

MURPHY OIL CORP /DE
Form DEF 14A
April 04, 2003

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
 - Definitive Proxy Statement
 - Definitive Additional Materials
 - Soliciting Material Under Rule 14a-12
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Murphy Oil Corporation

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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1. Amount previously paid:

2. Form, Schedule or Registration Statement No.:

3. Filing Party:

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NOTICE OF ANNUAL MEETING

To the Stockholders of

Murphy Oil Corporation:

The Annual Meeting of Stockholders of MURPHY OIL CORPORATION will be held at the South Arkansas Arts Center, 110 East 5th Street, El Dorado, Arkansas, on Wednesday, May 14, 2003, at 10:00 a.m., Central Daylight Time, for the following purposes:

1. To elect directors to serve for the ensuing year.
2. To vote upon the Company's Stock Plan for Non-Employee Directors.
3. To vote upon an amendment to limit the term of the Company's Management Incentive Plan to five years.
4. To approve or disapprove the action of the Board of Directors in appointing KPMG LLP as the Company's independent auditors for 2003.
5. To vote upon a shareholder proposal concerning the Company's Shareholder Rights Plan.
6. To transact such other business as may properly come before the meeting.

Only stockholders of record at the close of business on March 28, 2003, the record date fixed by the Board of Directors of the Company, will be entitled to notice of and to vote at the meeting or any adjournment thereof. A list of all stockholders entitled to vote is on file at the offices of the Company, 200 Peach Street, El Dorado, Arkansas 71730.

You may vote your shares by signing and returning the enclosed proxy card or by telephone or internet as explained on the card.

WALTER K. COMPTON

Secretary

El Dorado, Arkansas

April 4, 2003

PROXY STATEMENT

April 4, 2003

SOLICITATION

The solicitation of the enclosed proxy is made on behalf of the Board of Directors of Murphy Oil Corporation (the Company) for use at the Annual Meeting of Stockholders to be held on May 14, 2003. It is expected that this Proxy Statement and related materials will first be mailed to stockholders on or about April 4, 2003.

The complete mailing address of the Company's principal executive offices is 200 Peach Street, P.O. Box 7000, El Dorado, Arkansas 71731-7000.

VOTING PROCEDURES

The affirmative vote of a majority of the shares present in person or represented by proxy at the meeting is required for approval of matters presented at the meeting. Your proxy will be voted at the meeting, unless you (i) revoke it at any time before the vote by filing a revocation with the Secretary of the Company, (ii) duly execute a proxy card bearing a later date, or (iii) appear at the meeting and vote in person. Proxies returned to the Company, votes cast other than in person and written revocations will be disqualified if received after commencement of the meeting. If you elect to vote your proxy by telephone or internet as described in the telephone/internet voting instructions on your proxy card, we will vote your shares as you direct. Your telephone/internet vote authorizes the named proxies to vote your shares in the same manner as if you had marked, signed and returned your proxy card.

Votes cast by proxy or in person at the meeting will be counted by the persons appointed by the Company to act as election inspectors for the meeting. The election inspectors will treat shares represented by proxies that reflect abstentions as shares that are present and entitled to vote for purposes of determining the presence of a quorum and for purposes of determining the outcome of any other business submitted at the meeting to the stockholders for a vote. Abstentions, however, do not constitute a vote for or against any matter and thus will be disregarded in the calculation of votes cast.

The election inspectors will treat shares referred to as broker non-votes (i.e., shares held by brokers or nominees as to which instructions have not been received from the beneficial owners or persons entitled to vote and that the broker or nominee does not have discretionary power to vote on a particular matter) as shares that are present and entitled to vote for purposes of determining the presence of a quorum. However, for purposes of determining the outcome of any matter as to which the broker has physically indicated on the proxy that it does not have discretionary authority to vote, those shares will be treated as not present and not entitled to vote with respect to that matter (even though those shares are considered entitled to vote for quorum purposes and may be entitled to vote on other matters).

Unless specification to the contrary is made, the shares represented by the enclosed proxy will be voted FOR all the nominees for director; FOR approval of the Company's Stock Plan for Non-Employee Directors; FOR approval of the amendment to limit the term of the Company's Management Incentive Plan to five years; FOR approval of the appointment of KPMG LLP as the Company's independent auditors; and AGAINST the shareholder proposal concerning the Company's Shareholder Rights Plan.

