

Murphy USA Inc.
Form DEF 14A
March 19, 2019
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
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

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Murphy USA Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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(1) Title of each class of securities to which transaction applies:

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R. Madison Murphy

Chairman of the Board of Directors

March 19, 2019

Dear Stockholder:

The Board of Directors and management cordially invite you to attend Murphy USA's Annual Meeting of Stockholders to be held at 8:00 a.m., Central Time, on Wednesday, May 1, 2019, at the South Arkansas Arts Center, 110 East 5th Street, El Dorado, Arkansas 71730. The formal notice of the Annual Meeting of Stockholders and Proxy Statement follow.

Whether or not you attend the Annual Meeting, it is important that your shares are represented and voted at the meeting. Therefore, we urge you to vote promptly and submit your proxy via the internet, by phone, or by signing, dating, and returning the enclosed proxy card. If you attend the Annual Meeting, you can vote in person, even if you have previously submitted your proxy.

On behalf of the Board of Directors, we would like to express our appreciation for your investment in Murphy USA. We look forward to greeting you.

Sincerely,

Murphy USA Inc. | 200 Peach St. | El Dorado, AR 71730 | 870-875-7600 |
corporate.murphyusa.com | NYSE: MUSA

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NOTICE OF 2019 ANNUAL MEETING AND PROXY STATEMENT

Notice of Annual Meeting

Wednesday, May 1, 2019	South Arkansas Arts Center	Record Date
8:00 a.m. Central Time	110 East 5 th Street, El Dorado, Arkansas 71730	The close of business March 4, 2019

The Annual Meeting of Stockholders of Murphy USA Inc. (the Company) will be held at the South Arkansas Arts Center, 110 East 5th Street, El Dorado, Arkansas 71730, on Wednesday, May 1, 2019, at 8:00 a.m., Central Time, for the following purposes:

1. Election of three Class III directors whose current terms expire on the date of the 2019 Annual Meeting;
2. Approval of executive compensation on an advisory, non-binding basis;
3. Ratification of the action of the Audit Committee of the Board of Directors in appointing KPMG LLP as the Company's independent registered public accounting firm for fiscal 2019; and
4. Such other business as may properly come before the meeting.

Only stockholders of record at the close of business on March 4, 2019, the record date fixed by the Board of Directors of the Company, will be entitled to notice of and to vote at the meeting. A list of all stockholders entitled to vote is on file at the office of the Company, 200 Peach Street, El Dorado, Arkansas 71730.

Cast Your Vote Right Away

It is very important that you vote. Please cast your vote right away on all of the proposals listed above to ensure that your shares are represented. For specific instructions on how to vote your shares, please refer to the instructions on the Notice of Internet Availability of Proxy Materials (Notice) you received in the mail or, if you requested to receive printed proxy materials, on your enclosed proxy card.

Notice and Access

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be held on May 1, 2019:

The Notice of 2019 Annual Meeting, 2019 Proxy Statement and 2018 Annual Report on Form 10-K are available, free of charge, at www.proxyvote.com.

This year, we will be furnishing proxy materials over the internet to a number of our stockholders under the U.S. Securities and Exchange Commission's notice and access rules. Many of our stockholders will receive the Notice in the mail instead of a paper copy of this Proxy Statement, a proxy card or voting instruction card and our 2018 Annual Report. We believe that this process will reduce the environmental impact of our Annual Meeting as well as reduce the costs of printing and distributing our proxy materials. The Notice will instruct you as to how you may access and review all of the proxy materials on the internet.

All stockholders who do not receive the Notice will receive a paper copy of the proxy materials by mail, unless they have previously elected to receive proxy materials by email. We remind stockholders who receive the Notice that the Notice is not itself a proxy card and should not be returned with voting instructions. The Notice only presents an overview of the more complete proxy materials. Stockholders should review the proxy materials before voting.

The Notice contains instructions on how to access our proxy materials and vote over the internet at www.proxyvote.com and how stockholders can receive a paper copy of our proxy materials, including this Proxy Statement, a proxy card or voting instruction card and our 2018 Annual Report. At www.proxyvote.com, stockholders can also request to receive future proxy materials in printed form by mail or electronically by email.

By the Order of the Board of Directors

Gregory L. Smith

Secretary

El Dorado, Arkansas

March 19, 2019

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This Proxy Statement is issued by Murphy USA Inc. in connection with the 2019 Annual Meeting of Stockholders scheduled for May 1, 2019. This Proxy Statement and accompanying proxy card are first being made available to stockholders on or about March 19, 2019.

