Marathon Petroleum Corp
Form 10-K
February 27, 2015
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended December 31, 2014
Commission file number 001-35054
Marathon Petroleum Corporation
(Exact name of registrant as specified in its charter)

Delaware	27-1284632
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

539 South Main Street, Findlay, OH 45840-3229
(Address of principal executive offices)
(419) 422-2121
(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value $.01	New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes þ No ¨
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No þ
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 and (2) has been subject to such filing requirements for the past 90 days. Yes þ No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No ¨
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. þ
Indicate by check mark whether the registrant is a large accelerated filer, accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer þ Accelerated filer ¨ Non-accelerated filer ¨ Smaller reporting company ¨
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ¨ No þ
The aggregate market value of Common Stock held by non-affiliates as of June 30, 2014 was approximately $22.2 billion. This amount is based on the closing price of the registrant's Common Stock on the New York Stock Exchange on June 30, 2014. Shares of Common Stock held by executive officers and directors of the registrant are not included in the computation. The registrant, solely for the purpose of this required presentation, has deemed its directors and executive officers to be affiliates.

There were 273,062,880 shares of Marathon Petroleum Corporation Common Stock outstanding as of February 13, 2015.

Documents Incorporated By Reference

Portions of the registrant’s proxy statement relating to its 2015 Annual Meeting of Shareholders, to be filed with the Securities and Exchange Commission pursuant to Regulation 14A under the Securities Exchange Act of 1934, are incorporated by reference to the extent set forth in Part III, Items 10-14 of this Report.

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MARATHON PETROLEUM CORPORATION

Unless otherwise stated or the context otherwise indicates, all references in this Annual Report on Form 10-K to "MPC," "us," "our," "we" or "the Company" mean Marathon Petroleum Corporation and its consolidated subsidiaries, and for periods prior to its spinoff from Marathon Oil Corporation, the Refining, Marketing & Transportation Business of Marathon Oil Corporation.

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Disclosures Regarding Forward-Looking Statements

This Annual Report on Form 10-K, particularly Item 1. Business, Item 1A. Risk Factors, Item 3. Legal Proceedings, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and Item 7A. Quantitative and Qualitative Disclosures about Market Risk, includes forward-looking statements. You can identify our forward-looking statements by words such as "anticipate," "believe," "potential," "estimate," "expect," "forecast," "goal," "plan," "predict," "project," "seek," "target," "could," "may," "should," "will," "would" or other similar expressions that conve uncertainty of future events or outcomes. In accordance with "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, these statements are accompanied by cautionary language identifying important factors, though not necessarily all such factors, that could cause future outcomes to differ materially from those set forth in the forward-looking statements.

Forward-looking statements include, but are not limited to, statements that relate to, or statements that are subject to risks, contingencies or uncertainties that relate to:

- future levels of revenues, refining and marketing gross margins, operating costs, retail gasoline and distillate gross margins, merchandise margins, income from operations, net income or earnings per share;
- anticipated volumes of feedstock, throughput, sales or shipments of refined products;
- anticipated levels of regional, national and worldwide prices of crude oil and refined products;
- anticipated levels of crude oil and refined product inventories;
- future levels of capital, environmental or maintenance expenditures, general and administrative and other expenses;
- the success or timing of completion of ongoing or anticipated capital or maintenance projects;
- business strategies, growth opportunities and expected investments, including planned equity investments in pipeline projects;
- expectations regarding the acquisition or divestiture of assets;
- our share repurchase authorizations, including the timing and amounts of any common stock repurchases;
- the effect of restructuring or reorganization of business components;
- the potential effects of judicial or other proceedings on our business, financial condition, results of operations and cash flows; and
- the anticipated effects of actions of third parties such as competitors, or federal, foreign, state or local regulatory authorities, or plaintiffs in litigation.

We have based our forward-looking statements on our current expectations, estimates and projections about our industry and our company. We caution that these statements are not guarantees of future performance, and you should not rely unduly on them, as they involve risks, uncertainties, and assumptions that we cannot predict. In addition, we have based many of these forward-looking statements on assumptions about future events that may prove to be inaccurate. While our management considers these assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. Accordingly, our actual results may differ materially from the future performance that we have expressed or forecast in our forward-looking statements.

Differences between actual results and any future performance suggested in our forward-looking statements could result from a variety of factors, including the following:

- volatility or degradation in general economic, market, industry or business conditions;
- an easing or lifting of the U.S. crude oil export ban;
- availability and pricing of domestic and foreign supplies of crude oil and other feedstocks;
- the ability of the members of the Organization of Petroleum Exporting Countries ("OPEC") to agree on and to influence crude oil price and production controls;
- availability and pricing of domestic and foreign supplies of refined products such as gasoline, diesel fuel, jet fuel, home heating oil and petrochemicals;
- foreign imports of refined products;
- refining industry overcapacity or under capacity;
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changes in the cost or availability of third-party vessels, pipelines and other means of transportation for crude oil, feedstocks and refined products;

- the price, availability and acceptance of alternative fuels and alternative-fuel vehicles and laws mandating such fuels or vehicles;
- fluctuations in consumer demand for refined products, including seasonal fluctuations;

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- political and economic conditions in nations that consume refined products, including the United States, and in crude oil producing regions, including the Middle East, Africa, Canada and South America;
- actions taken by our competitors, including pricing adjustments, expansion of retail activities, and the expansion and retirement of refining capacity in response to market conditions;
- completion of pipeline projects within the U.S.;
- changes in fuel and utility costs for our facilities;
- failure to realize the benefits projected for capital projects, or cost overruns associated with such projects;
- modifications to MPLX LP earnings and distribution growth objectives;
- the ability to successfully implement growth opportunities;
- the ability to successfully integrate the acquired Hess Corporation retail operations and achieve the strategic and other expected objectives relating to the acquisition including any expected synergies;
- the ability to realize the strategic benefits of joint venture opportunities;
- accidents or other unscheduled shutdowns affecting our refineries, machinery, pipelines or equipment, or those of our suppliers or customers;
- unusual weather conditions and natural disasters, which can unforeseeably affect the price or availability of crude oil and other feedstocks and refined products;
- acts of war, terrorism or civil unrest that could impair our ability to produce or transport refined products or receive feedstocks;
- state and federal environmental, economic, health and safety, energy and other policies and regulations, including the cost of compliance with the Renewable Fuel Standard;
- rulings, judgments or settlements and related expenses in litigation or other legal, tax or regulatory matters, including unexpected environmental remediation costs, in excess of any reserves or insurance coverage;
- labor and material shortages;
- the maintenance of satisfactory relationships with labor unions and joint venture partners;
- the ability and willingness of parties with whom we have material relationships to perform their obligations to us;
- the market price of our common stock and its impact on our share repurchase authorizations;
- changes in the credit ratings assigned to our debt securities and trade credit, changes in the availability of unsecured credit and changes affecting the credit markets generally; and
- the other factors described in Item 1A. Risk Factors.

We undertake no obligation to update any forward-looking statements except to the extent required by applicable law.

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PART I

Item 1. Business

Overview

Marathon Petroleum Corporation ("MPC") was incorporated in Delaware on November 9, 2009. We have 127 years of experience in the energy business with roots tracing back to the formation of the Ohio Oil Company in 1887. We are one of the largest independent petroleum product refining, marketing, retail and transportation businesses in the United States and the largest east of the Mississippi. Our operations consist of three reportable operating segments: Refining & Marketing; Speedway; and Pipeline Transportation. Each of these segments is organized and managed based upon the nature of the products and services it offers.

- Refining & Marketing—refines crude oil and other feedstocks at our seven refineries in the Gulf Coast and Midwest regions of the United States, purchases refined products and ethanol for resale and distributes refined products through various means, including barges, terminals and trucks that we own or operate. We sell refined products to wholesale marketing customers domestically and internationally, buyers on the spot market, our Speedway® business segment and to independent entrepreneurs who operate Marathon® retail outlets.
- Speedway—sells transportation fuels and convenience products in the retail market in the Midwest, East Coast and Southeast.
- Pipeline Transportation—transports crude oil and other feedstocks to our refineries and other locations, delivers refined products to wholesale and retail market areas and includes the aggregated operations of MPLX LP.

See Item 8. Financial Statements and Supplementary Data – Note 11 for operating segment and geographic financial information, which is incorporated herein by reference.

Corporate History and Structure

MPC was incorporated in 2009 in connection with an internal restructuring of Marathon Oil Corporation ("Marathon Oil"). On May 25, 2011, the Marathon Oil board of directors approved the spinoff of its Refining, Marketing & Transportation Business ("RM&T Business") into an independent, publicly traded company, MPC, through the distribution of MPC common stock to the stockholders of Marathon Oil common stock on June 30, 2011 (the "Spinoff"). Following the Spinoff, Marathon Oil retained no ownership interest in MPC, and each company had separate public ownership, boards of directors and management. All subsidiaries and equity method investments not contributed by Marathon Oil to MPC remained with Marathon Oil and, together with Marathon Oil, are referred to as the "Marathon Oil Companies." On July 1, 2011, our common stock began trading "regular-way" on the New York Stock Exchange ("NYSE") under the ticker symbol "MPC."