VOTING SECURITIES

On March 28, 2003, the record date for the meeting, the Company had outstanding 91,786,676 shares of Common Stock, all of one class and each share having one vote in respect of all matters to be voted on at the meeting. This amount does not include 2,826,409 shares of treasury stock. Information as to Common Stock Ownership of certain beneficial owners and management is set forth in the tables on pages 4 and 5 (Security Ownership of Certain Beneficial Owners and Security Ownership of Management).

ELECTION OF DIRECTORS

The by-laws of the Company provide for ten directors who will be elected at the Annual Meeting of Stockholders. Proxies cannot be voted for a greater number of persons than the number of nominees named. The by-laws also provide that the directors elected at each Annual Meeting of Stockholders shall serve until their successors are elected and qualified.

To the extent authorized by the proxies, the shares represented by the proxies will be voted in favor of the election as directors of the ten nominees whose names are set forth below. If for any reason any of these nominees is not a candidate when the election occurs, the shares represented by such proxies will be voted for the election of the other nominees named and may be voted for any substituted nominees. However, management of the Company does not expect this to occur. All of management's nominees, other than Frank W. Blue and Ivar B. Ramberg, were elected at the last Annual Meeting of Stockholders. Mr. Blue and Dr. Ramberg were elected by the Board on February 5, 2003. The names of the nominees, and certain information as to them, are as follows:

<u>Name and age</u>	<u>Principal occupation or employment</u>	<u>Director since</u>	<u>Other directorships</u>	<u>Board committees</u>
Frank W. Blue Houston, Texas Age: 61	Attorney, Fulbright & Jaworski since July, 2001; Vice President, General Counsel and Corporate Secretary of Caltex Corporation, a petroleum refining and marketing company, from March, 1989 to June, 2001.	2003	None	Audit Nominating & Governance
George S. Dembroski Toronto, Ontario, Canada Age: 68	Vice Chairman, Retired, RBC Dominion Securities, an investment banking firm; Vice Chairman, RBC Dominion Securities from June, 1981 to January 31, 1998.	1995	Cameco Corporation Saskatoon, Saskatchewan, Canada Extencicare Inc. Markham, Ontario, Canada	Executive Audit Executive Compensation Chair
Claiborne P. Deming El Dorado, Arkansas Age: 48	President and Chief Executive Officer of the Company.	1993	Entergy Corporation New Orleans, Louisiana	Executive
H. Rodes Hart Nashville, Tennessee Age: 71	Chairman and Chief Executive Officer, Franklin Industries Inc., engaged in the manufacture of brick and industrial minerals.	1975	None	Audit Executive Compensation
Robert A. Hermes Houston, Texas Age: 63	Chairman of the Board, Purvin & Gertz, Inc., an international energy consulting firm, since January 1, 2000; President, Purvin & Gertz, Inc. from 1987 to December 31, 1999.	1999	None	Nominating & Governance Chair Public Policy & Environmental
R. Madison Murphy El Dorado, Arkansas Age: 45	Private Investor; Chairman of the Board of the Company from October, 1994 to July, 2002.	1993	Deltic Timber Corporation El Dorado, Arkansas BancorpSouth Tupelo, Mississippi	Executive Audit Chair
William C. Nolan, Jr. El Dorado, Arkansas Age: 63	Chairman of the Board of the Company; Partner, Nolan and Alderson, Attorneys; President, Noalmark Broadcasting, engaged in radio broadcasting in Arkansas and New Mexico.	1977	None	Executive Chair Ex-officio member of all committees

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Ivar B. Ramberg
Lysaker, Norway
Age: 65

Executive Officer, Ramberg Consulting AS (Ram-Co), a consulting firm in the oil, gas and energy sector, since 2000; President and Chief Executive Officer of Norsk Hydro Canada, engaged in oil and gas exploration and production in Canada, from 1996 to 2000.

2003 None

Nominating & Governance

Public Policy & Environmental

Name and age	Principal occupation or employment	Director since	Other directorships	Board committees
David J. H. Smith Maidstone, Kent, England Age: 61	Chief Executive Officer, Retired, Whatman plc, a life-sciences company, since September, 2001; Chief Executive Officer of Whatman from 1996 to September, 2001.	2001	None	Executive Compensation Public Policy & Environmental
Caroline G. Theus Alexandria, Louisiana Age: 59	President, Inglewood Land and Development Company, a farming and land holding corporation; President, Keller Enterprises, LLC which manages investments and real estate holdings.	1985	None	Executive Public Policy & Environmental Chair

Claiborne P. Deming, R. Madison Murphy, William C. Nolan, Jr. and Caroline G. Theus are first cousins.

