Marathon Petroleum Ecosystem

Marathon Petroleum Corporation
539 South Main Street,
Findlay, OH 45840-3229
Phone: (419) 422-2121
www.marathonpetroleum.com

Outside Relationships

Regulators

Key US Federal and Other Regulators

- U.S. Environmental Protection Agency (EPA) (regulates greenhouse gas emissions in the the storage, treatment, and transportation of crude oil)
- U.S. Department of Interior (regulates lease provisions, drilling and production requirements on Native American Lands)
- National Highway Traffic Safety Administration (NHTSA) (regulates tailpipe carbon dioxide emissions)
- U.S. Department of Transportation (USDOT) (requires the reduction of volatile or flammable constituents in crude oil that are transported by rail)
- Similar Government Regulatory Agencies Outside the U.S.

Key US State Regulators

- California Air Resources Board (CARB) (sets carbon fuel standards)
- South Coast Air Quality Management District (SCAQMD) (requires a staged reduction of oxide emissions)

Capital

- Public Debt Holders — Bond Financing
- Commercial Banks — Working Capital Financing

Suppliers

Crude Oil Suppliers

- CITGO Petroleum
- Saudi Aramco
- Vaalco Energy
- Marathon Oil
- Irving Oil
- Armada Oil, Inc.
- U.S. Energy Corp.
- Tiger Oil and Energy, Inc.
- Other National Oil Companies and Open Market Suppliers

Chemical Suppliers

- G.W. Aru, LLC (catalysts, sorbents, and chemicals)
- Air Liquide (oxygen and industrial gases)

Customers

Refined Products Customers

Gasoline and Distillates

- Marathon Petroleum Retail Segment
- Domestic Wholesalers
- Independent Retailers
- Refined Product Spot Market
- Marathon Branded Independent Entrepreneurs
- Other Fuel Distributors

Feedstocks and Petrochemicals

- Chemical Producers
- Agricultural Companies
- Fuel Blending Companies
- Aluminum Smelting Industry

Asphalt

- Asphalt-Paving Contractors

Chemical Suppliers

- Government Entities
- Domestic Resellers

Propane

- Home Heating Market

Heavy Crude Oil

- Utility and Ship Bunkering Industry

Refined Oil Products and Natural Gas Liquids Sales

Federal Oil, Gas, and Other Resources Processing and Transportation Regulation

Refined Oil Products and Natural Gas Liquids Sales

Refined Oil Products and Natural Gas Liquids Sales

Refined Oil Products and Natural Gas Liquids Sales

Refined Oil Products and Natural Gas Liquids Sales

Oil and Gas Chemical Supplies

Refined Oil, Products and Natural Gas Liquids Sales

State Oil, Gas, and Other Resources Processing and Transportation Regulation

Refined Oil Products and Natural Gas Liquids Sales

Marathon Petroleum (Delaware Corporation)

Debt Structure

Total Debt: $28.84B; Short-Term Debt: $711M — **Credit Ratings: Moody's (Baa2), S&P (BBB), Fitch (BBB)**

- $5B Revolving Credit Facility Expiring in May 2023; $1M Outstanding
- $2B Revolving Credit Facility Expiring in June 2021; $0 Outstanding
- 5.13% Senior Notes due 2021 ($1,000M)
- 5.38% Senior Notes due 2022 ($337M)
- 3.63%-5.13% Senior Notes due 2023-2024 ($1,605M)
- 3.80%-5.13% Senior Notes due 2026-2028 ($1,215M)
- 4.50%-6.50% Senior Notes due 2041-2048 ($2,798M)
- 5.00% Senior Notes due 2054 ($400M)

Equity Structure

Equity

- Common Stock — *Authorized: 2 Billion Shares; Issued: 975 Million Shares*
- Preferred Stock — *Authorized: 30 Million Shares; Issued: None*
- Dividends and Common Stock Repurchase Plan — *$18 Billion Authorized; 34 Million Shares Repurchased*