Recent Developments

On September 30, 2014, we acquired from Hess Corporation ("Hess") all of its retail locations, transport operations and shipper history on various pipelines, including approximately 40 thousand barrels per day ("mbpd") on Colonial Pipeline, for $2.82 billion. We refer to these assets as "Hess' Retail Operations and Related Assets" and substantially all of these assets are part of our Speedway segment. This acquisition significantly expands our Speedway presence from nine to 22 states throughout the East Coast and Southeast and is aligned with our strategy to grow higher-valued, stable cash flow businesses. This acquisition also enables us to further leverage our integrated refining and transportation operations, providing an outlet for an incremental 200 mbpd of assured sales from our refining system. The transaction was funded with a combination of debt and available cash. Our financial results and operating statistics for the periods prior to the acquisition do not include amounts for Hess' Retail Operations and Related Assets.

In July 2014, we exercised our option to acquire a 35 percent ownership interest in Enbridge Inc.'s Southern Access Extension ("SAX") pipeline, which will run from Flanagan, Ill. to Patoka, Ill. and is expected to be operational in late 2015. This option resulted from our agreement to be the anchor shipper on the SAX pipeline and our commitment to the Sandpiper pipeline project as discussed below. During 2014, we made contributions of $120 million to Illinois Extension Pipeline Company, LLC ("Illinois Extension Pipeline") to fund our portion of the construction costs incurred-to-date on the SAX pipeline project.

On April 1, 2014, we purchased a facility in Cincinnati, Ohio from Felda Iffco Sdn Bhd, Malaysia for $40 million. The plant currently produces biodiesel, glycerin and other by-products. The capacity of the plant is approximately 60 million gallons per year.

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In March 2014, we acquired from Chevron Raven Ridge Pipe Line Company an additional seven percent interest in Explorer Pipeline Company (“Explorer”) for $77 million, bringing our ownership interest to 25 percent. Explorer owns approximately 1,900 miles of refined products pipeline from Lake Charles, Louisiana to Hammond, Indiana.

In November 2013, we agreed with Enbridge Energy Partners L.P. (“Enbridge Energy Partners”) to serve as an anchor shipper for the Sandpiper pipeline, which will run from Beaver Lodge, North Dakota to Superior, Wisconsin. We also agreed to fund 37.5 percent of the construction of the Sandpiper pipeline project, which is currently estimated to cost $2.6 billion, of which approximately $1.0 billion is our share. We made contributions of $192 million during 2014 and have contributed $216 million since project inception. In exchange for our commitment to be an anchor shipper and our investment in the project, we will earn an approximate 27 percent equity interest in Enbridge Energy Partners’ North Dakota System when the Sandpiper pipeline is placed into service, which is expected to be in 2017. Enbridge Energy Partners’ North Dakota System currently includes approximately 240 miles of crude oil gathering pipelines connected to a transportation pipeline that is approximately 730 miles long. We will also have the option to increase our ownership interest to approximately 30 percent through additional investments in future system improvements.

On August 1, 2013, we acquired from Mitsui & Co. (U.S.A.), Inc. its interests in three ethanol companies for $75 million. Under the purchase agreement, we acquired an additional 24 percent interest in The Andersons Clymers Ethanol LLC (“TACE”), bringing our ownership interest to 60 percent; a 34 percent interest in The Andersons Ethanol Investment LLC (“TAEI”), which holds a 50 percent ownership in The Andersons Marathon Ethanol LLC (“TAME”), bringing our direct and indirect ownership interest in TAME to 67 percent; and a 40 percent interest in The Andersons Albion Ethanol LLC (“TAAE”), which owns an ethanol production facility in Albion, Michigan. On October 1, 2013, our ownership interest in TAAE increased to 43 percent as a result of TAAE acquiring one of the owner’s interest.

On February 1, 2013, we acquired from BP Products North America Inc. and BP Pipelines (North America) Inc. (collectively, “BP”) the 451,000 barrel per calendar day refinery in Texas City, Texas, three intrastate natural gas liquid pipelines originating at the refinery, four light product terminals, branded-jobber marketing contract assignments for the supply of approximately 1,200 branded sites, a 1,040 megawatt electric cogeneration facility and a 50 mbpd allocation of space on the Colonial Pipeline. We refer to these assets as the “Galveston Bay Refinery and Related Assets.” We paid $1.49 billion for these assets, which included $935 million for inventory. Pursuant to the purchase and sale agreement, we may also be required to pay BP a contingent earnout of up to an additional $700 million over six years, subject to certain conditions. In July 2014, we paid BP $180 million for the first period’s contingent earnout. These assets are part of our Refining & Marketing and Pipeline Transportation segments. Our financial results and operating statistics for the periods prior to the acquisition do not include amounts for the Galveston Bay Refinery and Related Assets.

See Item 8. Financial Statements and Supplementary Data – Note 5 for additional information on these acquisitions and investments. See Item 8. Financial Statements and Supplementary Data – Note 26 for information regarding our future contributions to the SAX pipeline project and the Sandpiper pipeline project.

MPLX LP

In 2012, we formed MPLX LP (“MPLX”), a master limited partnership, to own, operate, develop and acquire pipelines and other midstream assets related to the transportation and storage of crude oil, refined products and other hydrocarbon-based products. On October 31, 2012, MPLX completed its initial public offering of 19.9 million common units, which represented the sale by us of a 26.4 percent interest in MPLX.

As of December 31, 2014, we owned a 71.5 percent interest in MPLX, including the two percent general partner interest, and we consolidate this entity for financial reporting purposes since we have a controlling financial interest.

MPLX’s initial assets consisted of a 51 percent general partner interest in MPLX Pipe Line Holdings LP (“Pipe Line Holdings”), which owns a network of common carrier crude oil and product pipeline systems and associated storage assets in the Midwest and Gulf Coast regions of the United States, and a 100 percent interest in a butane storage cavern in West Virginia. We originally retained a 49 percent limited partner interest in Pipe Line Holdings.

On May 1, 2013, we sold a five percent interest in Pipe Line Holdings to MPLX for $100 million, which was financed by MPLX with cash on hand.

On March 1, 2014, we sold MPLX a 13 percent interest in Pipe Line Holdings for $310 million. MPLX financed this transaction with $40 million of cash on-hand and $270 million of borrowings on its bank revolving credit agreement.

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On October 30, 2014, we announced plans to substantially accelerate the growth of MPLX, which is expected to provide unitholders an average annual distribution growth rate percentage in the mid-20s over the next five years as we build meaningful scale more quickly. We believe this increased scale provides MPLX greater flexibility to fund organic projects and to pursue acquisition opportunities.

On December 1, 2014, we sold and contributed interests in Pipe Line Holdings totaling 30.5 percent to MPLX for $600 million in cash and 2.9 million MPLX common units valued at $200 million. MPLX financed the sales portion of this transaction with $600 million of borrowings on its bank revolving credit facility.

On December 8, 2014, MPLX completed a public offering of 3.5 million common units at a price to the public of $66.68 per common unit, with net proceeds of $221 million. MPLX used the net proceeds from this offering to repay borrowings under its bank revolving credit facility and for general partnership purposes. On December 10, 2014, we exercised our right to maintain our two percent general partner interest in MPLX by purchasing 130 thousand general partner units for $9 million.

On February 12, 2015, MPLX completed its initial underwritten public offering of $500 million aggregate principal amount of four percent unsecured senior notes due February 15, 2025 (the “Senior Notes”). The Senior Notes were offered at a price to the public of 99.64 percent of par. The net proceeds of this offering were used to repay the amounts outstanding under its bank revolving credit facility, as well as for general partnership purposes.

See Item 8. Financial Statements and Supplementary Data – Note 4 for additional information on MPLX.

Our Competitive Strengths

High Quality Refining Assets

We believe we are the largest crude oil refiner in the Midwest and the fourth largest in the United States based on crude oil refining capacity. We own a seven-plant refinery network, with approximately 1.7 million barrels per calendar day (“mmbpcd”) of crude oil throughput capacity. Our refineries process a wide range of crude oils, including heavy and sour crude oils, which can generally be purchased at a discount to sweet crude oil, and produce transportation fuels such as gasoline and distillates, specialty chemicals and other refined products. While we have historically processed significant quantities of heavy and sour crude oils, our refineries have the ability to process up to 68 percent light sweet crude oils.

Strategic Location

The geographic locations of our refineries provide us with strategic advantages. Located in Petroleum Administration for Defense District (“PADD”) II and PADD III, which consist of states in the Midwest and the Gulf Coast regions of the United States, our refineries have the ability to procure crude oil from a variety of supply sources, including domestic, Canadian and other foreign sources, which provides us with flexibility to optimize crude supply costs. For example, geographic proximity to various United States shale oil regions and Canadian crude oil supply sources allows our refineries access to price-advantaged crude oils and lower transportation costs than certain of our competitors. Our refinery locations and midstream distribution system also allow us to access refined product export markets and to serve a broad range of key end-user markets across the United States quickly and cost-effectively.