Committees

The standing committees of the Board of Directors are the Executive Committee, the Audit Committee, the Executive Compensation Committee, the Nominating and Governance Committee, and the Public Policy and Environmental Committee.

The Executive Committee is empowered to exercise certain functions of the Board of Directors when the Board is not in session.

The Audit Committee's functions include an oversight role for the Company's financial statements and review of the results and scope of the work of the Company's independent auditors and the Company's internal Auditing Division. This committee meets with representatives of the independent auditors and with members of the internal Auditing Division for these purposes. The Audit Committee charter is attached as Exhibit A.

The Executive Compensation Committee administers the Company's 1992 Stock Incentive Plan and the Annual Incentive Compensation Plan and reviews generally the compensation of the CEO and other executive and key employees of the Company and subsidiaries.

The Nominating and Governance Committee identifies and recommends Board members, recommends appointments to Board committees, oversees evaluation of Board performance and develops, reviews and assesses the corporate governance guidelines of the Company. Stockholders desiring to recommend candidates for membership on the Board of Directors for consideration by the Nominating and Governance Committee should address their recommendations to: Nominating and Governance Committee of the Board of Directors, c/o Secretary, Murphy Oil Corporation, P.O. Box 7000, El Dorado, Arkansas 71731-7000.

The Public Policy and Environmental Committee provides review and oversight of the Company's policies, programs and practices with regard to environmental, health and safety compliance and in relation to public issues.

All committee charters are available on the Company's website, www.murphyoilcorp.com and free of charge from the Corporate Secretary.

Meetings and Attendance

During 2002 there were six regular meetings and two special meetings of the Board of Directors, eleven meetings of the Executive Committee, nine meetings of the Audit Committee, three meetings of the Executive Compensation and Nominating Committee (precursor to the Executive Compensation and Nominating and Governance Committees), and three meetings of the Public Policy and Environmental

Committee. All nominees attended a minimum of 75% of the total number of meetings of the Board of Directors and committees on which they served.

Compensation of Directors

The Company has a standard arrangement for compensation of directors who are not also employees of the Company. Under this arrangement, for the first seven months of fiscal year 2002, non-employee directors were compensated at the rate of \$30,000 per annum plus \$1,000 for each meeting attended of the Board, the Audit Committee, the Executive Compensation and Nominating Committee, or the Public Policy and Environmental Committee.

Beginning in August, 2002, directors are paid a cash component of \$37,500 per annum plus \$1,250 for each Board or committee meeting attended. The Chairman of the Board is paid the aforementioned plus an additional \$75,000 per annum. Committee chairs and the designated audit committee financial expert receive an additional \$5,000 per annum. The Company also reimburses directors for travel, lodging and related expenses they incur in attending Board and committee meetings. Subject to shareholder approval, directors will receive an equity component pursuant to the Stock Plan for Non-Employee Directors which is discussed on page 11. The combination of the cash and equity components of compensation are intended to bring total director compensation to the 50th percentile of the competitive market. Concurrent with the implementation of the Stock Plan for Non-Employee Directors, the 1994 retirement plan for non-employee directors will be frozen. At that time, current directors will be vested based on their years of service, no further benefits will accrue and the plan will pay out according to its terms.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Under the securities laws of the United States, the Company's directors and its executive officers are required to report their ownership of the Company's Common Stock and any changes in that ownership to the Securities and Exchange Commission and the New York Stock Exchange. Specific due dates for these reports have been established and the Company is required to report in this proxy statement any failure to file by these dates. In 2002, all officers and directors satisfied their filing requirements.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

As of December 31, 2002, the following are known to the Company to be the beneficial owners of more than five percent of the Company's Common Stock:

Name and address of beneficial owner	Amount and nature of beneficial ownership ⁽¹⁾	Percentage
BancorpSouth, Inc. One Mississippi Plaza 201 South Spring Street Tupelo, MS 38804	4,746,124 ⁽²⁾	5.2%
Capital Research and Management Company	6,036,600 ⁽³⁾	6.6%

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333 South Hope Street
Los Angeles, CA 90071

- (1) Includes Common Stock for which the indicated owner has sole or shared voting or investment power and is based on the indicated owner's 13G filing for the period ended December 31, 2002.
- (2) Shares reported are held in various trust accounts of which a subsidiary of the filing person is a trustee. Total includes 2,164,184 sole voting power shares, 2,581,940 shared voting power shares, 98,798 sole investment power shares and 4,647,326 shared investment power shares.
- (3) An investment adviser registered under Section 203 of the Investment Advisers Act of 1940. All shares are sole investment power shares.