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NOTICE OF 2019 ANNUAL MEETING AND PROXY STATEMENT

Proxy Statement

Solicitation

The solicitation of the enclosed proxy is made on behalf of the Board of Directors of Murphy USA Inc. (the Board) for use at the Annual Meeting of Stockholders to be held on May 1, 2019 and Murphy USA will bear the cost of this solicitation of proxies. It is expected that the Notice will be mailed to stockholders beginning on or about March 19, 2019.

The complete mailing address of the Company s principal executive office is 200 Peach Street, El Dorado, Arkansas 71730.

References in this Proxy Statement to we, us, our, the Company and Murphy USA refer to Murphy USA Inc. and consolidated subsidiaries.

Quorum and Voting Procedures

Quorum Requirement

A quorum of stockholders is necessary to hold a valid meeting. The presence, in person or by proxy, of the holders of a majority of the total voting power of all outstanding securities of the Company entitled to vote at a meeting of stockholders shall constitute a quorum. Abstentions and broker non-votes are counted as present for establishing a quorum. A broker non-vote occurs on a proposal when shares held by brokers or nominees who do not have discretionary power to vote on a non-routine matter and to whom voting instructions have not been given from the beneficial owners or persons entitled to vote.

Vote Necessary to Approve Proposals

General

Votes cast by proxy or in person at the meeting will be counted by the persons appointed by the Company to act as Judges of Election for the Annual Meeting. The Judges of Election will treat shares represented by proxies that reflect abstentions as shares that are present and entitled to vote for purposes of determining the outcome of any other business submitted at the meeting to the stockholders for a vote.

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, the Company 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.

Proposal 1 Election of Three Class III Directors Whose Current Terms Expire on the Date of the 2019 Annual Meeting

The Class III directors shall be elected by a plurality of the votes cast at the Annual Meeting so long as a quorum is present. Under this

standard, you may either vote in favor of all Class III directors, or withhold on all Class III directors or a particular Class III director. If you do not vote, you will have no impact on the calculation of votes cast. Broker non-votes and votes that are withheld will not count as a vote cast and will likewise have no effect. Unless specification to the contrary is made, the shares represented by the enclosed proxy will be voted FOR all the director nominees.

All Other Proposals

For Proposals 2 and 3, the affirmative vote of a majority of the shares of our capital stock present in person or represented by proxy at the Annual Meeting and entitled to vote is required for approval. You may vote for, against or abstain on these matters. If you vote to abstain, it will have the same effect as a vote against. Broker non-votes are counted as shares present or represented and voting and have no effect on the vote. Unless specification to the contrary is made, the shares represented by the enclosed proxy will be voted FOR the approval of the compensation of the Named Executive Officers, as disclosed in this Proxy Statement pursuant to the compensation disclosure rules of the Securities and Exchange Commission (on an advisory, non-binding basis) and FOR approval of the action of the Audit Committee of the Board of Directors in appointing KPMG LLP as the Company's independent registered public accounting firm for 2019.

Broker Voting

If your shares are held in the name of a bank, broker or other holder of record (a nominee), you will receive instructions from the nominee that you must follow in order for your shares to be voted. Certain of these institutions offer telephone and internet voting. Under current New York Stock Exchange (NYSE) rules, the proposal to ratify the appointment of KPMG LLP as the Company's independent registered public accounting firm for the current fiscal year should be considered a routine matter. However, for purposes of determining the outcome of any non-routine matter as to which the broker 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. Notably, Proposals 1 and 2 should be considered non-routine matters and your broker is not permitted to vote your shares without your instructions and such uninstructed shares are considered broker non-votes.

Voting Securities

On March 4, 2019, the record date for the meeting, the Company had 32,183,509 shares of common stock outstanding, all of one class and each share having one vote with respect to all matters to be voted on at the meeting. Information as to common stock ownership of certain beneficial owners and management is set forth in the tables under Security Ownership of Certain Beneficial Owners and Security Ownership of Directors and Management included on page 13 in this Proxy Statement.