Governance

Board of Directors

John Surma, Chairman	Edward Galante (C, S)	Committees:
Abdulaziz Alkhayyal (A, C, S)	Michael Hennigan (S)	Audit (A), Compensation (C), Governance and Nominating (GN), Sustainability (S)
Evan Bayh (GN, S)	James Rohr (A, C)	
Charles Bunch (C, GN)	Kim Rucker (S)	
Jonathan Cohen (A, GN)	J. Michael Stice (A, C, S)	
Steven Davis (C, GN)	Susan Tomasky (A, S)	

Management Team

Michael Hennigan (President, CEO)	Timothy Griffith (President, Speedway LLC)	Raymond Brooks (EVP, Refining)
Glenn Plumby (EVP, COO)	Donald Templin (EVP, CFO)	Suzanne Gagle (General Counsel)
Fiona Laird (Chief Human Resources Officer)	C. Tracey Case (Senior VP, Western Refining Operations)	Richard Hernandez (Senior VP, Eastern Refining Operations)
Rick Hassling (Senior VP, Crude Oil Supply and Logistics)	Brian Partee (Senior VP, Marketing)	Ehren Powell (Senior VP, Chief Digital Officer)

Corporate Matters

Human Resources
- Compensation
- Performance Management
- Policy Application and Administration
- Recruiting
- Training and Development
- Workforce Planning

Law
- Corporate Governance
- Litigation
- Permits

Finance
- Auditing
- Commercial Credit
- Financial Analysis and Leasing
- Forecasting and Budgeting
- Insurance Operations
- Investor Relations
- MPLX Financial Analysis
- Short-Term Investments
- Treasury Operations

Supply Chain
- Consolidation
- Inventory Control
- Logistics
- Staging and Tracking
- Warehousing

Information Technology
- Analytics
- Applications
- Infrastructure
- Project Management

Operations
- Analytics
- Product Quality
- Logistics
- Storage
- Marketing
- Terminal
- Maintenance
- Transport and Rail

Health, Safety, and Environment
- Auditing
- Equipment Maintenance
- Compliance Analysis
- Pollution Prevention
- Employee Training
- Waste Management

Operations

Refining and Marketing Segment (2019 Revenue: $106.742 Billion)

This segment refines crude oil and other feedstocks, purchases refined products and ethanol for resale and distributes refined products through transportation, storage, distribution and marketing services provided largely by the Midstream segment. Marathon Petroleum sells refined products to wholesale marketing customers domestically and internationally, to buyers on the spot market, and to the Retail business segment.

Refineries (Crude Oil Refining Capacity: 3,067 mbcd)

Mid-Continent Region (1,193 mbpcd)

Detroit, MI (140 mbpcd)	Mandan, ND (71 mbpcd)
Canton, OH (95 mbpcd)	El Paso, TX (131 mbpcd)
Catlettsburg, KY (291 mbpcd)	Dickinson, ND (19 mbpcd)
Robinson, IL (253 mbpcd)	Gallup, NW (27 mbpcd)
St. Paul Park, MN (103 mbpcd)	Salt Lake City, UT (63 mbpcd)

Gulf Coast Region (1,163 mbpcd)

Galveston Bay, TX (585 mbpcd)	Garyville, LA (578 mbpcd)

West Coast Region (711 mbpcd)

Los Angeles, CA (363 mbpcd)	Anacortes, WA (119 mbpcd)
Martinez, CA (161 mbpcd)	Kenai, AK (68 mbpcd)

Refined Products (2019 Yield: 3,153 mbpd)

Gasoline (1,560 mbpd)	Distillates (1,087 mbpd)
Feedstocks/Petrochemicals (315 mbpd)	Asphalt (87 mbpd)
Propane (55 mbpd)	Heavy Crude Oil (46 mbpd)

Crude Oil Acquisition and Marketing

Crude oil is obtained through negotiated term contracts and purchases or exchanges on the spot market. Refineries receive crude oil and other feedstocks and distribute refined products through a variety of channels, including pipelines, trucks, railcars, ships, and barges. Refined products are sold to independent marketers, commercial end-users, unbranded distributors, and high-volume retailers.