SECURITY OWNERSHIP OF MANAGEMENT

The following table sets forth information, as of February 21, 2003, concerning the number of shares of Common Stock of the Company beneficially owned by all directors and nominees, each of the Named Executives (as hereinafter defined), and directors and executive officers as a group:

Name	Amount and nature of beneficial ownership ⁽¹⁾	Percent of outstanding (if greater than one percent)
Frank W. Blue		
George S. Dembroski		
Claiborne P. Deming	1,630,886 ⁽²⁾	1.8
H. Rodes Hart	345,340	
Robert A. Hermes	4,000	
Michael W. Murphy	824,224 ⁽³⁾	
R. Madison Murphy	5,479,891 ⁽³⁾	6.0
William C. Nolan, Jr.	1,125,962	1.2
Ivar B. Ramberg		
David J. H. Smith	4,000	
Caroline G. Theus	1,890,730	2.1
Herbert A. Fox, Jr.	78,071 ⁽²⁾	
Enoch L. Dawkins	22,546	
Steven A. Cossé	84,134 ⁽²⁾	
Bill H. Stobaugh	77,071 ⁽²⁾	
Directors and executive officers as a group	10,776,204 ⁽⁴⁾	11.7

- (1) Includes common stock held by directors and officers or by their spouses and other household members for which the directors and officers have sole or shared voting or investment power.
- (2) Includes shares subject to options exercisable within sixty days in the following amounts: Deming 320,000; Fox 20,000; Cossé 50,000; and Stobaugh 58,500.
- (3) Includes shares for which voting and/or investment power is shared between Michael W. Murphy and R. Madison Murphy.
- (4) In computing the aggregate number of shares owned by directors and officers as a group, the same shares have not been counted more than once.

CERTAIN BUSINESS RELATIONSHIPS

In 2002, prior to Frank W. Blue's election to the Board in February, 2003, the Company retained Mr. Blue's law firm, Fulbright & Jaworski, for a single legal matter. The matter was concluded in 2002. The Company does not anticipate retaining Fulbright & Jaworski in 2003.

EXECUTIVE COMPENSATION

The following table sets forth information with respect to the individual who served as the Company's chief executive officer during 2002 and the four other most highly compensated executive officers of the Company at the end of 2002 (collectively, the "Named Executives"):

Summary Compensation Table

Name and principal position	Year	Annual Compensation			Long-Term Compensation Awards		
		Salary \$(1)	Bonus \$(2)	Other Annual Compensation (\$)	Restricted stock awards \$(3)	Securities underlying options(4)	All other compensation \$(5)
Claiborne P. Deming President and Chief Executive Officer	2002	845,834				120,000	59,475
Murphy Oil Corporation	2001	791,671	900,000			100,000	144,795
	2000	691,674	650,000			60,000	58,265
Herbert A. Fox, Jr.(6) Executive Vice President	2002	457,917					32,330
Worldwide Downstream Operations Murphy Oil Corporation	2001	432,084	350,000				415,648
	2000	394,174	250,000			40,000	32,052
Enoch L. Dawkins(7) President, Murphy Exploration & Production Company (a 100% subsidiary)	2002	457,917					32,330
	2001	430,000	325,000				74,600
	2000	372,917	250,000				30,991
Steven A. Cossé Senior Vice President and General Counsel, Murphy Oil Corporation	2002	378,334				50,000	28,343
	2001	356,250	300,000			60,000	70,907
	2000	312,917	200,000			40,000	27,991
Bill H. Stobaugh Vice President	2002	267,502				30,000	12,086
Murphy Oil Corporation	2001	240,006	150,000			35,000	38,177
	2000	207,504	75,000			30,000	14,492

- (1) Includes amounts of cash compensation earned and received by executive officers as well as amounts earned but deferred at the election of those officers.
- (2) Bonuses were awarded and paid after the end of the year in which they are reported. Because these payments related to services rendered in the year prior to payment, the Company reported bonuses as a component of compensation expense in the prior year.
- (3) Dividends are being paid on restricted stock at the same rate paid to all shareholders. Awards are subject to performance-based conditions and are forfeited if grantee terminates for any reason other than retirement, death or full disability. None of the restricted stock awards vest in under five years from the date of grant. On December 31, 2002,