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* As of December 31, 2014

Extensive Midstream Distribution Networks

Our assets give us extensive flexibility and optionality to respond promptly to dynamic market conditions, including weather-related and marketplace disruptions. We believe the relative scale of our transportation and distribution assets and operations distinguishes us from other refining and marketing companies. We currently own, lease or have ownership interests in approximately 8,300 miles of crude oil and products pipelines. Through our ownership interests in MPLX, we are one of the largest petroleum pipeline companies in the United States on the basis of total volume delivered. We also own one of the largest private domestic fleets of inland petroleum product barges and one of the largest terminal operations in the United States, as well as trucking and rail assets. We operate this system in coordination with our refining and marketing network, which enables us to optimize feedstock and other raw material supplies and refined product distribution, and further allows for important economies of scale across our system.

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General Partner and Sponsor of MPLX

Our investment in MPLX should allow us to enhance our share price through our limited partner and general partner interests which tend to receive higher market multiples. MPLX also provides us an efficient vehicle to invest in organic projects and pursue acquisitions of midstream assets. MPLX's significant liquidity and access to the capital markets should provide us a strong foundation to execute our strategy for growing our midstream logistics business. Our role as the general partner allows us to maintain strategic control of the assets so we can continue to optimize our refinery feedstock and distribution networks. We have an extensive portfolio of midstream assets that can potentially be sold and/or contributed to MPLX, providing MPLX with a competitive advantage. As of December 31, 2014, these assets included:

- approximately 5,400 miles of crude oil and products pipelines that MPC owns, leases or has an ownership interest;
- 19 owned or leased inland towboats and 211 owned or leased inland barges;
- 63 owned and operated light product terminals with approximately 20 million barrels of storage capacity and 192 loading lanes;
- 18 owned and operated asphalt terminals with approximately 5 million barrels of storage capacity and 65 loading lanes;
- one leased and two non-operated, partially-owned light product terminals;
- 2,210 owned or leased railcars;
- 59 million barrels of tank and cavern storage capacity at our refineries;
- 25 rail and 24 truck loading racks at our refineries;
- seven owned and 11 non-owned docks at our refineries;
- a condensate splitter at our Canton refinery; and
- approximately 20 billion gallons of fuels distribution.

We continue to focus resources on growing this portfolio of midstream assets, including investments in the Sandpiper and SAX pipeline projects and a condensate splitter project at our Catlettsburg refinery. We broadly estimate these assets and growth projects can generate annual earnings before interest, tax, depreciation and amortization ("EBITDA") of $1.6 billion. See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations for additional information on these pipeline investments.

Competitively Positioned Marketing Operations

We are one of the largest wholesale suppliers of gasoline and distillates to resellers within our market area. We have two strong retail brands: Speedway® and Marathon®. We believe that Speedway LLC, a wholly-owned subsidiary, operates the second largest chain of company-owned and operated retail gasoline and convenience stores in the United States, with approximately 2,750 convenience stores in 22 states throughout the Midwest, East Coast and Southeast. The Marathon brand is an established motor fuel brand in the Midwest and Southeast regions of the United States, comprised of approximately 5,460 retail outlets operated by independent entrepreneurs in 19 states as of December 31, 2014. In addition, as part of the acquisition of the Galveston Bay Refinery and Related Assets in 2013 and Hess' Retail Operations and Related Assets in 2014, we obtained retail marketing contracts that provide us with the opportunity to convert the associated retail outlets to the Marathon brand. As of December 31, 2014, we had outstanding retail marketing contract assignments for approximately 590 retail outlets. We believe our distribution system allows us to maximize the sales value of our products and minimize cost.

Attractive Growth Opportunities

We believe we have attractive growth opportunities. Our capital and investment budget for 2015 of $2.53 billion includes $1.28 billion for the Refining & Marketing segment (which includes $234 million for midstream investments), $452 million for the Speedway segment and $659 million for the Pipeline Transportation segment.

Our Refining & Marketing segment's midstream investments include building condensate splitters at our Canton, Ohio and Catlettsburg, Kentucky refineries to increase our capacity to process condensate from the Utica Shale region. The condensate splitter at our Canton refinery began operation at the end of 2014 and we expect to complete the condensate splitter at our Catlettsburg refinery in 2015. Our Refining & Marketing segment's investments also include refining margin enhancement projects, including projects to further capture synergies at our Galveston Bay refinery, increase our distillate production, expand our export capacity and increase our capacity to process condensates and light crude oils.

Our Speedway segment investments include converting and integrating Hess' Retail Operations and Related Assets, constructing new convenience stores and rebuilding existing locations. We also anticipate acquiring high quality stores through opportunistic acquisitions.

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Our Pipeline Transportation segment's midstream investments include investments in equity interests in the Sandpiper and SAX pipeline projects that will transport crude oil from growing North American hydrocarbon production regions to our refineries. MPLX is also pursuing the Cornerstone pipeline project, which will connect the Utica Shale production to our Canton, Ohio refinery. There are also potential opportunities for additional build-out projects to provide transportation solutions from the Utica Shale region to a wide range of markets.

Established Track Record of Profitability and Diversified Income Stream

We have demonstrated an ability to achieve positive financial results throughout all stages of the refining cycle. We believe our business mix and strategies position us well to continue to achieve competitive financial results. Income generated by our Speedway segment, which was significantly expanded with the acquisition of Hess' Retail Operations and Related Assets, and our Pipeline Transportation segment is less sensitive to business cycles while our Refining & Marketing segment enables us to generate significant income and cash flow when market conditions are more favorable.

Strong Financial Position

As of December 31, 2014, we had $1.49 billion in cash and cash equivalents and $3.80 billion in unused committed borrowing facilities, excluding MPLX's credit facility. We had $6.64 billion of debt at year-end, which represented 37 percent of our total capitalization. This combination of strong liquidity and manageable leverage provides financial flexibility to fund our growth projects and to pursue our business strategies.

Our Business Strategies

Achieve and Maintain Top-Tier Safety and Environmental Performance

We remain committed to operating our assets in a safe and reliable manner and targeting continuous improvement in our safety record across all of our operations. We have a history of safe and reliable operations, which was demonstrated again in 2014 with a solid performance compared to the industry average. Four of our refineries have earned designation as a U.S. Occupational Safety and Health Administration ("OSHA") Voluntary Protection Program ("VPP") Star site. In addition, we remain committed to environmental stewardship by continuing to improve the efficiency and reliability of our operations. We proactively address our regulatory requirements and encourage our operations to improve their environmental performance, with our 2014 designated environmental incidents showing an additional 15 percent reduction over 2013 results. Our Robinson, Illinois refinery had no significant designated environmental incidents in 2014, and our Galveston Bay refinery achieved further reduction of approximately 87 percent in designated environmental incidents since we acquired it on February 1, 2013.

Grow Higher-Valued, Stable Cash Flow Businesses

We intend to allocate significantly more capital to grow our midstream and retail businesses. These businesses typically have more predictable and stable income and cash flows compared to our refining operations and we believe investors assign a higher value to businesses with stable cash flows. Our capital and investment budget for 2015 includes investments in both our Refining & Marketing and Pipeline Transportation segments related to midstream assets. We have budgeted $234 million for midstream assets that are part of the Refining & Marketing segment, $659 million for the Pipeline Transportation segment and $452 million for the Speedway segment.

We plan to substantially accelerate the growth of MPLX and intend to evolve it into a large cap, diversified MLP. We intend to increase revenue on the MPLX network of pipeline systems through higher utilization of existing assets, by capitalizing on organic investment opportunities that may arise from the growth of MPC's operations and from increased third-party activity in MPLX's areas of operations. We also plan to pursue acquisitions of midstream assets through MPLX, both within our existing geographic footprint and in new areas. We expect there will continue to be significant investments in infrastructure to connect growing North American crude oil production with existing refining assets and to move refined products to wholesale and retail marketing customers. We intend to aggressively participate in this infrastructure build-out and grow our midstream business primarily through MPLX.

We significantly expanded Speedway's presence along the East Coast and Southeast through our acquisition of Hess' Retail Operations and Related Assets. We intend to continue growing Speedway's sales and profitability by focusing on the conversion and integration of these locations, from which we expect to realize increased merchandise sales and other synergies. We also remain focused on organic growth through constructing new stores, rebuilding old stores, acquiring high quality stores through opportunistic acquisitions and improving margins at our existing operations. We have identified numerous opportunities for new convenience stores or store rebuilds in our existing market, western Pennsylvania and Tennessee. In addition, our highly successful Speedy Rewards® customer loyalty program, which has more than 3.9 million active members as of December 31, 2014, provides us with a unique competitive advantage and opportunity to increase our Speedway customer base with existing and new Speedway locations, including the stores recently acquired from Hess.

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Deliver Top Quartile Refining Performance

Our refineries are well positioned to benefit from the growing crude oil and condensate production in North America, including the Bakken, Eagle Ford and Utica Shale regions, along with the Canadian oil sands. We are also well positioned to export distillates, gasoline and other products.

We intend to enhance our margins in the Refining & Marketing segment by capturing synergies at our Galveston Bay refinery, increasing our condensate and light crude oil processing capacity, growing our distillate production and expanding our exports. For example, we recently completed construction of a condensate splitter at our Canton refinery and we have a project underway to increase condensate processing capacity at our Catlettsburg refinery. We also have projects to increase light crude oil processing capacity at our Robinson refinery, to increase distillate production at our Garyville, Louisiana; Galveston Bay and Robinson refineries and to expand the export capacity at our Garyville and Galveston Bay refineries. We will continue to evaluate opportunities to expand our existing asset base, with an emphasis on increasing distillate production, light crude oil processing and export capabilities and synergistic opportunities at our Galveston Bay refinery.

