

**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 March 31, 2004

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)

71-0361522

(I.R.S. Employer
Identification Number)

200 Peach Street

P. O. Box 7000, El Dorado, Arkansas

(Address of principal executive offices)

71731-7000

(Zip Code)

(870) 862-6411

(Registrant's telephone number, including area code)

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 is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

Number of shares of Common Stock, \$1.00 par value, outstanding at March 31, 2004 was **91,975,758**.

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Murphy Oil Corporation and Consolidated Subsidiaries
CONSOLIDATED BALANCE SHEETS
(Thousands of dollars)

	(Unaudited)	December 31,
	March 31,	2003
	2004	2003
ASSETS		
Current assets		
Cash and cash equivalents	\$ 297,386	252,425
Accounts receivable, less allowance for doubtful accounts of \$11,027 in 2004 and \$10,735 in 2003	509,564	450,201
Inventories, at lower of cost or market		
Crude oil and blend stocks	49,030	46,626
Finished products	133,740	157,078
Materials and supplies	64,544	66,806
Prepaid expenses	37,558	44,779
Deferred income taxes	21,099	20,940
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Total current assets	1,112,921	1,038,855
Property, plant and equipment, at cost less accumulated depreciation, depletion and amortization of \$2,915,084 in 2004 and \$3,472,133 in 2003	3,146,860	3,530,800
Goodwill, net	46,426	64,873
Deferred charges and other assets	69,576	78,119
Assets held for sale	457,792	—
	<hr/>	<hr/>
Total assets	\$4,833,575	4,712,647
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current maturities of long-term debt	\$ 66,018	67,224
Accounts payable and accrued liabilities	773,239	659,609
Income taxes	76,164	83,493
	<hr/>	<hr/>
Total current liabilities	915,421	810,326
Notes payable	1,000,344	1,061,410
Nonrecourse debt of a subsidiary	22,559	28,897
Deferred income taxes	393,693	421,700
Asset retirement obligations	196,063	252,397
Accrued major repair costs	23,851	20,513
Deferred credits and other liabilities	170,452	166,521
Liabilities associated with assets held for sale	84,644	—
Stockholders' equity		
Cumulative Preferred Stock, par \$100, authorized 400,000 shares, none issued	—	—
Common Stock, par \$1.00, authorized 200,000,000 shares, issued 94,613,379 shares	94,613	94,613
Capital in excess of par value	508,529	504,809
Retained earnings	1,437,755	1,357,910
Accumulated other comprehensive income	59,658	65,246
Unamortized restricted stock awards	(5,237)	—
Treasury stock, 2,637,621 shares of Common Stock in 2004 and 2,742,781 shares in 2003, at cost	(68,770)	(71,695)
	<hr/>	<hr/>
Total stockholders' equity	2,026,548	1,950,883
	<hr/>	<hr/>
Total liabilities and stockholders' equity	\$4,833,575	4,712,647

See Notes to Consolidated Financial Statements, page 5.

The Exhibit Index is on page 22.

Murphy Oil Corporation and Consolidated Subsidiaries
CONSOLIDATED STATEMENTS OF INCOME (unaudited)
(Thousands of dollars, except per share amounts)

	Three Months Ended March 31,	
	2004	2003*
REVENUES		
Sales and other operating revenues	\$ 1,616,566	1,257,170
Gain on sale of assets	29,207	24
Interest and other income	2,299	975
Total revenues	1,648,072	1,258,169
COSTS AND EXPENSES		
Crude oil, natural gas and product purchases	1,167,265	904,693
Operating expenses	168,410	142,896
Exploration expenses, including undeveloped lease amortization	49,149	15,399
Selling and general expenses	30,681	28,933
Depreciation, depletion and amortization	80,196	57,176
Accretion on discounted liabilities	2,507	2,471
Interest expense	14,288	13,961
Interest capitalized	(4,252)	(9,536)
Total costs and expenses	1,508,244	1,155,993
Income from continuing operations before income taxes	139,828	102,176
Income tax expense	59,132	19,319
Income from continuing operations	80,696	82,857
Discontinued operations, net of tax	17,543	11,248
Cumulative effect of change in accounting principle, net of tax	—	(6,993)
NET INCOME	\$ 98,239	87,112
INCOME (LOSS) PER COMMON SHARE – BASIC		
Income from continuing operations	\$.88	.91
Discontinued operations	.19	.12
Cumulative effect of change in accounting principle	—	(.08)
NET INCOME – BASIC	\$ 1.07	.95
INCOME (LOSS) PER COMMON SHARE – DILUTED		
Income from continuing operations	\$.86	.90
Discontinued operations	.19	.12
Cumulative effect of change in accounting principle	—	(.08)
NET INCOME – DILUTED	\$ 1.05	.94
Average common shares outstanding – basic	91,925,678	91,738,379
Average common shares outstanding – diluted	93,173,199	92,349,666

* Reclassified to conform to 2004 presentation.

See Notes to Consolidated Financial Statements, page 5.

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

	Three Months Ended March 31,	
	2004	2003
Net income	\$98,239	87,112
Other comprehensive income (loss), net of tax		
Cash flow hedges		
Net derivative gains (losses)	2,388	(19,687)
Reclassification adjustments	(3,108)	18,449
Total cash flow hedges	(720)	(1,238)
Net gain (loss) from foreign currency translation	(4,868)	52,647
Minimum pension liability adjustment	—	(707)
COMPREHENSIVE INCOME	\$92,651	137,814

See Notes to Consolidated Financial Statements, page 5.

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

	Three Months Ended March 31,	
	2004	2003
OPERATING ACTIVITIES		
Income from continuing operations	\$ 80,696	82,857
Adjustments to reconcile income from continuing operations to net cash provided by operating activities		
Depreciation, depletion and amortization	80,196	57,176
Provisions for major repairs	7,612	6,410
Expenditures for major repairs and asset retirement obligations	(6,358)	(3,694)
Dry holes	42,104	2,936
Amortization of undeveloped leases	3,907	3,342
Accretion on discounted liabilities	2,507	2,471
Deferred and noncurrent income tax charges (benefits)	8,787	(17,001)
Pretax gains from disposition of assets	(29,207)	(24)
Net decrease in operating working capital other than cash and cash equivalents	75,243	34,509
Other	205	(5,905)
Net cash provided by continuing operations	265,692	163,077
Net cash provided by discontinued operations	40,183	49,469
Net cash provided by operating activities	305,875	212,546
INVESTING ACTIVITIES		
Property additions and dry holes	(195,516)	(158,100)
Proceeds from sales of assets	37,140	8,006
Other – net	(893)	30
Investing activities of discontinued operations	(15,837)	(25,181)
Net cash required by investing activities	(175,106)	(175,245)
FINANCING ACTIVITIES		
Increase (decrease) in notes payable	(60,534)	42,024
Decrease in nonrecourse debt of a subsidiary	(7,879)	(9,056)
Proceeds from exercise of stock options and employee stock purchase plans	926	943
Cash dividends paid	(18,394)	(18,353)
Other	—	(72)
Net cash provided by (used in) financing activities	(85,881)	15,486
Effect of exchange rate changes on cash and cash equivalents	73	(855)
Net increase in cash and cash equivalents	44,961	51,932
Cash and cash equivalents at January 1	252,425	164,957
Cash and cash equivalents at March 31	\$ 297,386	216,889
SUPPLEMENTAL DISCLOSURES OF CASH FLOW ACTIVITIES		
Cash income taxes paid	\$ 58,779	33,993
Interest capitalized in excess of amounts paid	(471)	(6,357)

See Notes to Consolidated Financial Statements, page 5.

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 1 through 4 of this Form 10-Q report.

Note A – Interim Financial Statements

The consolidated financial statements of the Company presented herein have not been audited by independent auditors, except for the Consolidated Balance Sheet at December 31, 2003. 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 March 31, 2004, and the results of operations and cash flows for the three-month periods ended March 31, 2004 and 2003, in conformity with accounting principles generally accepted in the United States.

Financial statements and notes to consolidated financial statements included in this Form 10-Q report should be read in conjunction with the Company's 2003 Form 10-K report, as certain notes and other pertinent information have been abbreviated or omitted in this report. Financial results for the three months ended March 31, 2004 are not necessarily indicative of future results.