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NOTICE OF 2019 ANNUAL MEETING AND PROXY STATEMENT

Proposal 1 Election of Three Class III Directors Whose Current Terms Expire on the Date of the Annual Meeting

The Board recognizes that it is important for the Company's directors to possess a diverse array of backgrounds and skills, whether in terms of executive management leadership, public company experience or educational achievement. When considering new candidates, the Nominating and Governance Committee, with input from the Board, will seek to ensure the Board reflects a range of talents, ages, skills, diversity and expertise, particularly in the areas of accounting and finance, management, government/regulation, leadership and convenience store and other retail-related industries, sufficient to provide sound and prudent guidance with respect to our operations and interests. In addition, although it does not have a separate policy with respect to diversity, the Nominating and Governance Committee considers the issue of diversity among the factors used to identify nominees for directors. The goal is to assemble and maintain a Board comprised of individuals that not only possess a high level of business acumen, but who also demonstrate a commitment to the Company's Code of Business Conduct and Ethics in carrying out the Board's responsibilities with respect to oversight of the Company's operations.

To the extent authorized by the proxies, the shares represented by the proxies will be voted in favor of the election of the three nominees for director 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 the proxies will be voted for the election of the other nominees named and may be voted for any substituted nominees or the Board size may be reduced.

All directors, other than Mr. Clyde (our President and Chief Executive Officer), were determined to be independent by the Board based on the rules of the NYSE and the standards of independence included in the Company's Corporate Governance Guidelines. As part of its independence recommendation to the Board, the Nominating and

Governance Committee at its February meeting considered familial relationships of certain directors (Mr. Murphy and Mr. Deming are first cousins).

Mr. Murphy became the Non-Executive Chairman of the Board in connection with the spin-off of the Company from Murphy Oil Corporation (the Spin-Off), which was completed on August 30, 2013. As an independent chairman, he leads our regularly scheduled meetings of independent directors, held outside the presence of Company management. These meetings occur at four Board meetings each year.

Stockholders and other interested parties may send communications to the Board, specified individual directors and the independent directors as a group c/o the Secretary, Murphy USA Inc., 200 Peach Street, El Dorado, AR 71730-5836. Communications will be kept confidential and forwarded to the specified director(s). Items that are unrelated to a director's duties and responsibilities as a Board member, such as junk mail, may be excluded by the Secretary. The names and relevant detail of the nominees are as follows:

Director Nominees

Our Board is divided into three classes serving staggered three-year terms. Messrs. Murphy, Clyde and Miller, who are Class III directors, are nominated for re-election at this Annual Meeting of Stockholders. Class I and Class II directors will serve until our annual meetings of stockholders in 2020 and 2021, respectively. At each annual meeting of stockholders, directors will be elected for three-year terms to succeed the class of directors whose terms have expired. This section details the name, age, class, qualifications and committee memberships of our directors as of the 2019 Annual Meeting of Stockholders.

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NOTICE OF 2019 ANNUAL MEETING AND PROXY STATEMENT

Proposal 1 Election of Three Class III Directors Whose Current Terms Expire on the Date of the Annual Meeting (continued)

The following Class III directors are nominated for re-election at this Annual Meeting of Stockholders.

**R. Madison
Murphy**

Chairman of the Murphy USA Board of Directors since August 2013; Director of Murphy Oil Corporation (Murphy Oil) since 1993 and serves on its Executive Committee and as Chair of its Audit Committee; Chairman of the Board of Murphy Oil from 1994 to 2004 and Chief Financial Officer of Murphy Oil from 1992 to 1994; Managing Member, Murphy Family Management, LLC (manages investments, farm, timber and real estate) since 1998; Director of Deltic Timber Corporation (a NYSE natural resources and timberland company) from 1996 until its merger with Potlatch Corporation in February 2018

Qualifications: Mr. Murphy served as Chairman of the Board of Murphy Oil from 1994 to 2004. This background, along with his current membership on the Board of Directors of Murphy Oil and his past membership on the Board of Directors of BancorpSouth, Inc. (a NYSE bank holding company) and Deltic Timber Corporation, brings to the Board invaluable corporate leadership and financial expertise.

Board Committees: Executive Committee (Chair) and ex-officio of all Committees

Age: 61

Director since: August 2013

R. Andrew Clyde

President and Chief Executive Officer of Murphy USA since August 2013; Partner (global energy practice), Booz & Company (and prior to August 2008, Booz Allen Hamilton) (a global management and strategy consulting firm) from 2000 to 2013, where he held leadership roles as North American Energy Practice Leader and Dallas office Managing Partner and served on the firm's board Nominating Committee

Qualifications: Mr. Clyde's leadership over Murphy USA's successful value creation strategy and his previous consulting experience working with downstream energy and retail clients on corporate and business unit strategy, organization, and performance improvement, make him a valuable member of our Board.