Sustain Focus on Shareholder Returns

We intend to continue our focus on the return of capital to shareholders in the form of a strong and growing base dividend, supplemented by share repurchases. We have increased our quarterly dividend by 150 percent since becoming a stand-alone company in June 2011 and our board of directors has authorized share repurchases totaling $8.0 billion. Through open market purchases and two accelerated share repurchase (“ASR”) programs, we repurchased 89 million shares of our common stock for approximately $6.27 billion, representing approximately 25 percent of our outstanding common shares when we became a stand-alone company in June 2011. After the effects of these repurchases, $1.73 billion of the $8.0 billion total authorization was available for future repurchases as of December 31, 2014.

Increase Assured Sales Volumes at our Marathon Brand and Speedway Locations

We consider assured sales as those sales we make to Marathon brand customers, our Speedway operations and to our wholesale customers with whom we have required minimum volume sales contracts. We believe having assured sales brings ratability to our distribution systems, provides a solid base to enhance our overall supply reliability and allows us to efficiently and effectively optimize our operations between our refineries, our pipelines and our terminals. The Marathon brand has been a consistent vehicle for sales volume growth in existing and contiguous markets. The acquisition of Hess’ Retail Operations and Related Assets significantly expands our Speedway presence from nine to 22 states throughout the East Coast and Southeast and enables us to further leverage our integrated refining and transportation operations, providing an outlet for an incremental 200 mbpd of assured sales from our refining system.

Utilize and Enhance our High Quality Employee Workforce

We utilize our high quality employee workforce by continuing to leverage our commercial skills. In addition, we continue to enhance our workforce through selective hiring practices and effective training programs on safety, environmental stewardship and other professional and technical skills.

The above discussion contains forward-looking statements with respect to our competitive strengths and business strategies, including our expected investments, share repurchase authorizations, pursuit of potential acquisitions and other growth opportunities as well as the earnings potential of our portfolio of midstream assets and growth projects that can potentially be sold and/or contributed to MPLX. There can be no assurance that we will be successful, in whole or in part, in carrying out our business strategies, including our expected investments, share repurchase program or pursuit of potential acquisitions and other growth opportunities, or that our portfolio of midstream assets and growth projects that can potentially be sold and/or contributed to MPLX will achieve expected earnings. Factors that could affect our investments include, but are not limited to, the actual amounts invested, which could differ materially from those estimated, and our success in making such investments. Factors that could affect the share repurchase authorizations and the timing of any repurchases include, but are not limited to, business conditions, availability of liquidity and the market price of our common stock. Factors that could affect the pursuit of potential acquisitions and other growth opportunities include, but are not limited to, our ability to implement and realize the benefits and synergies of our strategic initiatives, availability of liquidity, actions taken by competitors, regulatory approvals and operating performance. Factors that could affect the earnings of our portfolio of midstream assets and growth projects that can potentially be sold and/or contributed to MPLX include, but are not limited to, the timing and extent of changes in commodity prices and demand for crude oil, refined products, feedstocks or other hydrocarbon-based products and volatility in and/or degradation of market and industry conditions. These factors, among others, could cause actual results to differ materially from those set forth in the forward-looking statements. For additional information on forward-looking statements and risks that can affect our business, see “Disclosures Regarding Forward-Looking Statements” and Item 1A. Risk Factors in this Annual Report on Form 10-K.

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Refining & Marketing

Refineries

We currently own and operate seven refineries in the Gulf Coast and Midwest regions of the United States with an aggregate crude oil refining capacity of 1,731 thousand barrels per calender day ("mbpcd"). During 2014, our refineries processed 1,622 mbpd of crude oil and 184 mbpd of other charge and blendstocks. During 2013, our refineries processed 1,589 mbpd of crude oil and 213 mbpd of other charge and blendstocks. The table below sets forth the location, crude oil refining capacity, tank storage capacity and number of tanks for each of our refineries as of December 31, 2014.

Refinery	Crude Oil Refining Capacity (mbpcd)[(a)]	Tank Storage Capacity (million barrels)	Number of Tanks
Garyville, Louisiana	522	16.8	78
Galveston Bay, Texas City, Texas	451	16.3	156
Catlettsburg, Kentucky	242	5.6	115
Robinson, Illinois	212	6.3	95
Detroit, Michigan	130	6.5	86
Canton, Ohio	90	3.0	75
Texas City, Texas	84	4.7	61
Total	1,731	59.2	666

(a) Refining throughput can exceed crude oil capacity due to the processing of other charge and blendstocks in addition to crude oil and the timing of planned turnaround and major maintenance activity.

Our refineries include crude oil atmospheric and vacuum distillation, fluid catalytic cracking, hydrocracking, catalytic reforming, coking, desulfurization and sulfur recovery units. The refineries process a wide variety of light and heavy crude oils purchased from various domestic and foreign suppliers. We produce numerous refined products, ranging from transportation fuels, such as reformulated gasolines, blend-grade gasolines intended for blending with ethanol and ultra-low sulfur diesel ("ULSD") fuel, to heavy fuel oil and asphalt. Additionally, we manufacture aromatics, propane, propylene, cumene and sulfur. See the Refined Product Marketing section for further information about the products we produce.

Our refineries are integrated with each other via pipelines, terminals and barges to maximize operating efficiency. The transportation links that connect our refineries allow the movement of intermediate products between refineries to optimize operations, produce higher margin products and efficiently utilize our processing capacity. For example, naphtha may be moved from Texas City to Robinson where excess reforming capacity is available. Also, shipping intermediate products between facilities during partial refinery shutdowns allows us to utilize processing capacity that is not directly affected by the shutdown work.

Garyville, Louisiana Refinery. Our Garyville, Louisiana refinery is located along the Mississippi River in southeastern Louisiana between New Orleans and Baton Rouge. The Garyville refinery is configured to process a wide variety of crude oils into gasoline, distillates, fuel-grade coke, asphalt, polymer-grade propylene, propane, slurry, sulfur and dry gas. The refinery has access to the export market and multiple options to sell refined products. A major expansion project was completed in 2009 that increased Garyville's crude oil refining capacity, making it one of the largest refineries in the U.S. Our Garyville refinery has earned designation as an OSHA VPP Star site.

Galveston Bay, Texas City, Texas Refinery. Our Galveston Bay refinery, which we acquired on February 1, 2013, is located on the Texas Gulf Coast approximately 30 miles southeast of Houston, Texas. The refinery can process a wide variety of crude oils into gasoline, distillates, aromatics, refinery-grade propylene, heavy fuel oil, fuel-grade coke, dry gas and sulfur. The refinery has access to the export market and multiple options to sell refined products. Our cogeneration facility, which supplies the Galveston Bay refinery, currently has 1,055 megawatts of electrical production capacity and can produce 4.3 million pounds of steam per hour. Approximately 45 percent of the power generated in 2014 was used at the refinery, with the remaining electricity being sold into the electricity grid.

Catlettsburg, Kentucky Refinery. Our Catlettsburg, Kentucky refinery is located in northeastern Kentucky on the western bank of the Big Sandy River, near the confluence with the Ohio River. The Catlettsburg refinery processes sweet and sour crude oils into gasoline, distillates, asphalt, aromatics, propane and refinery-grade propylene.

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Robinson, Illinois Refinery. Our Robinson, Illinois refinery is located in southeastern Illinois. The Robinson refinery processes sweet and sour crude oils into gasoline, distillates, propane, anode-grade coke, aromatics and slurry. The Robinson refinery has earned designation as an OSHA VPP Star site.

Detroit, Michigan Refinery. Our Detroit, Michigan refinery is located in southwest Detroit. It is the only petroleum refinery currently operating in Michigan. The Detroit refinery processes sweet and heavy sour crude oils into gasoline, distillates, asphalt, fuel-grade coke, chemical-grade propylene, propane, slurry and sulfur. Our Detroit refinery earned designation as a Michigan VPP Star site in 2010. In the fourth quarter of 2012, we completed a heavy oil upgrading and expansion project that enabled the refinery to process up to an additional 80 mbpd of heavy sour crude oils, including Canadian crude oils.

Canton, Ohio Refinery. Our Canton, Ohio refinery is located approximately 60 miles south of Cleveland, Ohio. The Canton refinery processes sweet and sour crude oils, including production from the nearby Utica Shale, into gasoline, distillates, asphalt, roofing flux, propane, refinery-grade propylene and slurry. In December 2014, we completed construction of a condensate splitter at our Canton refinery, which increased our capacity to process condensate from the Utica Shale region.

Texas City, Texas Refinery. Our Texas City, Texas refinery is located on the Texas Gulf Coast adjacent to our Galveston Bay refinery, approximately 30 miles southeast of Houston, Texas. The refinery processes light sweet crude oils into gasoline, chemical-grade propylene, propane, aromatics, dry gas and slurry. Our Texas City refinery earned designation as an OSHA VPP Star site in 2012.