Midstream Segment (2019 Revenue: $8.760 Billion)

This segment transports, stores, distributes and markets crude oil and refined products principally for the Refining and Marketing segment via refining logistics assets, pipelines, terminals, towboats and barges; gathers, processes and transports natural gas; and gathers, transports, fractionates, stores and markets NGLs. The Midstream segment primarily reflects the results of MPLX LP, a diversified, large-cap master limited partnership that owns and operates midstream energy infrastructure and logistics assets and provides fuels distribution services.

Facilities

Owns and operates ~13,000 miles of pipelines with a ~10 billion cubic feet per day processing capacity plus 120 terminals with a 33,961 (thousand barrels) storage capacity

Operating Segments

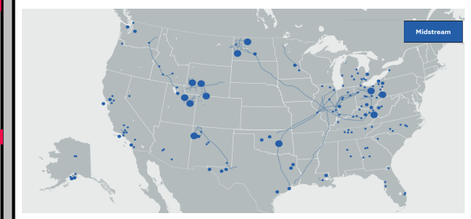
Logistics and Storage

MPLX transports, stores and distributes crude oil and refined products throughout the U.S. Assets consist of a network of crude oil and refined product pipelines and associated storage assets, refined product terminals, storage caverns, refinery integrated tank farm assets, marine business, export terminals and wholesale and fuels distribution businesses.

Gathering and Processing

MPLX operates several natural gas gathering systems with the scope of services provided dependent on the composition of the raw or untreated gas. Natural gas processing complexes remove the heavier and more valuable hydrocarbon components from natural gas for end-use sale through the process of fractionation.

Pipeline System



Retail Segment (2019 Revenue: $33.067 Billion)

This segment sells transportation fuels and convenience products in the retail market across the United States through company-owned and operated convenience stores, primarily under the Speedway® brand, and long-term fuel supply contracts with direct dealers who operate locations mainly under the ARCO® brand.

2019 Retail Fuel Sales: 10.212 billion gallons

2019 Retail Merchandise Sales: $6305M

Retail Convenience Stores

- ~1,000 direct dealer locations
- ~6,800 branded locations
- ~3,900 company owned and operated locations

Brands

Speedway · ARCO · MARATHON

Key Competitors

Valero Energy (Refining)	Phillips 66 (Retail)
BP	Chevron
Energy Transfer (Midstream)	Exxon Mobil
PBF Energy	CITGO

Outside Relationships

Customers

- Motor Fuel Customers — Gasoline and Merchandise Sales
- Independent Motor Fuel Retailers — Gasoline and Merchandise Sales
- 1,068 Direct Dealer Locations *(primarily under the ARCO brand)*
- 6,901 Other Commercial Customers *(unbranded convenience stores, independent entrepreneurs, and other fuel distributors)*

Distribution of Motor Fuel *(under long-term fuel supply contracts and direct sales agreements)*

Suppliers

Professional Services

- PwC LLP (Audit Services)
- Wyse Advertising (Advertising Services)
- Ogilvy Government Relations (Lobbying Services)
- Jones Day (Legal Services)

Professional Services

Capital

Significant Shareholders

- The Vanguard Group, Inc. (9.27%)
- BlackRock Fund Advisors (6.46%)
- SSgA Funds Management, Inc. (5.77%)
- Boston Partners Global Investors, Inc. (1.76%)
- Wellington Management Co. LLP (1.73%)
- Institutional Ownership (75.78%)