Note B – Discontinued Operations

The Company's Canadian subsidiaries began marketing most of their Western Canadian conventional oil and gas assets (sale properties) in February 2004, and in early April entered into two binding agreements to sell these assets for total proceeds of C\$830 million. Sale of assets under one agreement occurred on April 22, 2004. Closing of the other transaction is expected in May and will be subject to due diligence provisions and normal regulatory approvals. The Company expects to utilize the proceeds of the sales to fund operations in Malaysia and other areas and/or to repay debt under revolving credit agreements. The sale properties produce about 20,000 barrels of oil equivalent per day and have total reserves of approximately 46 million barrels equivalent from heavy oil, light oil, and natural gas properties. The operating results from the sale properties have been reported as discontinued operations beginning in the first quarter of 2004. Operating results for the quarter ended March 31, 2003 have been reclassified to conform to this presentation. At March 31, 2004, the major assets (liabilities) associated with the sale properties were as follows:

	March 31, 2004
(Thousands of dollars)	
Property, plant and equipment, net of accumulated depreciation, depletion and amortization	\$433,609
Goodwill, net	17,716
Other assets	6,467
	<hr/>
Assets held for sale	\$457,792
	<hr/>
Deferred income taxes	\$ (32,570)
Asset retirement obligations	(52,074)
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Liabilities associated with assets held for sale	\$ (84,644)
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Revenues from the sale properties in the first quarter of 2004 and 2003 were \$52.7 million and \$64.1 million, respectively. Comparable pretax earnings from the sale properties were \$28.9 million in the first quarter of 2004 and \$23.1 million in the first quarter of 2003. Income tax expense associated with discontinued operations amounted to \$11.4 million in the first quarter of 2004 and \$11.9 million in the same quarter of 2003.

Note C – Employee and Retiree Pension and Postretirement 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 plans and the U.S. directors' 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.

Note C – Employee and Retiree Benefit Plans (Contd.)

The table that follows provides the components of net periodic benefit expense for the three-month periods ended March 31, 2004 and 2003.

	Pension Benefits		Postretirement Benefits	
	2004	2003	2004	2003
(Thousands of dollars)				
Service cost	\$ 2,362	2,071	362	316
Interest cost	4,960	5,050	982	942
Expected return on plan assets	(4,766)	(4,757)	—	—
Amortization of prior service cost	(71)	(486)	(206)	(24)
Amortization of transitional asset	102	10	—	—
Recognized actuarial loss	1,071	985	523	341
Net periodic benefit expense	\$ 3,658	2,873	1,661	1,575

Murphy previously disclosed in its financial statements for the year ended December 31, 2003, that it expected to contribute \$3.6 million to its domestic defined benefit pension plans and \$4.6 million to its postretirement benefits plan during 2004. As of March 31, 2004, \$.3 million and \$.6 million of contributions have been made to the domestic defined benefit pension plans and postretirement benefits plan, respectively. Murphy presently anticipates contributing an additional \$7.3 million in the aggregate to fund its domestic plans in 2004. Murphy anticipates contributing \$1.5 million in 2004 to fund its existing foreign defined benefit pension plans. Total funding for the Company's domestic and foreign defined benefits pension and postretirement benefits plans is anticipated to be \$9.7 million.

On December 8, 2003, the President signed the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act). Among other provisions, the Act will provide prescription drug coverage under Medicare beginning in 2006. Generally, companies that provide qualifying prescription drug coverage that is deemed actuarially equivalent to medicare coverage for retirees aged 65 and above will be eligible to receive a federal subsidy equal to 28% of drug costs between \$250 and \$5,000 per annum for each covered individual that does not elect to receive coverage under the new prescription drug Medicare Part D. The Company currently provides prescription drug coverage to qualifying retirees under its retiree medical plan. The Company recognized \$.1 million in estimated benefits related to the Act in the first quarter of 2004. The Financial Accounting Standards Board has not issued final guidance on accounting for the federal subsidy. Therefore, these benefits could be changed when final authoritative accounting guidance is issued in the future.

Note D – Financial Instruments and Risk Management

Murphy utilizes derivative instruments to manage certain risks related to interest rates, commodity prices, and foreign currency exchange 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 primarily with creditworthy major financial institutions or over national exchanges.

- **Interest Rate Risks** – Murphy has variable-rate debt obligations that expose the Company to the effects of changes in interest rates. To partially reduce its exposure to interest rate risk, Murphy has interest rate swap agreements with notional amounts totaling \$50 million at March 31, 2004 to hedge fluctuations in cash flows of a similar amount of variable rate debt. The swaps mature in 2004. Under the interest rate swaps, the Company pays fixed rates averaging 6.17% over their composite lives and receives variable rates which averaged 1.11% at March 31, 2004. The variable rate received by the Company under each contract is repriced quarterly. The Company has a risk management control system to monitor interest rate cash flow risk attributable to the Company's outstanding and forecasted debt obligations as well as the offsetting interest rate swaps. The control system involves using analytical techniques, including cash flow sensitivity analysis, to estimate the impact of interest rate changes on future cash flows. The fair value of the effective portions of the interest rate swaps and changes thereto is deferred in Accumulated Other Comprehensive Income (AOCI) and is subsequently reclassified into Interest Expense in the periods in which the hedged interest payments on the variable-rate debt affect earnings. For the periods ended March 31, 2004 and 2003, the income effect from cash flow hedging ineffectiveness of interest rates was insignificant. The fair value of the interest rate swaps is estimated using projected Federal funds rates, Canadian overnight funding rates and LIBOR forward curve rates obtained from published indices and counterparties. The estimated fair value approximates the values based on quotes from each of the counterparties.

Note D – Financial Instruments and Risk Management (Contd.)

- *Natural Gas Fuel Price Risks* – The Company purchases natural gas as fuel at its Meraux, Louisiana and Superior, Wisconsin refineries, and as such, is subject to commodity price risk related to the purchase price of this gas. Murphy has hedged the cash flow risk associated with the cost of a portion of the natural gas it will purchase in 2004 through 2006 by entering into financial contracts known as natural gas swaps with a remaining notional volume as of March 31, 2004 of 7.4 million British Thermal Units (MMBTU). Under the natural gas swaps, the Company pays a fixed rate averaging \$2.78 per MMBTU and receives a floating rate in each month of settlement based on the average NYMEX price for the final three trading days of the month. Murphy has a risk management control system to monitor natural gas price risk attributable both to forecasted natural gas requirements and to Murphy's natural gas swaps. The control system involves using analytical techniques, including various correlations of natural gas purchase prices to future prices, to estimate the impact of changes in natural gas fuel prices on Murphy's cash flows. The fair value of the effective portions of the natural gas swaps and changes thereto is deferred in AOCI and is subsequently reclassified into Crude Oil, Natural Gas and Product Purchases in the income statements in the periods in which the hedged natural gas fuel purchases affect earnings. During 2003, the Company determined that natural gas swap contract notional volumes exceeded forecasted 2004 natural gas purchases at its Meraux, Louisiana refinery while the ROSE unit is out of service. Accordingly, natural gas swap contracts with a notional volume of 3.4 MMBTU no longer qualified as a cash flow hedge. Therefore, 1.3 MMBTU of these contracts were redesignated as a cash flow hedge of natural gas the Company will purchase at its Superior refinery during 2004, and the remaining 2.1 MMBTU not qualifying as a hedge have been marked to fair value through earnings during 2004. During the first quarter 2004 the Company entered into 4.3 MMBTU in natural gas price swap agreements that effectively fixed the settlement price of the contracts maturing in April through October 2004. The critical terms of all the 2004 contracts are nearly identical. Murphy is required to pay the average NYMEX price for the final three trading days of the month and receive an average natural gas price of \$5.235. The natural gas swap contracts designated as hedges of natural gas the Company will purchase in 2005 through 2006 at the Meraux refinery still qualify as cash flow hedges. For the periods ended March 31, 2004 and 2003, the income effect from cash flow hedging ineffectiveness for these contracts was insignificant. During the three-month period ended March 31, 2004, the Company received approximately \$5.4 million for maturing swap agreements.
- *Natural Gas Sales Price Risks* – The sales price of natural gas produced by the Company is subject to commodity price risk. During the first quarter of 2004 Murphy entered into natural gas put options covering a combined United States natural gas sales volume averaging 25,000 MMBTU per day. The strike price provides the Company with a floor price of \$4.00 per MMBTU and settles monthly from April 2004 through October 2004. During 2003 Murphy hedged the cash flow risk associated with the sales price for a portion of the natural gas it produced in the United States and Canada by entering into financial contracts known as natural gas swaps and collars. The swaps covered a combined notional volume averaging 24,200 MMBTU equivalents per day and required Murphy to pay the average relevant index (NYMEX or AECO "C") price for each month and receive an average price of \$3.76 per MMBTU equivalent. The natural gas collars were for a combined notional volume averaging 26,700 MMBTU equivalents per day and based upon the relevant index prices provided Murphy with an average floor price of \$3.24 per MMBTU and an average ceiling price of \$4.64 per MMBTU. Murphy has a risk management control system to monitor natural gas price risk attributable both to forecasted natural gas sales prices and to Murphy's hedging instruments. The control system involves using analytical techniques, including various correlations of natural gas sales prices to futures prices, to estimate the impact of changes in natural gas prices on Murphy's cash flows from the sale of natural gas.