As of December 31, 2014, our refineries had 25 rail loading racks and 24 truck loading racks and four of our refineries had a total of seven owned and 11 non-owned docks. Total throughput in 2014 was 84 mbpd for the refinery loading racks and 911 mbpd for the refinery docks.

Planned maintenance activities, or turnarounds, requiring temporary shutdown of certain refinery operating units, are periodically performed at each refinery. See Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations for additional detail.

Refined Product Yields

The following table sets forth our refinery production by product group for each of the last three years.

Refined Product Yields (mbpd)	2014	2013	2012
Gasoline	869	921	738
Distillates	580	572	433
Propane	35	37	26
Feedstocks and special products	276	221	109
Heavy fuel oil	25	31	18
Asphalt	54	54	62
Total	1,839	1,836	1,386

Crude Oil Supply

We obtain the crude oil we refine through negotiated term contracts and purchases or exchanges on the spot market. Our term contracts generally have market-related pricing provisions. The following table provides information on our sources of crude oil for each of the last three years. The crude oil sourced outside of North America was acquired from various foreign national oil companies, production companies and trading companies.

Sources of Crude Oil Refined (mbpd)	2014	2013	2012
United States	1,120	946	649
Canada	223	255	195
Middle East and other international	279	388	351
Total	1,622	1,589	1,195

Our refineries receive crude oil and other feedstocks and distribute our refined products through a variety of channels, including pipelines, trucks, railcars, ships and barges. During 2012, we began transporting condensate and crude oil by truck from the Utica Shale region to our Canton refinery.

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Renewable Fuels

We currently own a biofuel production facility in Cincinnati, Ohio that produces biodiesel, glycerin and other by-products. The capacity of the plant is approximately 60 million gallons per year.

We hold interests in ethanol production facilities in Albion, Michigan; Clymers, Indiana and Greenville, Ohio. These plants have a combined ethanol production capacity of 275 million gallons per year (18 mbpd) and are managed by a co-owner.

Refined Product Marketing

We believe we are one of the largest wholesale suppliers of gasoline and distillates to resellers and consumers within our 19-state market area. Independent retailers, wholesale customers, our Marathon brand jobbers and Speedway brand convenience stores, airlines, transportation companies and utilities comprise the core of our customer base. In addition, we sell gasoline, distillates and asphalt for export, primarily out of our Garyville and Galveston Bay refineries. The following table sets forth our refined product sales destined for export by product group for the past three years.

Refined Product Sales Destined for Export (mbpd)	2014	2013	2012
Gasoline	79	38	1
Distillates	191	173	114
Asphalt	5	6	8
Other	—	1	—
Total	275	218	123

The following table sets forth, as a percentage of total refined product sales volume, the sales of refined products to our different customer types for the past three years.

Refined Product Sales by Customer Type	2014		2013		2012	
Private-brand marketers, commercial and industrial customers, including spot market	73	%	75	%	72	%
Marathon-branded independent entrepreneurs	15	%	16	%	17	%
Speedway® convenience stores	12	%	9	%	11	%

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The following table sets forth the approximate number of retail outlets by state where independent entrepreneurs maintain Marathon-branded retail outlets, as of December 31, 2014.

State	Approximate Number of Marathon® Retail Outlets
Alabama	202
Florida	523
Georgia	297
Illinois	344
Indiana	648
Kentucky	586
Louisiana	1
Maryland	1
Michigan	753
Minnesota	74
Mississippi	38
North Carolina	297
Ohio	857
Pennsylvania	60
South Carolina	129
Tennessee	328
Virginia	129
West Virginia	124
Wisconsin	64
Total	5,455

As of December 31, 2014, we also had branded marketing contract assignments for retail outlets, primarily in Florida, Mississippi, Tennessee and Alabama and branded lessee dealer marketing contract assignments, primarily in Connecticut, Maryland and New York, which we acquired as either part of the Galveston Bay Refinery and Related Assets acquisition in 2013 or the acquisition of Hess' Retail Operations and Related Assets in 2014. As of December 31, 2014, we had outstanding retail marketing contract assignments for approximately 590 retail outlets.

The following table sets forth our refined product sales volumes by product group for each of the last three years.

Refined Product Sales by Product Group (mbpd)	2014	2013	2012
Gasoline	1,116	1,126	916
Distillates	623	615	463
Propane	34	37	27
Feedstocks and special products	268	214	112
Heavy fuel oil	28	29	19
Asphalt	56	54	62
Total	2,125	2,075	1,599

Gasoline and Distillates. We sell gasoline, gasoline blendstocks and distillates (including No. 1 and No. 2 fuel oils, jet fuel, kerosene and diesel fuel) to wholesale customers, Marathon-branded independent entrepreneurs and our Speedway® convenience stores and on the spot market. In addition, we sell diesel fuel and gasoline for export to international customers. We sold 55 percent of our gasoline sales volumes and 89 percent of our distillates sales volumes on a wholesale or spot market basis in 2014. The demand for gasoline and distillates is seasonal in many of our markets, with demand typically at its highest levels during the summer months.

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We have blended ethanol into gasoline for more than 20 years and began expanding our blending program in 2007, in part due to federal regulations that require us to use specified volumes of renewable fuels. Ethanol volumes sold in blended gasoline were 78 mbpd in 2014, 74 mbpd in 2013 and 68 mbpd in 2012. We sell reformulated gasoline, which is also blended with ethanol, in 12 states in our marketing area. We also sell biodiesel-blended diesel fuel in 15 states in our marketing area. The future expansion or contraction of our ethanol and biodiesel blending programs will be driven by market economics and government regulations.

Propane. We produce propane at most of our refineries. Propane is primarily used for home heating and cooking, as a feedstock within the petrochemical industry, for grain drying and as a fuel for trucks and other vehicles. Our propane sales are typically split evenly between the home heating market and industrial consumers.

Feedstocks and Special Products. We are a producer and marketer of feedstocks and specialty products. Product availability varies by refinery and includes propylene, raffinate, butane, benzene, xylene, molten sulfur, cumene and toluene. We market these products domestically to customers in the chemical, agricultural and fuel-blending industries. In addition, we produce fuel-grade coke at our Garyville, Detroit and Galveston Bay refineries, which is used for power generation and in miscellaneous industrial applications, and anode-grade coke at our Robinson refinery, which is used to make carbon anodes for the aluminum smelting industry. Our feedstocks and special products sales increased to 268 mbpd in 2014 from 214 mbpd in 2013 and 112 mbpd in 2012 primarily due to our Galveston Bay refinery.

Heavy Fuel Oil. We produce and market heavy residual fuel oil or related components, including slurry, at all of our refineries. Heavy residual fuel oil is primarily used in the utility and ship bunkering (fuel) industries, though there are other more specialized uses of the product.

Asphalt. We have refinery-based asphalt production capacity of up to 101 mbpcd, which includes asphalt cements, polymer-modified asphalt, emulsified asphalt, industrial asphalts and roofing flux. We have a broad customer base, including asphalt-paving contractors, government entities (states, counties, cities and townships) and asphalt roofing shingle manufacturers. We sell asphalt in the domestic and export wholesale markets via rail, barge and vessel.

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Terminals

As of December 31, 2014, we owned and operated 63 light product and 18 asphalt terminals. Our light product and asphalt terminals averaged 1,426 mbpd and 27 mbpd of throughput in 2014, respectively. In addition, we distribute refined products through one leased light product terminal, two light product terminals in which we have partial ownership interests but do not operate and approximately 118 third-party light product and 10 third-party asphalt terminals in our market area. The following table sets forth additional details about our owned and operated terminals at December 31, 2014.

Owned and Operated Terminals	Number of Terminals	Tank Storage Capacity (million barrels)	Number of Tanks	Number of Loading Lanes
Light Product Terminals:				
Alabama	2	0.4	20	4
Florida	4	2.8	83	22
Georgia	4	0.9	38	9
Illinois	4	1.2	44	14
Indiana	6	2.9	72	17
Kentucky	6	2.3	68	24
Louisiana	1	0.1	9	2
Michigan	9	2.3	89	28
North Carolina	4	1.1	50	13
Ohio	13	3.6	156	33
Pennsylvania	1	0.2	8	2
South Carolina	1	0.3	9	3
Tennessee	4	1.0	44	12
West Virginia	2	0.1	10	2
Wisconsin	2	0.8	19	7
Subtotal light product terminals	63	20.0	719	192
Asphalt Terminals:				
Florida	1	0.2	4	3
Illinois	2	0.1	33	6
Indiana	2	0.5	19	6
Kentucky	4	0.5	60	14
Louisiana	1	0.1	11	2
Michigan	1	—	—	8
Ohio	4	2.1	74	10
Pennsylvania	1	0.5	22	8
Tennessee	2	0.5	44	8
Subtotal asphalt terminals	18	4.5	267	65
Total owned and operated terminals	81	24.5	986	257

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Transportation

As of December 31, 2014, our marine transportation operations included 18 owned and one leased towboat, as well as 199 owned and 12 leased barges that transport refined products and crude oil on the Ohio, Mississippi and Illinois rivers and their tributaries and inter-coastal waterways. The following table sets forth additional details about our towboats and barges.

Class of Equipment	Number in Class	Capacity (thousand barrels)
Inland tank barges:[a]		
Less than 25,000 barrels	61	886
25,000 barrels and over	150	4,392
Total	211	5,278
Inland towboats:		
Less than 2,000 horsepower	2	
2,000 horsepower and over	17	
Total	19	

[a] All of our barges are double-hulled.

