looney, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Murphy Oil Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal controls over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: August 6, 2020

/s/ David R. Looney

David R. Looney

Principal Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of Murphy Oil Corporation (the "Company") on Form 10-Q for the period ended June 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Roger W. Jenkins and David R. Looney, Principal Executive Officer and Principal Financial Officer, respectively, of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to our knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 6, 2020

/s/ Roger W. Jenkins

Roger W. Jenkins

Principal Executive Officer

/s/ David R. Looney

David R. Looney

Principal Financial Officer