Dividends and Common Stock Repurchases

Equity Capital

Regulators

Securities Regulators

- US Securities and Exchange Commission (securities law disclosure and financial reporting requirements; anti-bribery law)
- New York Stock Exchange (listing and maintenance rules for trading shares on the exchange)

Securities Regulation and Stock Exchange Listing Rules

Key Company Data

Share Information
- Ticker Symbol: MPC
- Share Price: $53.49 (as of 4/1/2021)
- Earnings Per Share: -$15.14 (Trailing 12 Months)
- Forward Annual Dividend: $2.32 per share
- Market Capitalization: $36.18B (as of 4/1/2021)

2019 Income Statement Data
- Total Revenue: $123.95 B
- Total Expenses: $119.24 B
- EBIT: $4.33 B
- Net Income: $2.64B

2019 Net Cash Flows
- From Operations: $9.44B
- From Investing: ($6.26B)
- From Financing: ($3.38B)
- Total Net Cash: ($196M)

2019 Balance Sheet Data
- Total Assets: $98.56B
- Cash: $1.53B
- PPE: $45.62B
- Total Liabilities: $55.45B
- Current Liabilities: $16.15B
- Long Term Debt: $28.13B
- Total Equity: $42.13B

Resources
- Total Employees: 60,910
- 16 refineries
- 13,000+ miles of pipeline
- 116 product terminals
- Global Headquarters: Findlay, Ohio

Defined Measurements
- Mbpcd: thousand barrels per calendar day
- Mbpd: thousand barrels per day

Recent Developments

Third Quarter Results. 2020 Q3 loss of -$886 million (or a loss of -$1.36 per diluted share) as global demand for Marathon Petroleum products and services remains significantly below historical levels due to the impact of COVID-19.

Sale of Speedway Stores. On Aug. 2, 2020, Marathon Petroleum entered into a definitive agreement to sell Speedway to 7-Eleven, Inc. for $21 billion in cash. The sale establishes a relationship with 7-Eleven anchored by long-term fuel supply agreements for approximately 7.7 billion gallons per year. The deal is expected to be closed in late-2021.

Biorefinery. Marathon Petroleum is investing roughly $470 million to convert its Dickinson, North Dakota, refinery into a 12,000 bpd biorefinery that will process corn and soybean oil to produce renewable diesel.

Refining Equipment and Technology Supplies

Occupational Health and Safety Regulation

Intrastate Natural Gas Pipeline Regulation

Transportation, Storage, Pipelines, and Other Services and Supplies

Sales of Crude Oil and Refined Products Transportation and Storage Under Contract

Gasoline Transportation Services

Midstream Pipeline and Storage Customers

- MPC Refining and Marketing Segment
- Antero Resources
- BP
- Chevron
- Oasis Petroleum
- Range Resources
- Other Oil and NGLs Midstream Companies

Industrial Equipment and Services Suppliers

- ERIKS (industrial products and equipment)
- Power Solutions International, Inc. (engines and power systems)
- Solomon Associates LLC (provides operational data and insights)

Pipeline and Commercial Transport Suppliers

- Energy and Technology Corp. (oil pipes and equipment)
- Perma-Pie International Holdings (pipelines)
- Westport Fuel Systems (commercial transportation)
- American Commerce Solution (commercial trucks)
- Loop, LLC (towboats, barges, and tank storage)
- Crowley Coastal Partners (ocean vessels)

Health and Safety Regulations

- U.S. Occupational Safety and Health Act (OSHA) (requires reporting, safety measures, and workplace disclosure regarding hazardous jobs and hazardous materials used or produced in operations)

Pipeline and Transportation Regulation

- Federal Energy Regulatory Commission (FERC) (requires tariff rates for interstate pipelines that transport crude oil)
- United States Coast Guard (USCG) (restricts marine transportation of crude oil to vessels built and owned by the U.S.)
- U.S. Department of Transportation (DOT) (establishes safety standards for hazardous liquid pipelines)

thinking
© 2021
www.onepagethinking.net

April 2021