The fair values of the effective portions of the natural gas swaps, collars and puts and changes thereto are deferred in AOCI and are subsequently reclassified into Sales and Other Operating Revenues in the income statement in the periods in which the hedged natural gas sales affect earnings. For the periods ended March 31, 2004 and 2003, Murphy's earnings were not significantly affected by cash flow hedging ineffectiveness.

During the three-month period ended March 31, 2003, the Company paid approximately \$7 million for settlement of natural gas swap and collar agreements in the U.S. and Canada.

The fair value of the natural gas fuel swaps and the natural gas sales swaps and collars are both based on the average fixed price of the instruments and the published NYMEX and AECO "C" index futures price or natural gas price quotes from counterparties.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note D – Financial Instruments and Risk Management (Contd.)

- **Crude Oil Sales Price Risks** – The sales price of crude oil produced by the Company is subject to commodity price risk. Murphy hedged the cash flow risk associated with the sales price for a portion of the crude oil it produced in the United States and Canada during 2003 by entering into financial contracts known as crude oil swaps. A portion of the swaps covered a notional volume of 22,000 barrels per day of light oil and required Murphy to pay the average of the closing settlement price on the NYMEX for the Nearby Light Crude Futures Contract for each month and receive an average price of \$25.30 per barrel. Additionally, there were heavy oil swaps with a notional volume of 10,000 barrels per day (which equated to approximately 7,700 barrels per day of the Company's heavy oil production) that required Murphy to pay the arithmetic average of the posted price at the Kerrobert and Hardisty terminals in Canada for each month and receive an average price of \$16.74 per barrel. Murphy has a risk management control system to monitor crude oil price risk attributable both to forecasted crude oil sales prices and to Murphy's hedging instruments. The control system involves using analytical techniques, including various correlations of crude oil sales prices to futures prices, to estimate the impact of changes in crude oil prices on Murphy's cash flows from the sale of light and heavy crude oil.

The fair values of the effective portions of the crude oil hedges and changes thereto were deferred in AOCI and subsequently reclassified into Sales and Other Operating Revenues in the income statement in the periods in which the hedged crude oil sales affected earnings. In the first quarter of 2003, cash flow hedging ineffectiveness relating to the crude oil sales swaps increased Murphy's after-tax earnings by \$.7 million.

During the three-month period ended March 31, 2003 the Company paid approximately \$24.9 million for settlement of maturing swaps.

The fair value of the crude oil sales swaps are based on the average fixed price of the instruments and the published NYMEX index futures price or crude oil price quotes from counterparties.

During the next twelve months, the Company expects to reclassify approximately \$6.6 million in net after-tax gains from AOCI into earnings as the forecasted transactions covered by hedging instruments actually occur. All forecasted transactions currently being hedged are expected to occur by December 2006.

Note E – Asset Retirement Obligations

On January 1, 2003, the Company adopted Statement of Financial Accounting Standards No. 143, Accounting for Asset Retirement Obligations, which requires the Company to record a liability equal to the fair value of the estimated cost to retire an asset. The asset retirement liability is recorded in the period in which the obligation meets the definition of a liability, which is generally when the asset is placed in service. When the liability is initially recorded, the Company will increase the carrying amount of the related long-lived asset by an amount equal to the original liability. The liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related long-lived asset. Any difference between costs incurred upon settlement of an asset retirement obligation and the recorded liability is recognized as a gain or loss in the Company's earnings. The asset retirement obligation is based on a number of assumptions requiring professional judgment. The Company cannot predict the type of revisions to these assumptions that will be required in future periods due to the availability of additional information, including prices for oil field services, technological changes, governmental requirements and other factors. Upon adoption of SFAS No. 143, the Company recorded a charge of \$7 million, net of \$1.4 million in income taxes, as the cumulative effect of a change in accounting principle. The noncash transition adjustment increased property, plant and equipment, accumulated depreciation, and asset retirement obligations by \$142.9 million, \$58.8 million, and \$92.5 million, respectively.

The majority of the asset retirement obligation (ARO) recognized by the Company at March 31, 2004 relates to the estimated costs to dismantle and abandon its investment in producing oil and gas properties and related equipment. A portion of the transition adjustment and ARO relates to its investment in retail gasoline stations. The Company did not record a retirement obligation for certain of its refining and marketing assets because sufficient information is presently not available to estimate a range of potential settlement dates for the obligation. In these cases, the obligation will be initially recognized in the period in which sufficient information exists to estimate the obligation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note E – Asset Retirement Obligations (Contd.)

A reconciliation of the beginning and ending aggregate carrying amount of the asset retirement obligations is shown in the following table.

(Thousands of dollars)	2004	2003
Balance at January 1	\$252,397	160,543
Transition adjustment	—	92,500
Accretion expense	3,272	3,115
Liabilities incurred	3,047	—
Liabilities settled	(3,770)	(1,353)
Revisions of previous estimates	(5,393)	—
Changes due to translation of foreign currencies	(1,416)	4,393
Balance at March 31	\$248,137	259,198

Accretion expense of \$.8 million and \$.6 million shown in the above table were included in discontinued operating results for the three months ended March 31, 2004 and 2003, respectively. Of the balance of asset retirement obligations at March 31, 2004 shown in the above table, \$52.1 million has been included in Liabilities Associated With Assets Held for Sale in the Consolidated Balance Sheet.

Note F – Earnings per Share and Stock Options

Net income was used as the numerator in computing both basic and diluted income per Common share for the three months ended March 31, 2004 and 2003. The following table reconciles the weighted-average shares outstanding used for these computations.

(Weighted-average shares)	Three Months Ended March 31	
	2004	2003
Basic method	91,925,678	91,738,379
Dilutive stock options	1,247,521	611,287
Diluted method	93,173,199	92,349,666

There were no antidilutive options for the periods ended March 31, 2004 and 2003.

The Company accounts for its stock options using the intrinsic-value based method of accounting as prescribed by Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations. Under this method, compensation expense is not recorded for stock options since all option prices have been equal to or greater than the fair market value of the Company's stock on the date of grant. The Company would record compensation expense for any stock options deemed to be variable in nature. The Company accrues compensation expense for restricted stock awards and adjusts such costs for changes in the fair market value of Common Stock. SFAS No. 123, Accounting for Stock-Based Compensation, established accounting and disclosure requirements using a fair-value based method for stock-based employee compensation plans. As allowed by SFAS No. 123, the Company has elected to continue to apply the intrinsic-value based method prescribed by APB No. 25 and has adopted only the disclosure requirements of SFAS No. 123. Had the Company recorded compensation expense for stock options as prescribed by SFAS No. 123, net income and earnings per share for the three-month periods ended March 31, 2004 and 2003, would be the pro forma amounts shown in the following table.

(Thousands of dollars except per share data)		2004	2003
Net income – As reported		\$98,239	87,112
Restricted stock compensation expense included in income, net of tax		194	197
Total stock-based compensation expense using fair value method for all awards, net of tax		(1,484)	(1,264)
Net income – Pro forma		\$96,949	86,045
Net income per share –	As reported, basic	\$ 1.07	.95
	Pro forma, basic	1.05	.94
	As reported, diluted	1.05	.94
	Pro forma, diluted	1.04	.93

Note G – Accumulated Other Comprehensive Income

The components of Accumulated Other Comprehensive Income (AOCI) on the Consolidated Balance Sheets at March 31, 2004 and December 31, 2003 are presented in the following table.