As of December 31, 2014, we owned 142 transport trucks and 151 trailers with an aggregate capacity of 1.4 million gallons for the movement of refined products and crude oil. In addition, we had 2,183 leased and 27 owned railcars of various sizes and capacities for movement and storage of refined products. The following table sets forth additional details about our railcars.

	Number of Railcars			
Class of Equipment	Owned	Leased	Total	Capacity per Railcar
General service tank cars	—	794	794	20,000-30,000 gallons
High pressure tank cars	—	1,171	1,171	33,500 gallons
Open-top hoppers	27	218	245	4,000 cubic feet
	27	2,183	2,210	

Speedway

Our Speedway segment sells gasoline, diesel and merchandise through convenience stores that it owns and operates, primarily under the Speedway and Hess brands. We have the right to use the Hess brand through September 30, 2017. We are in the process of converting convenience stores acquired from Hess to the Speedway brand, which we target to complete by the end of 2016. Speedway convenience stores offer a wide variety of merchandise, including prepared foods, beverages and non-food items. Speedway’s Speedy Rewards® loyalty program has been a highly successful loyalty program since its inception in 2004, with a consistently growing base of more than 3.9 million active members as of December 31, 2014. Due to Speedway’s ability to capture and analyze member-specific transactional data, Speedway is able to offer the Speedy Rewards® members discounts and promotions specific to their buying behavior. We believe Speedy Rewards® is a key reason customers choose Speedway over competitors and it continues to drive significant value for both Speedway and our Speedy Rewards® members.

The demand for gasoline is seasonal, with the highest demand usually occurring during the summer driving season. Margins from the sale of merchandise tend to be less volatile than margins from the retail sale of gasoline and diesel fuel. Merchandise margin as a percent of total gross margin for Speedway decreased in 2014, primarily related to the convenience stores acquired from Hess. The following table sets forth Speedway merchandise statistics for the past three years.

Speedway Merchandise Statistics	2014	2013	2012
Merchandise sales (in millions)	$3,611	$3,135	$3,058
Merchandise gross margin (in millions)	975	825	795
Merchandise as a percent of total gross margin	57 %	65 %	67 %

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As of December 31, 2014, Speedway had 2,746 convenience stores in 22 states. The following table sets forth the number of convenience stores by state owned by our Speedway segment as of December 31, 2014.

State	Number of Convenience Stores
Alabama	2
Connecticut	1
Delaware	4
Florida	248
Georgia	6
Illinois	107
Indiana	307
Kentucky	144
Massachusetts	117
Michigan	303
New Hampshire	12
New Jersey	72
New York	243
North Carolina	288
Ohio	487
Pennsylvania	105
Rhode Island	20
South Carolina	61
Tennessee	26
Virginia	68
West Virginia	62
Wisconsin	63
Total	2,746

Pipeline Transportation

As of December 31, 2014, we owned, leased or had ownership interests in approximately 8,300 miles of crude oil and products pipelines, of which approximately 2,900 miles are owned through our investments in MPLX.

MPLX

In 2012, we formed MPLX, a master limited partnership, to own, operate, develop and acquire pipelines and other midstream assets related to the transportation and storage of crude oil, refined products and other hydrocarbon-based products. On October 31, 2012, MPLX completed its initial public offering. As of December 31, 2014, we owned a 71.5 percent interest in MPLX, including the two percent general partner interest, and MPLX's assets consisted of a 99.5 percent general partner interest in Pipe Line Holdings, which owns common carrier pipeline systems through Marathon Pipe Line LLC ("MPL") and Ohio River Pipe Line LLC ("ORPL"), and a 100 percent interest in a one million barrel butane storage cavern in West Virginia.

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As of December 31, 2014, Pipe Line Holdings, through MPL and ORPL, owned or leased and operated 1,004 miles of common carrier crude oil lines and 1,902 miles of common carrier products lines located in nine states and four tank farms in Illinois and Indiana with available storage capacity of 3.29 million barrels that is committed to MPC. The table below sets forth additional detail regarding these pipeline systems and storage assets as of December 31, 2014.

Pipeline System or Storage Asset	Origin	Destination	Diameter (inches)	Length (miles)	Capacity[(a)]	Associated MPC refinery
Crude oil pipeline systems (mbpd):						
Patoka, IL to Lima, OH crude system	Patoka, IL	Lima, OH	20”-22”	302	249	Detroit, Canton
Catlettsburg, KY and Robinson, IL crude system	Patoka, IL	Catlettsburg, KY & Robinson, IL	20”-24”	484	495	Catlettsburg, Robinson
Detroit, MI crude system[(b)]	Samaria & Romulus, MI	Detroit, MI	16”	61	197	Detroit
Wood River, IL to Patoka, IL crude system[(b)]	Wood River & Roxana, IL	Patoka, IL	12”-22”	115	314	All Midwest refineries
Inactive pipelines				42	N/A	
Total				1,004	1,255	
Products pipeline systems (mbpd):						
Garyville, LA products system	Garyville, LA	Zachary, LA	20”-36”	72	389	Garyville
Texas City, TX products system	Texas City, TX	Pasadena, TX	16”-36”	42	215	Texas City, Galveston Bay
ORPL products system	Various	Various	6”-14”	518	244	Catlettsburg, Canton
Robinson, IL products system[(b)]	Various	Various	10”-16”	1,171	548	Robinson
Louisville, KY Airport products system	Louisville, KY	Louisville, KY	6”-8”	14	29	Robinson
Inactive pipelines[(b)]				85	N/A	
Total				1,902	1,425	
Wood River, IL barge dock (mbpd)					78	Garyville
Storage assets (thousand barrels):						
Neal, WV butane cavern[(c)]					1,000	Catlettsburg
Patoka, IL tank farm					1,386	All Midwest refineries
Wood River, IL tank farm					419	All Midwest refineries
Martinsville, IL tank farm					738	Detroit, Canton
Lebanon, IN tank farm					750	Detroit, Canton
Total					4,293	

(a) All capacities reflect 100 percent of the pipeline systems’ and barge dock’s average capacity in thousands of barrels per day and 100 percent of the available storage capacity of our butane cavern and tank farms in thousand of barrels.

(b) Includes pipelines leased from third parties.

(c) The Neal, WV butane cavern is 100 percent owned by MPLX.

The Pipe Line Holdings common carrier pipeline network is one of the largest petroleum pipeline systems in the United States, based on total volume delivered. Third parties generated 12 percent of the crude oil and refined product shipments on these common carrier pipelines in 2014, excluding volumes shipped by MPC under joint tariffs with third parties. These common carrier pipelines transported the volumes shown in the following table for each of the last three years.

Pipeline Throughput (mbpd)[(a)(b)]	2014	2013	2012
Crude oil pipelines	1,041	1,075	1,032
Refined products pipelines	878	911	980
Total	1,919	1,986	2,012

(a) MPLX predecessor volumes reported in MPLX's filings include our undivided joint interest crude oil pipeline systems for periods prior to MPLX's initial public offering, which were not contributed to MPLX. The undivided joint interest volumes are not included above.

(b) Volumes represent 100 percent of the throughput through these pipelines.

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MPC-Retained Assets and Investments

We retained ownership interests in several crude oil and products pipeline systems and pipeline companies. MPC consolidated volumes transported through our common carrier pipelines, which include MPLX and our undivided joint interests, are shown in the following table for each of the last three years.

MPC Consolidated Pipeline Throughput (mbpd)	2014	2013	2012
Crude oil pipelines	1,241	1,293	1,191
Refined products pipelines	878	911	980
Total	2,119	2,204	2,171

As of December 31, 2014, we owned undivided joint interests in the following common carrier crude oil pipeline systems.

Pipeline System	Origin	Destination	Diameter (inches)	Length (miles)	Ownership Interest		Operated by MPL
Capline	St. James, LA	Patoka, IL	40”	643	33	%	Yes
Maumee	Lima, OH	Samaria, MI	22”	95	26	%	No
Total				738			

As of December 31, 2014, we had partial ownership interests in the following pipeline companies.

Pipeline Company	Origin	Destination	Diameter (inches)	Length (miles)	Ownership Interest		Operated by MPL
Crude oil pipeline companies:							
Illinois Extension Pipeline Company LLC[(a)]	Flanagan, IL	Patoka, IL	TBD	TBD	35	%	No
LOCAP LLC	Clovelly, LA	St. James, LA	48”	57	59	%	No
LOOP LLC	Offshore Gulf of Mexico	Clovelly, LA	48”	48	51	%	No
North Dakota Pipeline Company LLC[(a)(b)]	Plentywood, MT	Clearbrook, MN	TBD	TBD	38	%	No
Total				105			
Products pipeline companies:							
Ascension Pipeline Company LLC[(a)]	Riverside, LA	Garyville	TBD	TBD	50	%	No
Centennial Pipeline LLC[(c)]	Beaumont, TX	Bourbon, IL	24”-26”	795	50	%	Yes
Explorer Pipeline Company	Lake Charles, LA	Hammond, IN	12”-28”	1,883	25	%	No
Muskegon Pipeline LLC	Griffith, IN	Muskegon, MI	10”	170	60	%	Yes
Wolverine Pipe Line Company	Chicago, IL	Bay City & Ferrysburg, MI	6”-18”	743	6	%	No
Total				3,591			

(a) The pipeline diameter and length for these companies will be determined when these pipeline projects are placed into service.