Board Committees: Executive Committee

Age: 55

Director since: August 2013

David B. Miller Co-Founder and Managing Partner of EnCap Investments L.P., a leading provider of private equity capital to the oil and gas industry since 1988; President of PMC Reserve Acquisition Company, a partnership jointly owned by EnCap and Pitts Energy Group, from 1988 to 1996; Co-Chief Executive Officer and Co-Founder of MAZE Exploration Inc., a Denver-based oil and gas company, from 1981 to 1988; Director of Halcon Resources Corporation (an independent NYSE energy company) from 2012 to 2016

Qualifications: Mr. Miller's broad energy industry knowledge and his leadership experience and expertise in business valuation, capital structure and strategic relationships complement the collective strength and leadership of our Board.

Board Committees: Executive Compensation Committee and Nominating and Governance Committee

Age: 69

Director since: January 2016

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NOTICE OF 2019 ANNUAL MEETING AND PROXY STATEMENT

Proposal 1 Election of Three Class III Directors Whose Current Terms Expire on the Date of the Annual Meeting (continued)

Continuing Directors

The following Class I and Class II directors are not up for re-election at this Annual Meeting of Stockholders. Class I directors will be up for election at our Annual Meeting in 2020 and Class II directors will be up for election at our Annual Meeting in 2021.

Class I Directors (terms expiring at the 2020 Annual Meeting)

Claiborne P. Deming Chairman of the Board of Murphy Oil since March 2012, also Chairman of its Executive Committee; President and Chief Executive Officer of Murphy Oil from October, 1994 through December, 2008

Qualifications: Mr. Deming's previous experience as President and Chief Executive Officer of Murphy Oil gives him insight into the Company's challenges, opportunities and operations. Among other qualifications, Mr. Deming brings to the Board executive leadership skills and over 30 years' experience in the oil and gas industry.

Board Committees: Executive Compensation Committee (Chair) and Executive Committee

Age: 64

Director since: August 2013

**Thomas M. Gattle,
Jr.**

Chairman of the Board, President and Chief Executive Officer of TerralRiver Service, Inc. (a private company operating fertilizer terminals, boats and barges) since 1992; Director of American Plant Food (a private manufacturer of fertilizers); owned and operated several businesses including Terral Barge Line, which operated the Lake Providence and Madison Ports on the Mississippi River from 1980-1992 and Great River Grain from 1980-1990, which owned and operated grain elevators on the lower Mississippi River

Qualifications: Mr. Gattle's many years of experience as a successful company owner and executive officer allow him to provide significant input to our Board on both financial and operational matters.

Board Committees: Audit Committee and Nominating and Governance Committee

Age: 67

Director since: August 2013

Jack T. Taylor

Director of Genesis Energy LP since 2013 (a NYSE midstream energy master limited partnership) and serves as a member of the Audit and the Governance, Compensation and Business Development Committees; Director of Sempra Energy (a NYSE Fortune 500 energy services company) since February 2013 and serves as a member of the Executive, Audit and Compensation Committees; Chief Operating Officer-Americas and Executive Vice Chair of U.S. Operations for KPMG LLP from 2005 to 2010

Qualifications: Mr. Taylor has extensive experience with financial and public accounting issues as well as a deep knowledge of the energy industry. He spent over 35 years as a public accountant at KPMG LLP, serving in a leadership capacity during many of those years. He is a National Association of Corporate Directors Board Leadership Fellow and a member of the NACD's Audit Committee Chair Advisory Council. This experience with financial and public accounting issues, together with his executive experience and knowledge of the energy industry, make him a key contributor to our Board.

Board Committees: Audit Committee (Chair)

Age: 67

Director since: August 2013

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NOTICE OF 2019 ANNUAL MEETING AND PROXY STATEMENT

Proposal 1 Election of Three Class III Directors Whose Current Terms Expire on the Date of the Annual Meeting (continued)

Hon. Jeanne L. Phillips

Senior Vice President, Corporate Engagement & International Relations of Hunt Consolidated, Inc. where she has been employed since 2004; U.S. Permanent Representative to the Organization for Economic Cooperation and Development (OECD) with rank of ambassador in Paris from 2001 to 2003

Qualifications: Ambassador Phillips' significant experience in government affairs, corporate leadership and crisis communications in the energy industry provide her with a broad base of knowledge, and her service and experience involving many varied entities at the state, national and international levels provide her with additional insights, all of which make her a strong asset to our Board.