(Thousands of dollars)	March 31, 2004	December 31, 2003
Foreign currency translation, net	\$ 83,721	88,589
Cash flow hedging, net	8,738	9,458
Minimum pension liability, net	(32,801)	(32,801)
Accumulated other comprehensive income	\$ 59,658	65,246

The effect of SFAS Nos. 133/138, Accounting for Derivative Investments and Hedging Activities, decreased AOCI for the three months ended March 31, 2004 by \$.7 million, net of \$.4 million in income taxes, and hedging ineffectiveness was not significant. During 2004 gains of \$3.1 million, net of \$1.7 million in taxes, were reclassified from AOCI to earnings. AOCI decreased for the three months ended March 31, 2003 by \$1.2 million, net of \$1.3 million in income taxes, and hedging ineffectiveness increased net income by \$.6 million, net of \$.5 million in income taxes. For the 2003 period losses of \$18.4 million, net of \$12.9 million in taxes, were reclassified from AOCI to earnings.

Note H – Environmental Contingencies

In addition to being subject to numerous laws and regulations intended to protect the environment and/or impose remedial obligations, the Company is also involved in personal injury and property damage claims, allegedly caused by exposure to or by the release or disposal of materials manufactured or used in the Company's operations. The Company operates or has previously operated certain sites and facilities, including three refineries, five terminals, and approximately 82 service stations for which known or potential obligations for environmental remediation exist. In addition the Company operates or has operated numerous oil and gas fields that may require some form of remediation, which is generally provided for by the Company's asset retirement obligation.

The Company's liability for remedial obligations includes certain amounts that are based on anticipated regulatory approval for proposed remediation of former refinery waste sites. If regulatory authorities require more costly alternatives than the proposed processes, future expenditures could exceed the accrued liability by up to an estimated \$3 million.

The U.S. Environmental Protection Agency (EPA) currently considers the Company a Potentially Responsible Party (PRP) at two Superfund sites. The potential total cost to all parties to perform necessary remedial work at these sites may be substantial. Based on currently available information, the Company believes that it is a de minimus party as to ultimate responsibility at both Superfund sites. The Company could be required to bear a pro rata share of costs attributable to nonparticipating PRPs or could be assigned additional responsibility for remediation at the two sites or other Superfund sites. The Company does not believe that the ultimate costs to clean-up the two Superfund sites will have a material adverse effect on its net income or cash flows in a future period.

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 future net income or cash flows.

Note I – 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 increases and retroactive tax claims; import and export controls; 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

Note I – Other Contingencies (Contd.)

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. Because governmental actions are often motivated by political considerations and may be taken without full consideration of their consequences or 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.

In December 2000, two of the Company's Canadian subsidiaries, Murphy Oil Company Ltd. (MOCL) and Murphy Canada Exploration Company (MCEC) as plaintiffs filed an action in the Court of Queen's Bench of Alberta seeking a constructive trust over oil and gas leasehold rights to Crown lands in British Columbia. The suit alleges that the defendants, the Predator Corporation Ltd. and Predator Energies Partnership (collectively Predator) and Ricks Nova Scotia Co. (Ricks), acquired the lands after first inappropriately obtaining confidential and proprietary data belonging to the Company and its partner. In January 2001, Ricks, representing an undivided 75% interest in the lands in question, settled its portion of the litigation by conveying its interest to the Company and its partner at cost. In 2001, Predator, representing the remaining undivided 25% of the lands in question, filed a counterclaim, as subsequently amended, against MOCL and MCEC and MOCL's president individually seeking compensatory damages of C\$3.61 billion. The Company believes that the counterclaim is without merit and that the amount of damages sought is frivolous. Trial will likely begin in January 2005. While the litigation is in the discovery stage and no assurance can be given about the outcome, the Company does not believe that the ultimate resolution of this suit will have a material adverse effect on its financial condition.

On June 20, 2003, a fire severely damaged the Residual Oil Supercritical Extraction (ROSE) unit at the Company's Meraux, Louisiana refinery. The ROSE unit recovers feedstock from the heavy fuel oil stream for conversion into gasoline and diesel. Subsequent to the fire, numerous class action lawsuits have been filed seeking damages for area residents. All the lawsuits have been administratively consolidated into a single legal action in St. Bernard Parish, Louisiana, except for one such action which was filed in federal court. Additionally, individual residents of Orleans Parish, Louisiana, have filed an action in that venue. The Company maintains liability insurance that covers such matters, and it recorded the applicable insurance deductible as an expense in 2003. Accordingly, the Company does not believe that the ultimate resolution of the class action litigation will have a material adverse effect on its financial condition.

On March 5, 2002, two of the Company's subsidiaries filed suit against Enron Canada Corp. (Enron) to collect approximately \$2.1 million owed to Murphy under canceled gas sales contracts. On May 1, 2002, Enron counterclaimed for approximately \$19.8 million allegedly owed by Murphy under those same agreements. Although the lawsuit in the Court of Queen's Bench, Alberta, is in its early stages and no assurance can be given about the outcome, the Company does not believe that the Enron counterclaim is meritorious and does not believe that the ultimate resolution of this matter will have a material adverse effect on its financial condition.

Murphy and its subsidiaries are engaged in a number of other legal proceedings, all of which Murphy considers routine and incidental to its business and none of which is expected to have a material adverse effect on the Company's financial condition. 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 earnings or financial condition in a future period.

In the normal course of its business, the Company is required under certain contracts with various governmental authorities and others to provide financial guarantees or letters of credit that may be drawn upon if the Company fails to perform under those contracts. At March 31, 2004, the Company had contingent liabilities of \$9 million under a financial guarantee and \$38.9 million on outstanding letters of credit. The Company has not accrued a liability in its balance sheet related to these letters of credit because it is believed that the likelihood of having these drawn is remote.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Note J – Business Segments

(Millions of dollars)	Total Assets at March 31, 2004	Three Mos. Ended March 31, 2004			Three Mos. Ended March 31, 2003		
		External Revenues	Interseg. Revenues	Income (Loss)	External Revenues	Interseg. Revenues	Income (Loss)
Exploration and production*							
United States	\$ 776.4	131.3	—	36.5	50.7	—	12.8
Canada	1,092.1	112.5	30.0	53.6	104.5	13.0	44.7
United Kingdom	199.1	38.4	—	13.8	58.2	—	19.1
Ecuador	106.4	16.4	—	2.9	11.3	—	5.5
Malaysia	305.4	25.6	—	(4.0)	—	—	(5.5)
Other	17.2	1.0	—	(1.6)	.7	—	(.9)
Total	2,496.6	325.2	30.0	101.2	225.4	13.0	75.7
Refining and marketing							
North America	1,286.2	1,187.8	—	(10.5)	909.5	—	(6.4)
United Kingdom	243.8	132.8	—	4.1	122.3	—	2.9
Total	1,530.0	1,320.6	—	(6.4)	1,031.8	—	(3.5)
Total operating segments	4,026.6	1,645.8	30.0	94.8	1,257.2	13.0	72.2
Corporate and other	349.2	2.3	—	(14.1)	1.0	—	10.7
Total from continuing operations	4,375.8	1,648.1	30.0	80.7	1,258.2	13.0	82.9
Discontinued operations	457.8	—	—	17.5	—	—	11.2
Cumulative effect of change in accounting principle	—	—	—	—	—	—	(7.0)
Total	\$ 4,833.6	1,648.1	30.0	98.2	1,258.2	13.0	87.1

* Additional details about results of oil and gas operations are presented in the tables on page 19.