(b) We own 38 percent of the Class B units in this entity. Upon completion of the Sandpiper pipeline project, which is to construct a pipeline running from Beaver Lodge, North Dakota to Superior, Wisconsin and targeted for completion in 2017, our Class B units will be converted to an approximate 27 percent ownership interest in the Class A units of this entity.

(c) Includes 491 miles of inactive pipeline.

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We also own 183 miles of private crude oil pipelines and 760 miles of private refined products pipelines that are operated by MPL for the benefit of our Refining & Marketing segment on a cost recovery basis. The following table provides additional information on these assets.

Private Pipeline Systems	Diameter (inches)	Length (miles)	Capacity (mbpd)
Crude oil pipeline systems:			
Lima, OH to Canton, OH	12”-16”	153	85
St. James, LA to Garyville, LA	30”	20	620
Other	6”-14”	2	15
Inactive pipelines		8	N/A
Total		183	720
Products pipeline systems:			
Robinson, IL to Lima, OH	8”	250	18
Louisville, KY to Lexington, KY [(a)]	8”	87	37
Woodhaven, MI to Detroit, MI	4”	26	12
Illinois pipeline systems	4”-12”	118	39
Texas pipeline systems	8”	103	45
Ohio pipeline systems	4”-12”	57	32
Inactive pipelines		119	N/A
Total		760	183

(a) We own a 65 percent undivided joint interest in the Louisville, KY to Lexington, KY system.

As of December 31, 2014, we owned or leased 60 private tanks with storage capacity of approximately 6.5 million barrels, which are located along MPL and ORPL pipelines.

Competition, Market Conditions and Seasonality

The downstream petroleum business is highly competitive, particularly with regard to accessing crude oil and other feedstock supply and the marketing of refined products. We compete with a large number of other companies to acquire crude oil for refinery processing and in the distribution and marketing of a full array of petroleum products. Based upon the “The Oil & Gas Journal 2014 Worldwide Refinery Survey,” we ranked fourth among U.S. petroleum companies on the basis of U.S. crude oil refining capacity as of December 31, 2014. We compete in four distinct markets for the sale of refined products—wholesale, spot, branded and retail distribution. We believe we compete with about 60 companies in the sale of refined products to wholesale marketing customers, including private-brand marketers and large commercial and industrial consumers; about 90 companies in the sale of refined products in the spot market; 12 refiners or marketers in the supply of refined products to refiner-branded independent entrepreneurs; and approximately 910 retailers in the retail sale of refined products. In addition, we compete with producers and marketers in other industries that supply alternative forms of energy and fuels to satisfy the requirements of our industrial, commercial and retail consumers. We do not produce any of the crude oil we refine.

We also face strong competition for sales of retail gasoline, diesel fuel and merchandise. Our competitors include service stations and convenience stores operated by fully integrated major oil companies and their independent entrepreneurs and other well-recognized national or regional convenience stores and travel centers, often selling gasoline, diesel fuel and merchandise at competitive prices. Non-traditional retailers, such as supermarkets, club stores and mass merchants, have affected the convenience store industry with their entrance into sales of retail gasoline and diesel fuel. Energy Analysts International, Inc. estimated such retailers had approximately 14 percent of the U.S. gasoline market in mid-2014.

Our pipeline transportation operations are highly regulated, which affects the rates that our common carrier pipelines can charge for transportation services and the return we obtain from such pipelines.

Market conditions in the oil and gas industry are cyclical and subject to global economic and political events and new and changing governmental regulations. Our operating results are affected by price changes in crude oil, natural gas and refined products, as well as changes in competitive conditions in the markets we serve. Price differentials between sweet and sour crude oils, West Texas Intermediate (“WTI”) and Light Louisiana Sweet (“LLS”) crude oils and other market structure differentials also affect our operating results.

Demand for gasoline, diesel fuel and asphalt is higher during the spring and summer months than during the winter months in most of our markets, primarily due to seasonal increases in highway traffic and construction. As a result, the operating results for each of our segments for the first and fourth quarters may be lower than for those in the second and third quarters of each calendar year.

Environmental Matters

Our management is responsible for ensuring that our operating organizations maintain environmental compliance systems that support and foster our compliance with applicable laws and regulations, and for reviewing our overall environmental performance. We also have a Corporate Emergency Response Team that oversees our response to any major environmental or other emergency incident involving us or any of our facilities.

We believe it is likely that the scientific and political attention to issues concerning the extent and causes of climate change will continue, with the potential for further regulations that could affect our operations. Currently, legislative and regulatory measures to address greenhouse gases are in various phases of review, discussion or implementation. The cost to comply with these laws and regulations cannot be estimated at this time, but could be significant. For additional information, see Item 1A. Risk Factors. We estimate and publicly report greenhouse gas emissions from our operations and products. Additionally, we continuously strive to improve operational and energy efficiencies through resource and energy conservation where practicable.

Our operations are subject to numerous other laws and regulations relating to the protection of the environment. Such laws and regulations include, among others, the Clean Air Act ("CAA") with respect to air emissions, the Clean Water Act ("CWA") with respect to water discharges, the Resource Conservation and Recovery Act ("RCRA") with respect to solid and hazardous waste treatment, storage and disposal, the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA") with respect to releases and remediation of hazardous substances and the Oil Pollution Act of 1990 ("OPA-90") with respect to oil pollution and response. In addition, many states where we operate have similar laws. New laws are being enacted and regulations are being adopted on a continuing basis, and the costs of compliance with such new laws and regulations are very difficult to estimate until finalized.

For a discussion of environmental capital expenditures and costs of compliance for air, water, solid waste and remediation, see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations-Environmental Matters and Compliance Costs.

Air

We are subject to many requirements in connection with air emissions from our operations. The U.S. Environmental Protection Agency ("EPA") issued an "endangerment finding" in 2009 that greenhouse gas emissions contribute to air pollution that endangers public health and welfare. Related to this endangerment finding, in April 2010, the EPA finalized a greenhouse gas emissions standard for mobile sources (cars and other light duty vehicles). The endangerment finding along with the mobile source standard and the EPA's determination that greenhouse gases are subject to regulation under the CAA, and the EPA's so-called "tailoring rule" led to permitting of larger stationary sources of greenhouse gas emissions, including refineries. Legal challenges filed against these EPA actions were overruled by the D.C. Circuit Court of Appeals. In June 2014, the Supreme Court limited the EPA's greenhouse gas permitting authority to only those sources that also trigger Prevention of Significant Deterioration ("PSD") conventional pollutants. A few MPC projects triggered greenhouse gas permitting requirements but any additional capital spend will likely not be significant. Legal challenges continue in the wake of the Supreme Court decision. The EPA has proposed New Source Performance Standards for greenhouse gas emissions for new and existing electric utility generating units. This could impact electric and natural gas rates for all our operations and could impose new requirements on the combined heat and power unit we operate. Congress may again consider legislation on greenhouse gas emissions or a carbon tax. Private parties have sued utilities and other emitters of greenhouse gas emissions, but such suits have been largely unsuccessful. We have not been named in any of those lawsuits. Private-party litigation is also pending against federal and certain state governmental entities seeking additional greenhouse gas emission reductions beyond those currently being undertaken. In sum, requiring reductions in greenhouse gas emissions could result in increased costs to (i) operate and maintain our facilities, (ii) install new emission controls at our facilities and (iii) administer and manage any greenhouse gas emissions programs, including acquiring emission credits or allotments. These requirements may also significantly affect MPC's refinery operations and may have an indirect effect on our business, financial condition and results of operations. The extent and magnitude of the impact from greenhouse gas regulation or legislation cannot be reasonably estimated due to the uncertainty regarding the additional measures and how they will be implemented.

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In 2013, the Obama administration developed the social cost of carbon ("SCC"). The SCC is to be used by the EPA and other federal agencies in regulatory cost-benefit analyses to take into account alleged broad economic consequences associated with changes to emissions of greenhouse gases. The SCC was first issued in 2010. In 2013, the Obama administration significantly increased the estimate to $36 per ton. In response to the regulated community and Congress' critiques of how the SCC was developed, the Office of Management and Budget provided an opportunity to comment on the SCC, but ultimately did not make any significant revisions. In December 2014, the White House Council on Environmental Quality ("CEQ") issued new draft guidance for assessing greenhouse gas emissions under the National Environmental Policy Act ("NEPA"), adding for the first time language that requires the analyses to also include the impact of climate change on projects, including using the SCC when analyzing costs and benefits of a project. While the impact of a higher SCC in future regulations is not known at this time, it may result in increased costs to our operations.