Board Committees: Audit Committee and Nominating and Governance Committee

Age: 65

Director since: November 2018

Class II Directors (terms expiring at the 2021 Annual Meeting)

Fred L. Holliger

Chairman and CEO of Giant Industries (a NYSE petroleum refining and retail convenience store company) from 2002 to 2007; Independent consultant to Western Refining Company (a NYSE crude oil refiner and marketer) from 2007 through June 2012

Qualifications: Mr. Holliger spent his entire 36-year career in the petroleum industry in a variety of engineering, marketing, supply and general management positions. His long career in the oil and gas industry along with his leadership experience allows him to provide numerous insights to our Board.

Board Committees: Executive Compensation Committee and Nominating and Governance Committee

Age: 71

Director since: August 2013

James W. Keyes Chairman of Wild Oats LLC, since January 2012; Chief Executive Officer of Fresh & Easy, LLC from November 2012 to October 2015, which filed for reorganization under Chapter 11 of the US Bankruptcy Code in October 2015; Chairman and Chief Executive Officer of Blockbuster (a provider of home movie and video game rental services) from 2007 to 2011, which filed for reorganization under Chapter 11 of the US Bankruptcy Code in September 2010; Chief Executive Officer of 7-Eleven Inc. from 2000 to 2005

Qualifications: Mr. Keyes' experience running large companies, and specifically 7-Eleven Inc. (a major retail gasoline chain), along with his leadership on the successful sale of Blockbuster's assets to Dish Networks through its restructuring process, provides invaluable business and industry expertise to our Board.

Board Committees: Executive Committee and Executive Compensation Committee

Age: 64

Director since: August 2013

Diane N. Landen Owner and President of Vantage Communications, Inc. (private company in investment management, communications and broadcast property ownership) since 1990; Chairman and Executive Vice President of Noalmark Broadcasting Corporation (a private radio and media company) since 2012; Partner at Munoco Company L.C. (a private oil and gas exploration and production company) since 2012; Secretary and Director of Loure Land and Timber Company

(a private natural resources company) since 1998, and serves on its Executive and Nominating Committees

Qualifications: Ms. Landen has over 20 years experience in investment management, communications and broadcast property ownership. She has, through her involvement in these many and varied business ventures, developed a broad range of experience in operating successful companies, allowing her to make significant contributions to our Board.

Board Committees: Nominating and Governance Committee (Chair) and Audit Committee

Age: 58

Director since: August 2013

THE BOARD RECOMMENDS A VOTE FOR THE CLASS III DIRECTORS NOMINATED BY THE BOARD.

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NOTICE OF 2019 ANNUAL MEETING AND PROXY STATEMENT

Board and Governance Matters

Board Leadership Structure

The positions of Chairman of the Board and Chief Executive Officer of Murphy USA are held by two individuals. Mr. Murphy serves as our Chairman of the Board as a non-executive and independent director. Mr. Clyde serves as our President and Chief Executive Officer, and also serves as a director. Along with Mr. Murphy and Mr. Clyde, other directors bring different perspectives and roles to the Company's management, oversight and strategic development. The Company's directors bring experience and expertise from both inside and outside the Company and industry, while the President and Chief Executive Officer is most familiar with the Company's business and industry, most involved in the Company's day-to-day operations and most capable of leading the execution of the Company's strategy. The Board believes that having separate roles of Chairman and President and Chief Executive Officer is in the best interest of stockholders because it facilitates independent oversight of management.

Risk Management

Our Company's management is responsible for the day-to-day management of risks to the Company. The Board of Directors has broad oversight responsibility for our risk management programs.

The Board of Directors exercises risk management oversight and control both directly and indirectly, the latter through various board committees as discussed below. The Board of Directors regularly reviews information regarding the Company's credit, liquidity and operations, including the risks associated with each. The Executive Compensation Committee is responsible for overseeing the management of risks relating to the Company's executive compensation plans and arrangements. The Audit Committee is responsible for oversight of financial risks and the ethical conduct of the Company's business, including the steps the Company has taken to monitor and mitigate these risks. The Nominating and Governance Committee, in its role of reviewing and maintaining the Company's Corporate Governance Guidelines, manages risks associated with the independence of the Board and potential conflicts of interest. While each committee is responsible for evaluating certain risks and overseeing the management of these risks, the entire Board is regularly informed through committee reports and by the President and Chief Executive Officer about the known risks to the strategy and the business.

Committees

Our Board of Directors has established several standing committees in connection with the discharge of its responsibilities. The following table presents the standing committees of the Board and the current membership of the committees and the number of times each committee met in 2018.

Nominee / Director

Audit Executive Compensation and