Note K – Accounting Matters

In July 2003 the FASB undertook to review whether mineral interests in properties (mineral leases) held by oil and gas companies should be recorded and disclosed as intangible assets under the guidance of SFAS No. 141, Business Combinations, and SFAS No. 142, Goodwill and Other Intangible Assets. The FASB is considering whether an oil and gas company's investment in mineral leases should be classified as intangible assets. SFAS No. 141 and SFAS No. 142 established new accounting guidelines for both finite lived intangible assets and indefinite lived intangible assets. Under SFAS No. 141 and SFAS No. 142, intangible assets should be separately reported on the Balance Sheet, with accompanying disclosures in the notes to the financial statements. SFAS No. 142 does not change the accounting prescribed in SFAS No. 19, Financial Accounting and Reporting by Oil and Gas Producing Companies, and is silent about whether its disclosure provisions apply to oil and gas companies. The Company does not believe that SFAS No. 141 and SFAS No. 142 change the classification and disclosure of oil and gas mineral leases and it continues to classify these assets as part of Property, Plant and Equipment in the Consolidated Balance Sheet and does not provide the additional disclosures for these assets. The EITF has added the discussion of oil and gas mineral leases to its agenda, which may result in a change in the recording and disclosure of oil and gas mineral leases. Should the EITF determine that oil and gas mineral leases are intangible assets in accordance with SFAS No. 141 and SFAS No. 142, the Company would reclassify \$115 million and \$143 million as intangible undeveloped mineral interests at March 31, 2004 and December 31, 2003, respectively. In addition, a reclassification of \$5 million and \$8 million would be made as intangible developed mineral interests at March 31, 2004 and December 31, 2003, respectively. Both intangible assets would be presented net of accumulated amortization. Historically, undeveloped mineral leases have been amortized over the life of the lease period, while developed mineral leases have been amortized using the units of production method over the expected life of proved reserves. The amounts included herein are based on our understanding of the issue on the EITF's agenda. If all mineral leases associated with oil and gas properties are deemed to be intangible assets in accordance with SFAS No. 141 and SFAS No. 142 by the EITF:

- These assets would not be included in Property, Plant and Equipment on our Consolidated Balance Sheet
- We do not believe that our net income or cash flows from operations would be materially affected because the amortization of these assets would not be different than the method currently used by the Company
- Disclosures required by SFAS No. 141 and SFAS No. 142 relative to intangible assets would be included in the notes to the financial statements

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Results of Operations

Murphy's net income in the first quarter of 2004 was \$98.2 million, \$1.05 a diluted share, compared to net income of \$87.1 million, \$.94 per diluted share, in the same quarter a year ago. The improvement in the 2004 period was attributable to better exploration and production earnings, partially offset by higher losses in refining and marketing operations and higher net costs from corporate activities. The Company has two binding agreements to sell most of its conventional oil and gas assets in Western Canada. One sale agreement closed on April 22 and the other transaction is expected to close in May. The operating results related to the assets held for sale have been presented as discontinued operations in all periods presented. Earnings from discontinued operations were \$17.5 million, \$.19 per share, in 2004 and \$11.2 million, \$.12 per share, in 2003. Earnings from continuing operations were \$80.7 million, \$.86 per share, in 2004 and \$82.9 million, \$.90 per share, in 2003. The Company recorded a charge of \$7 million, \$.08 per share, in 2003 upon adoption of Statement of Financial Accounting Standards No. 143, Accounting for Asset Retirement Obligations.

Murphy's income from continuing exploration and production operations was \$101.2 million in the first quarter of 2004 compared to \$75.7 million in the first quarter a year ago. The improvement was the result of higher realized sales prices for crude oil, higher oil and natural gas sales volumes, and a \$15.4 million gain on disposal of several minor natural gas properties. The Company's refining and marketing operations incurred a loss of \$6.4 million in the 2004 quarter compared to a loss of \$3.5 million in the 2003 quarter. The larger loss was primarily due to poorer performance at the Meraux refinery, which is operating at less than optimum capacity during integration of a new unit and the rebuilding of the Residual Oil Supercritical Extractor (ROSE) unit. Corporate functions reflected a loss of \$14.1 million in the 2004 quarter compared to income of \$10.7 million in the same period in 2003. The 2004 period included higher net interest costs primarily due to lower capitalized interest since start-up of the Medusa and Habanero fields and completion of the Meraux refinery expansion in the fourth quarter 2003. The 2003 period included a \$20.1 million benefit from resolution of prior-years U.S. tax matters.

Exploration and Production

Results of continuing exploration and production operations are presented by geographic segment below.

(Millions of dollars)	Income (Loss)	
	Three Months Ended March 31,	
	2004	2003
Exploration and production		
United States	\$ 36.5	12.8
Canada	53.6	44.7
United Kingdom	13.8	19.1
Ecuador	2.9	5.5
Malaysia	(4.0)	(5.5)
Other International	(1.6)	(.9)
Total	\$101.2	75.7

Exploration and production operations in the United States reported earnings of \$36.5 million in the first quarter of 2004 compared to \$12.8 million in the 2003 quarter. This increase was due to higher crude oil and natural gas sales volumes, primarily from the Medusa and Habanero fields, which came on stream in the fourth quarter of 2003, and higher crude oil sales prices. Also contributing to the improved results were \$15.4 million in gains on disposal of several minor natural gas properties onshore United States. Production expenses and depreciation expense increased due to higher crude oil and natural gas sales volumes. Exploration expense increased \$24 million over the 2003 period primarily due to increased dry hole costs in the Gulf of Mexico in the 2004 period.

Earnings from continuing operations in Canada were \$53.6 million in the 2004 quarter versus \$44.7 million in the 2003 quarter. The increase was primarily due to higher offshore and synthetic oil sales volumes and prices, partially offset by decreased light oil sales volumes. The Company's Canadian subsidiaries entered into two binding agreements in early April to dispose of most of their Western Canadian conventional assets for total proceeds of C\$830 million. Sale of assets under one agreement occurred on April 22, 2004. Closing of the other transaction is expected in May and is subject to due diligence provisions and normal regulatory approvals.

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

Results of Operations (Contd.)

Exploration and Production (Contd.)

The sale assets produce about 20,000 barrels of oil equivalent per day and have total reserves of approximately 46 million barrels equivalent from light oil, heavy oil, and natural gas properties.

U.K. operations earned \$13.8 million in the 2004 period versus \$19.1 million in the same quarter a year ago. Lower sales volumes for crude oil and lower realized selling prices during the period were the primary reasons for the lower earnings. The Company sold its interests in the Ninian and Columba fields in mid-2003.

Operations in Ecuador earned \$2.9 million in 2004 compared to \$5.5 million a year ago. Revenues increased due to higher sales volumes partially offset by lower sales prices. Higher sales volumes were attributable to start-up of a new third-party owned heavy oil pipeline in 2003. Higher costs for operating and depreciation expenses essentially offset higher revenues. Income tax expense was \$2.6 million in 2004 and nil in 2003.

Malaysia reported a loss of \$4 million in the first quarter of 2004 compared to a \$5.5 million loss in the same period in 2003. Exploration expenses increased \$9.1 million in the 2004 period due to higher dry hole costs, but these higher costs were more than offset by operating profits from the Company's West Patricia field, which came on stream in May 2003.

On a worldwide basis, the Company's crude oil and condensate sales price averaged \$30.95 per barrel for the current quarter compared to \$27.90 per barrel in the first quarter of 2003. In the first quarter of 2003, the Company's hedging program reduced the average worldwide crude oil sales price by \$3.16 per barrel. Average crude oil and liquids production from continuing operations was 95,128 barrels per day, up 40% over last year, and average sales volumes increased 32% to 94,180 barrels a day. The increase in oil production and sales volumes are primarily due to the Medusa and Habanero fields in the deepwater Gulf of Mexico and the West Patricia field in shallow-water Malaysia, all of which came on stream in mid to late 2003. North American natural gas sales prices averaged \$5.88 per thousand cubic feet (MCF) in the most recent quarter compared to \$5.95 per MCF in the same quarter of 2003. The Company's 2003 hedging program reduced the average North American natural gas sales price by \$.49 per MCF in the first quarter of 2003. Total natural gas sales volumes from continuing operations averaged 124 million cubic feet a day in 2004, up 7% from a year ago. The increase is primarily attributable to gas production from the new Medusa and Habanero fields partially offset by declines in Western Canada natural gas production.

Additional details about results of oil and gas operations are presented in the tables on page 19.

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

Results of Operations (Contd.)

Exploration and Production (Contd.)

Selected operating statistics for the three-month periods ended March 31, 2004 and 2003 follow.

	Three Months Ended March 31,	
	2004	2003
Net crude oil, condensate and gas liquids produced – barrels per day	102,426	74,984
Continuing operations	95,128	67,813
United States	18,705	3,319
Canada – light	731	1,612
– heavy	4,381	3,938
– offshore	28,879	27,792
– synthetic	12,527	9,343
United Kingdom	11,680	18,439
Malaysia	10,420	—
Ecuador	7,805	3,370
Discontinued operations	7,298	7,171
Net crude oil, condensate and gas liquids sold – barrels per day	101,478	78,299
Continuing operations	94,180	71,128
United States	18,705	3,319
Canada – light	731	1,612
– heavy	4,381	3,938
– offshore	30,486	29,807
– synthetic	12,527	9,343
United Kingdom	11,680	18,618
Ecuador	7,625	4,491
Malaysia	8,045	—
Discontinued operations	7,298	7,171
Net natural gas sold – thousands of cubic feet per day	212,555	228,164
Continuing operations	124,160	115,729
United States	98,515	77,958
Canada	14,564	26,135
United Kingdom	11,081	11,636
Discontinued operations	88,395	112,435
Total net hydrocarbons produced – equivalent barrels per day (1)	137,852	113,011
Total net hydrocarbons sold – equivalent barrels per day (1)	136,904	116,326
Weighted average sales prices		
Crude oil and condensate – dollars a barrel (2)		
United States	\$ 31.77	24.78 (4)
Canada (3) – light	33.59	29.55
– heavy	16.63	12.40 (4)
– offshore	31.54	28.12 (4)
– synthetic	34.56	25.63 (4)
United Kingdom	31.61	32.46
Malaysia	34.82	—
Ecuador	23.68	27.88
Natural gas – dollars a thousand cubic feet		
United States (2)	\$ 5.97	6.30 (4)
Canada (3)	5.29	4.90 (4)
United Kingdom (3)	4.72	3.51

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

(2) Includes intracompany transfers at market prices.

(3) U.S. dollar equivalent.

(4) Includes the effects of the Company's 2003 hedging program.

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

Results of Operations (Contd.)

Refining and Marketing

Results of refining and marketing operations are presented below by geographic segment.

(Millions of dollars)	Income (Loss)	
	Three Months Ended March 31,	
	2004	2003
Refining and marketing		
North America	\$(10.5)	(6.4)
United Kingdom	4.1	2.9
Total	\$ (6.4)	(3.5)

Refining and marketing operations in North America reported a loss of \$10.5 million during the first quarter of 2004 compared to a loss of \$6.4 million in the same period a year ago. The larger loss was primarily attributable to poorer performance at the Meraux refinery, which is operating at less than optimum capacity during integration of a new unit and the rebuilding of the ROSE unit. The first quarter 2004 results also included a net after-tax gain of \$3 million from sale of the Company's jointly owned terminals in the U.S. Refining and marketing operations in the U.K. earned \$4.1 million in the 2004 period, up from a \$2.9 million profit in the same quarter of 2003, with the improved earnings based on better operating margins during the latest quarter. Worldwide refinery inputs were 170,888 barrels per day in the first quarter of 2004 compared to 160,940 barrels per day in the 2003 quarter. The 2003 quarter was lower due to operating problems encountered at the Company's Meraux refinery. Petroleum product sales were a record 301,718 barrels a day, up from 228,261 a year ago. The Company was operating 136 more gasoline stations at Wal-Mart sites at March 31, 2004 compared to March 31, 2003.

Selected operating statistics for the three-month periods ended March 31, 2004 and 2003 follow.

	Three Months Ended March 31,	
	2004	2003
Refinery inputs – barrels per day	170,888	160,940
North America	135,035	124,778
United Kingdom	35,853	36,162
Petroleum products sold – barrels per day	301,718	228,261
North America	266,630	195,689
Gasoline	183,480	130,489
Kerosine	8,307	7,969
Diesel and home heating oils	58,522	37,687
Residuals	13,076	14,421
Asphalt, LPG and other	3,245	5,123
United Kingdom	35,088	32,572
Gasoline	12,472	10,001
Kerosine	3,294	2,546
Diesel and home heating oils	12,944	13,177
Residuals	4,142	4,506
LPG and other	2,236	2,342

Corporate and other

Corporate activities, which include interest income and expense and corporate overhead not allocated to operating functions, reported a loss of \$14.1 million in the 2004 quarter compared to income of \$10.7 million in the first quarter of 2003. The 2004 period included lower interest capitalization because of start-up of the Medusa and Habanero fields and completion of the Meraux refinery expansion in late 2003. The 2003 period included a \$20.1 million benefit from resolutions of prior years' U.S. tax matters.

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

Financial Condition

Net cash provided by continuing operating activities was \$265.7 million for the first three months of 2004 compared to \$163.1 million during the same period in 2003. Changes in operating working capital other than cash and cash equivalents provided cash of \$75.2 million in the first quarter of 2004 and \$34.5 million in the 2003 period.

Other predominant uses of cash in both years were for dividends, which totaled \$18.4 million in 2004 and 2003 and for capital expenditures, which, including amounts expensed, are summarized in the following table.

(Millions of dollars)	Three Months Ended March 31,	
	2004	2003
Capital expenditures – continuing operations		
Exploration and production	\$164.2	116.6
Refining and marketing	34.1	50.4
Corporate and other	.3	.2
Total capital expenditures – continuing operations	198.6	167.2
Geological, geophysical and other exploration expenses charged to income	(3.1)	(9.1)
Total property additions and dry holes – continuing operations	\$195.5	158.1

Working capital at March 31, 2004 was \$197.5 million, down \$31 million from December 31, 2003. This level of working capital does not fully reflect the Company's liquidity position, because the lower historical costs assigned to inventories under last-in first-out accounting were \$198.6 million below fair value at March 31, 2004.

At March 31, 2004, long-term notes payable of \$1,000.3 million were down \$61.1 million from December 31, 2003 due to repayments of borrowings under existing revolving credit facilities. Long-term nonrecourse debt of a subsidiary was \$22.6 million, down \$6.3 million from December 31, 2003 due to scheduled repayments. A summary of capital employed at March 31, 2004 and December 31, 2003 follows.

(Millions of dollars)	March 31, 2004		Dec. 31, 2003	
	Amount	%	Amount	%
Capital Employed				
Notes payable	\$1,000.3	32.8	1,061.4	34.9
Nonrecourse debt of a subsidiary	22.6	.7	28.9	1.0
Stockholders' equity	2,026.5	66.5	1,950.9	64.1
Total capital employed	\$3,049.4	100.0	\$3,041.2	100.0

Accounting and Other Matters

In July 2003 the FASB undertook to review whether mineral interests in properties (mineral leases) held by oil and gas companies should be recorded and disclosed as intangible assets under the guidance of SFAS No. 141, Business Combinations, and SFAS No. 142, Goodwill and Other Intangible Assets. The FASB is considering whether an oil and gas company's investment in mineral leases should be classified as intangible assets. SFAS No. 141 and SFAS No. 142 established new accounting guidelines for both finite lived intangible assets and indefinite lived intangible assets. Under SFAS No. 141 and SFAS No. 142, intangible assets should be separately reported on the Balance Sheet, with accompanying disclosures in the notes to the financial statements. SFAS No. 142 does not change the accounting prescribed in SFAS No. 19, Financial Accounting and Reporting by Oil and Gas Producing Companies, and is silent about whether its disclosure provisions apply to oil and gas companies. The Company does not believe that SFAS No. 141 and SFAS No. 142 change the classification and disclosure of oil and gas mineral leases and it continues to classify these assets as part of Property, Plant and Equipment in the Consolidated Balance Sheet and does not provide the additional disclosures for these assets. The EITF has added the discussion of oil and gas mineral leases to its agenda, which may result in a change in the recording and disclosure of oil and gas mineral leases. Should the EITF determine that oil and gas mineral leases are intangible assets in accordance with SFAS No. 141 and SFAS No. 142, the Company would reclassify \$115 million and \$143 million as intangible undeveloped mineral interests at March 31, 2004 and December 31, 2003, respectively. In addition, a reclassification of \$5 million and \$8 million would be made as intangible developed mineral interests at March 31, 2004 and December 31, 2003, respectively. Both intangible assets would be presented net of accumulated amortization. Historically, undeveloped

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

Accounting and Other Matters (Contd.)

mineral leases have been amortized over the life of the lease period, while developed mineral leases have been amortized using the units of production method over the expected life of proved reserves. The amounts included herein are based on our understanding of the issue on the EITF's agenda. If all mineral leases associated with oil and gas properties are deemed to be intangible assets in accordance with SFAS No. 141 and SFAS No. 142 by the EITF:

- These assets would not be included in Property, Plant and Equipment on our Consolidated Balance Sheet
- We do not believe that our net income or cash flows from operations would be materially affected because the amortization of these assets would not be different than the method currently used by the Company
- Disclosures required by SFAS No. 141 and SFAS No. 142 relative to intangible assets would be included in the notes to the financial statements

Murphy holds a 20% interest in Block 16 Ecuador, where the Company and its partners produce oil for export. In 2001, the local tax authorities announced that Value Added Taxes (VAT) paid on goods and services related to Block 16 and many oil fields held by other companies will no longer be reimbursed. In response to this announcement, oil producers have filed actions in the Ecuador Tax Court seeking determination that the VAT in question is reimbursable. As of March 31, 2004, the Company has a receivable of approximately \$9.5 million related to VAT. Murphy believes that its claim for reimbursement of VAT under applicable Ecuador tax law is valid, and it does not expect that the resolution of this matter will have a material adverse affect on the Company's financial position.

Outlook

Crude oil and natural gas sales prices have remained strong during April 2004. Production from continuing operations is expected to average 117,000 barrels of oil equivalent per day in the second quarter 2004. The Front Runner field, in the deepwater Gulf of Mexico, is expected to start up production in the fourth quarter 2004. A portion of the previously announced sale of Western Canadian assets closed in April 2004, and the sale of the remaining assets is expected to close in May 2004. In April, the Company's Board of Directors approved a development plan for the Kikeh field in deepwater Block K, Malaysia. PETRONAS and the Company's 20% partner, PETRONAS Carigali, must also approve the Kikeh development plan. The development plan calls for first production in late 2007. North American refining and marketing margins have improved early in the second quarter 2004 compared to the just completed first quarter.

Forward-Looking Statements

This Form 10-Q report contains statements of the Company's expectations, intentions, plans and beliefs that are forward-looking and are dependent on certain events, risks and uncertainties that may be outside of the Company's control. These forward-looking statements are made in reliance upon the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Actual results and developments could differ materially from those expressed or implied by such statements due to a number of factors including those described in the context of such forward-looking statements as well as those contained in the Company's January 15, 1997 Form 8-K report on file with the U.S. Securities and Exchange Commission.

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

CONTINUING OIL AND GAS OPERATING RESULTS (unaudited)

(Millions of dollars)	United States	Canada	United Kingdom	Ecuador	Malaysia	Other	Synthetic Oil – Canada	Total
Three Months Ended March 31, 2004								
Oil and gas sales and other operating revenues	\$ 131.3	103.1	38.4	16.4	25.6	1.0	39.4	355.2
Production expenses	17.9	9.2	6.4	7.9	2.7	—	19.7	63.8
Depreciation, depletion and amortization	16.9	25.9	7.3	2.9	5.3	—	2.7	61.0
Accretion expense	.9	.7	.7	—	.1	.1	.1	2.6
Exploration expenses								
Dry holes	28.6	—	—	—	13.4	.1	—	42.1
Geological and geophysical	1.3	.7	—	—	.1	.2	—	2.3
Other	.4	.2	.1	—	—	.1	—	.8
	30.3	.9	.1	—	13.5	.4	—	45.2
Undeveloped lease amortization	3.3	.6	—	—	—	—	—	3.9
Total exploration expenses	33.6	1.5	.1	—	13.5	.4	—	49.1
Selling and general expenses	5.8	2.4	.8	.1	1.3	2.2	.2	12.8
Income tax provisions (benefits)	19.7	20.9	9.3	2.6	6.7	(1.1)	5.6	64.7
Results of operations (excluding corporate overhead and interest)	\$ 36.5	42.5	13.8	2.9	(4.0)	(1.6)	11.1	101.2
Three Months Ended March 31, 2003								
Oil and gas sales and other operating revenues	\$ 50.7	96.0	58.2	11.3	—	.7	21.5	238.4
Production expenses	7.8	8.2	11.5	4.2	—	—	14.4	46.1
Depreciation, depletion and amortization	8.3	21.7	9.6	1.5	.2	.1	2.0	43.4
Accretion expense	.8	.5	.9	—	—	.1	.1	2.4
Exploration expenses								
Dry holes	2.9	—	—	—	—	—	—	2.9
Geological and geophysical	3.6	.3	—	—	4.4	—	—	8.3
Other	.5	.1	.1	—	—	.1	—	.8
	7.0	.4	.1	—	4.4	.1	—	12.0
Undeveloped lease amortization	2.6	.8	—	—	—	—	—	3.4
Total exploration expenses	9.6	1.2	.1	—	4.4	.1	—	15.4
Selling and general expenses	4.6	2.2	1.1	.1	.9	1.6	.1	10.6
Income tax provisions (benefits)	6.8	20.8	15.9	—	—	(3.1)	1.6	44.8
Results of operations (excluding corporate overhead and interest)	\$ 12.8	41.4	19.1	5.5	(5.5)	(1.9)	3.3	75.7

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 D to this Form 10-Q report, Murphy makes use of derivative financial and commodity instruments to manage risks associated with existing or anticipated transactions.

The Company was a party to interest rate swaps at March 31, 2004 with notional amounts totaling \$50 million that were designed to hedge fluctuations in cash flows of a similar amount of variable-rate debt. These swaps mature in 2004. The swaps require the Company to pay an average interest rate of 6.17% over their composite lives, and at March 31, 2004, the interest rate to be received by the Company averaged 1.11%. The variable interest rate received by the Company under each swap contract is repriced quarterly. The Company considers these swaps to be a hedge against potentially higher future interest rates. The estimated fair value of these interest rate swaps was recorded as a liability of \$1.2 million at March 31, 2004, with the offsetting loss recorded in Accumulated Other Comprehensive Income (AOCI) in Stockholders' Equity.

At March 31, 2004, 37% of the Company's debt had variable interest rates and 2% was denominated in Canadian dollars. Based on debt outstanding at March 31, 2004, a 10% increase in variable interest rates would increase the Company's interest expense approximately \$.6 million for the next 12 months after including the favorable effect resulting from lower net settlement payments under the aforementioned interest rate swaps. A 10% increase in the exchange rate of the Canadian dollar versus the U.S. dollar would increase interest expense for the next 12 months by \$.4 million for debt denominated in Canadian dollars.

Murphy was a party to natural gas price swap agreements at March 31, 2004 for a remaining notional volume of 7.4 MMBTU that are intended to hedge the financial exposure of its Meraux, Louisiana and Superior, Wisconsin refineries to fluctuations in the future price of a portion of natural gas to be purchased for fuel from April 1, 2004 through 2006. In each month of settlement, the swaps require Murphy to pay an average natural gas price of \$2.78 per MMBTU and to receive the average NYMEX price for the final three trading days of the month. At March 31, 2004, the estimated fair value of these agreements was recorded as an asset of \$22 million. A 10% increase in the average NYMEX price of natural gas would have increased this asset by \$3.9 million, while a 10% decrease would have reduced the asset by a similar amount. Additionally, the Company was a party to natural gas price swap agreements at March 31, 2004 for a total notional volume of 4.3 MMBTU that effectively fixed the settlement price for the natural gas purchase swaps maturing in April through October 2004. The terms are nearly identical to the aforementioned swaps and require Murphy to pay the average NYMEX price for the final three trading days of the month and receive an average natural gas price of \$5.235. At March 31, 2004 the estimated fair value of these agreements was recorded as a liability of \$2.9 million. A 10% increase in the average index price of natural gas would have increased this liability by \$2.5 million, while a 10% decrease would have reduced this liability by a similar amount.

At March 31, 2004, the Company was a party to natural gas put options covering 5.3 MMBTU in future natural gas sales during April through October. The options are intended to hedge the financial exposure of the Company's natural gas sales in the U.S. should the future selling price during the contract period fall below a \$4.00 floor price. At March 31, 2004, the estimated fair value of these agreements was recorded as an asset valued at less than \$.1 million. A 10% change in the price of natural gas would not have a significant impact on this asset.

ITEM 4. CONTROLS AND PROCEDURES

The Company, under the direction of its principal executive officer and principal financial officer, has established controls and procedures 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 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.

There were no significant changes in the Company's internal controls over financial reporting that occurred during the first quarter of 2004 that have materially affected, or are reasonable likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In December 2000, two of the Company's Canadian subsidiaries, Murphy Oil Company Ltd. (MOCL) and Murphy Canada Exploration Company (MCEC) as plaintiffs filed an action in the Court of Queen's Bench of Alberta seeking a constructive trust over oil and gas leasehold rights to Crown lands in British Columbia. The suit alleges that the defendants, the Predator Corporation Ltd. and Predator Energies Partnership (collectively Predator) and Ricks Nova Scotia Co. (Ricks), acquired the lands after first inappropriately obtaining confidential and proprietary data belonging to the Company and its partner. In January 2001, Ricks, representing an undivided 75% interest in the lands in question, settled its portion of the litigation by conveying its interest to the Company and its partner at cost. In 2001, Predator, representing the remaining undivided 25% of the lands in question, filed a counterclaim, as subsequently amended, against MOCL and MCEC and MOCL's president individually seeking compensatory damages of C\$3.61 billion. The Company believes that the counterclaim is without merit and that the amount of damages sought is frivolous. Trial will likely begin in January 2005. While the litigation is in the discovery stage and no assurance can be given about the outcome, the Company does not believe that the ultimate resolution of this suit will have a material adverse effect on its financial condition.

On June 20, 2003, a fire severely damaged the Residual Oil Supercritical Extraction (ROSE) unit at the Company's Meraux, Louisiana refinery. The ROSE unit recovers feedstock from the heavy fuel oil stream for conversion into gasoline and diesel. Subsequent to the fire, numerous class action lawsuits have been filed seeking damages for area residents. All the lawsuits have been administratively consolidated into a single legal action in St. Bernard Parish, Louisiana, except for one such action which was filed in federal court. Additionally, individual residents of Orleans Parish, Louisiana, have filed an action in that venue. The Company maintains liability insurance that covers such matters, and it recorded the applicable insurance deductible as an expense in 2003. Accordingly, the Company does not believe that the ultimate resolution of the class action litigation will have a material adverse effect on its financial condition.

On March 5, 2002, two of the Company's subsidiaries filed suit against Enron Canada Corp. (Enron) to collect approximately \$2.1 million owed to Murphy under canceled gas sales contracts. On May 1, 2002, Enron counterclaimed for approximately \$19.8 million allegedly owed by Murphy under those same agreements. Although the lawsuit in the Court of Queen's Bench, Alberta, is in its early stages and no assurance can be given about the outcome, the Company does not believe that the Enron counterclaim is meritorious and does not believe that the ultimate resolution of this matter will have a material adverse effect on its financial condition.

Murphy and its subsidiaries are engaged in a number of other legal proceedings, all of which Murphy considers routine and incidental to its business and none of which is expected to have a material adverse effect on the Company's financial condition. 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 earnings or financial condition in a future period.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

- (a) The Exhibit Index on page 22 of this Form 10-Q report lists the exhibits that are hereby filed or incorporated by reference.
- (b) A report on Form 8-K was filed on February 5, 2004 that included the Company's news release announcing the Company's earnings and certain other financial information as of and for the three-month and twelve months periods that ended December 31, 2003.

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/ JOHN W. ECKART

John W. Eckart, Controller
(Chief Accounting Officer and Duly Authorized Officer)

May 7, 2004
(Date)

EXHIBIT INDEX

<u>Exhibit No.</u>	
3.2*	By-Laws of Murphy Oil Corporation as amended effective February 4, 2004
12.1*	Computation of Ratio of Earnings to Fixed Charges
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

* This exhibit is incorporated by reference within this Form 10-Q.

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

BY-LAWS



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. 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 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.

Ex. 3.2-1

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. 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, 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 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 representation that such stockholder or a duly authorized representative intends to appear in person at the meeting to bring such business before the meeting, (f) 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 (g) 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 and 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.

Ex. 3.2-3

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 bylaws, 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 bylaws 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 or (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. 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, 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 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, (v) 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) and (vi) 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. 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. 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 the bylaws, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

Section 9. 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 bylaws 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 9, 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 10. 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 11. General. Nothing in these bylaws 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 and 8 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 of this Article II shall obligate the Company to endorse that candidate or proposal or, except to the extent required 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.

Ex. 3.2-7

Section 2. Number and Term of Office. The number of directors shall be ten until May 12, 2004 and thereafter shall be nine, but may from time to time be increased or diminished to not less than three by amendment of these by-laws. 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 six members 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 mailed to each director, addressed to him at his residence or usual place of business, at least 10 days before the day on which the meeting is to be held, or shall be sent to him at such place by telegraph, cable, radio or wireless, or be delivered personally or by telephone, not later than the day before the day on which such meeting is to be held. 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 or by telegraph, cable, radio or wireless and confirmed 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. 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 9 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. Compensation of Directors. Directors may receive a fee, as fixed by the Chairman of the Board, 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.

Section 1. Executive Committee. The board of directors shall elect from the directors an executive committee.

The board of directors shall fill vacancies in the executive committee by election from the directors.

The executive committee shall fix its own rules of procedure and shall meet where and as provided by such rules or by resolution of the board of directors, but in every case the presence of at least three members of the committee shall be necessary to constitute a quorum for the transaction of business.

In every case the affirmative vote of a majority of all of the members of the committee present at the meeting shall be necessary for the adoption of any resolution.

Ex. 3.2-9

Section 2. Membership and Powers. The executive committee shall consist of such number of members as the board in its discretion shall determine, in addition to the Chairman of the Board, who by virtue of his office shall be a member of the executive committee and chairman thereof. Unless otherwise ordered by the board of directors, each elected member of the executive committee shall continue to be a member thereof until the expiration of his term of office as a director.

The executive committee, subject to any limitations prescribed by the board of directors, shall have special charge of all financial accounting, legal and general administrative affairs of the Company. During the intervals between the meetings of the board of directors the executive committee shall have all the powers of the board in the management of the business and affairs of the Company, including the power to authorize the seal of the Company to be affixed to all papers which require it, except that said committee shall not have the power of the board (i) to fill vacancies in the board, (ii) to amend the by-laws, (iii) to adopt a plan of merger or consolidation, (iv) to recommend to the stockholders the sale, lease, exchange, mortgage, pledge or other disposition of all or substantially all of the property and assets of the Company otherwise than in the usual and regular course of its business, or (v) to recommend to the stockholders a voluntary dissolution of the Company or a revocation thereof.

Section 3. Other Committees. The board of directors may, by resolution or resolutions passed by a majority of the whole board, designate one or more other committees, each committee to consist of two or more of the directors of the Company, which, to the extent provided in said resolution or resolutions, 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.

Ex. 3.2-14

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 bylaws 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.

Ex. 3.2-15

Murphy Oil Corporation and Consolidated Subsidiaries
Computation of Ratio of Earnings to Fixed Charges (unaudited)
(Thousands of Dollars)

	Three Months Ended Mar. 31, 2004	Year Ended December 31,				
		2003	2002	2001	2000	1999
Income from continuing operations before income taxes	\$ 139,828	374,205	122,067	437,342	406,086	153,185
Distributions (less than) greater than equity in earnings of affiliates	(665)	(209)	(3)	(365)	(34)	64
Previously capitalized interest charged to earnings during period	3,839	10,457	7,748	3,450	3,507	3,146
Interest and expense on indebtedness, excluding capitalized interest	10,036	20,511	26,968	19,006	16,337	20,274
Interest portion of rentals*	2,046	9,857	9,445	7,953	5,808	3,267
Earnings before provision for taxes and fixed charges	\$ 155,084	414,821	166,225	467,386	431,704	179,936
Interest and expense on indebtedness, excluding capitalized interest	10,036	20,511	26,968	19,006	16,337	20,274
Capitalized interest	4,252	37,240	24,536	20,283	13,599	7,865
Interest portion of rentals*	2,046	9,857	9,445	7,953	5,808	3,267
Total fixed charges	\$ 16,334	67,608	60,949	47,242	35,744	31,406
Ratio of earnings to fixed charges	9.5	6.1	2.7	9.9	12.1	5.7

* Calculated as one-third of rentals. Considered a reasonable approximation of interest factor.

Ex. 12-1

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

I, Claiborne P. Deming, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Murphy Oil Corporation;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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)) for the registrant and we 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) 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
 - c) 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 function):
 - 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: May 7, 2004

/s/ Claiborne P. Deming

Claiborne P. Deming
Principal Executive Officer

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

I, Steven A. Cossé, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Murphy Oil Corporation;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly 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)) for the registrant and we 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) 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
 - c) 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 function):
 - 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: May 7, 2004

/s/ Steven A. Cossé

Steven A. Cossé
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 March 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Claiborne P. Deming and Steven A. Cossé, 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.

May 7, 2004

/s/ Claiborne P. Deming

Claiborne P. Deming
Principal Executive Officer

/s/ Steven A. Cossé

Steven A. Cossé
Principal Financial Officer

Ex. 32-1