The EPA has reviewed and has revised, or will propose to revise, the National Ambient Air Quality Standards ("NAAQS") for criteria air pollutants. The NAAQS are subject to multiple court challenges, making compliance planning uncertain. The EPA promulgated a revised ozone standard in March 2008 and commenced a multi-year process to develop the implementing rules required by the CAA. On December 17, 2014, the EPA proposed to revise the NAAQS for ozone. If the ozone standard is revised, it is expected to be effective in December 2015 after which states will begin developing implementation plans that will take several years to receive final EPA approval. The impact of a stricter standard cannot be accurately estimated due to the present uncertainty regarding the final standard and the additional requirements that states may impose. Also, in 2010, the EPA adopted new short-term standards for nitrogen dioxide and sulfur dioxide, and in December 2012 issued a more stringent fine particulate matter standard ("PM 2.5"). In December 2014, the EPA finalized the non-attainment areas for PM 2.5. None of our refineries are located in the non-attainment areas for PM 2.5, however, our Cincinnati Renewable Fuels LLC facility is located in Cincinnati, OH, which was designated as a non-attainment area. We cannot reasonably estimate the final financial impact of these proposed and revised NAAQS standards until the standards are finalized, individual state implementing rules are established and judicial challenges are resolved.

The EPA finalized the Boiler and Process Heater Maximum Achievable Control Technology ("Boiler MACT") in March 2011 with work practice standards that are applicable to refinery and natural gas fired equipment. Subsequently, in January 2013 the EPA made certain revisions to the March 2011 final rule in response to petitions for reconsideration. In December 2014, the EPA proposed reconsideration of limited issues and proposed to delete rule provisions for an affirmative defense for malfunctions. Currently, litigation is pending in the D.C. Circuit Court on both the 2011 and 2013 rule-makings. We anticipate litigation to continue through 2015. We are in the process of implementing the work practice standards. Final financial impacts of the Boiler MACT rule cannot be determined at this time because the ongoing litigation could affect the final rule.

On June 30, 2014, the EPA proposed to revise existing refinery air emissions standards. The final rule is expected to be issued by June 17, 2015 and allows for implementation through June 2018. EPA's periodic review and possible revision of these standards is required under the CAA. This rule may require additional controls, lower emission standards and ambient air monitoring. Due to the present uncertainty regarding final standards, we cannot reasonably estimate the cost associated with this rule.

Water

We maintain numerous discharge permits as required under the National Pollutant Discharge Elimination System program of the CWA and have implemented systems to oversee our compliance with these permits. In addition, we are regulated under OPA-90, which among other things, requires the owner or operator of a tank vessel or a facility to maintain an emergency plan to respond to releases of oil or hazardous substances. Also, in case of any such release, OPA-90 requires the responsible company to pay resulting removal costs and damages. OPA-90 also provides for civil penalties and imposes criminal sanctions for violations of its provisions. We have implemented emergency oil response plans for all of our components and facilities covered by OPA-90 and we have established Spill Prevention, Control and Countermeasures plans for all facilities subject to such requirements.

Additionally, OPA-90 requires that new tank vessels entering or operating in U.S. waters be double-hulled and that existing tank vessels that are not double-hulled be retrofitted or removed from U.S. service. All barges used for river transport of our raw materials and refined products meet the double-hulled requirements of OPA-90. We operate facilities at which spills of oil and hazardous substances could occur. Some coastal states in which we operate have passed state laws similar to OPA-90, but with expanded liability provisions, that include provisions for cargo owner responsibility as well as ship owner and operator responsibility.

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In 2013, the EPA and the US Army Corps of Engineers proposed significant changes to the definition of the term "waters of the US" (WOTUS) used in numerous programs under the CWA. The proposed changes have the potential to expand permitting, planning and reporting obligations and extend the timing to secure permits for pipeline and fixed asset construction and maintenance activities. Some man-made water bodies on our plant sites (firewater ponds, stormwater systems, and green infrastructure systems) may become WOTUS, which may require new permits requiring the control of liquids entering and exiting these water bodies. A final rule is anticipated in early 2015.

In May 2014, the EPA issued the final rule regarding cooling water intake structures which impacts three of our refineries. The final rule established closed-loop cooling as one of eight required technologies. The final rule also requires company engagement with Fish and Wildlife to determine if any endangered species are at risk in the locations during the next NPDES permit cycle. This rule will apply with the next NPDES renewal at our Catlettsburg, Garyville, and Robinson refineries. This rule is not anticipated to have a material impact on our operations.

Solid Waste

We continue to seek methods to minimize the generation of hazardous wastes in our operations. RCRA establishes standards for the management of solid and hazardous wastes. Besides affecting waste disposal practices, RCRA also addresses the environmental effects of certain past waste disposal operations, the recycling of wastes and the regulation of underground storage tanks ("USTs") containing regulated substances. We have ongoing RCRA treatment and disposal operations at two of our facilities and primarily utilize offsite third-party treatment and disposal facilities. Ongoing RCRA-related costs, however, are not expected to be material to our results of operations or cash flows.

Remediation

We own or operate, or have owned or operated, certain convenience stores and other locations where, during the normal course of operations, releases of refined products from USTs have occurred. Federal and state laws require that contamination caused by such releases at these sites be assessed and remediated to meet applicable standards. The enforcement of the UST regulations under RCRA has been delegated to the states, which administer their own UST programs. Our obligation to remediate such contamination varies, depending on the extent of the releases and the stringency of the applicable state laws and regulations. A portion of these remediation costs may be recoverable from the appropriate state UST reimbursement funds once the applicable deductibles have been satisfied. We also have ongoing remediation projects at a number of our current and former refinery, terminal and pipeline locations. Penalties or other sanctions may be imposed for noncompliance.

Claims under CERCLA and similar state acts have been raised with respect to the clean-up of various waste disposal and other sites. CERCLA is intended to facilitate the clean-up of hazardous substances without regard to fault. Potentially responsible parties for each site include present and former owners and operators of, transporters to and generators of the hazardous substances at the site. Liability is strict and can be joint and several. Because of various factors including the difficulty of identifying the responsible parties for any particular site, the complexity of determining the relative liability among them, the uncertainty as to the most desirable remediation techniques and the amount of damages and clean-up costs and the time period during which such costs may be incurred, we are unable to reasonably estimate our ultimate cost of compliance with CERCLA; however, we do not believe such costs will be material to our business, financial condition, results of operations or cash flows.

Mileage Standards, Renewable Fuels and Other Fuels Requirements

In 2007, the U.S. Congress passed the Energy Independence and Security Act ("EISA"), which, among other things, set a target of 35 miles per gallon for the combined fleet of cars and light trucks in the United States by model year 2020, and contains a second Renewable Fuel Standard ("RFS2"). In August 2012, the EPA and the National Highway Traffic Safety Administration jointly adopted regulations that establish average industry fleet fuel economy standards for passenger cars and light trucks of up to 41 miles per gallon by model year 2021 and average fleet fuel economy standards of up to 49.7 miles per gallon by model year 2025 (the standards from 2022 to 2025 are the government's current estimate but will require further rulemaking). New or alternative transportation fuels such as compressed natural gas could also pose a competitive threat to our operations.

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The RFS2 required the total volume of renewable transportation fuels sold or introduced annually in the U.S. to reach 16.55 billion gallons in 2013 and increases to 36.0 billion gallons by 2022. EPA has not finalized the 2014 volumes at this time. In the near term, the RFS2 will be satisfied primarily with ethanol blended into gasoline. Vehicle, regulatory and infrastructure constraints limit the blending of significantly more than 10 percent ethanol into gasoline ("E10"), but blending more than E10 could be required if the RFS2 standards are not modified. The RFS2 has required, and may in the future continue to require, additional capital expenditures or expenses by us to accommodate increased renewable fuels use. Within the overall 36.0 billion gallon RFS2, EISA established an advanced biofuel RFS2 volume of 2.0 billion gallons in 2012 increasing to 21.0 billion gallons in 2022. Subsets within the advanced biofuel RFS2 include biomass-based diesel, which was set at 1.0 billion gallons in 2012, 1.28 billion gallons in 2013, and at least 1.0 billion gallons in 2014 through 2022 (to be determined by the EPA through future rulemaking), and cellulosic biofuel, which was set at 0.5 billion gallons in 2012 and 1.0 billion gallons in 2013, increasing to 16.0 billion gallons by 2022. In 2013, the EPA used its waiver authority under the CAA to reduce the amount of cellulosic biofuel required under the statute from 1.0 billion gallons to 6.0 million gallons. Currently, litigation is on-going in the D.C. Circuit Court of Appeals with respect to the EPA's determination of the 2013 cellulosic biofuel requirement. Subsequently, industry has requested the EPA to use its waiver authority for 2014, requesting reductions for total renewable fuel, advanced biofuels and cellulosic biofuels volumetric obligations.

On November 29, 2013, the EPA issued a proposed rule for the 2014 renewal fuel volume requirements. On November 21, 2014, the EPA announced the rule would not become final until sometime in 2015. This continues the lack of clarity and timeliness that has become common place with the EPA's administration of the RFS2 requirements. This proposed rule has substantially reduced the RFS2 requirements from the statutory numbers as follows: total renewables has been reduced from 18.15 to 15.21 billion gallons, the advanced requirement has been reduced from 3.75 to 2.20 billion gallons, the biomass-based diesel requirement has remained flat from 2013 at 1.28 billion gallons, and the cellulosic requirement has been reduced from 1.75 billion to 17 million gallons. If these proposed requirements become final, it will allow the obligated parties to comply in 2014 without needing any substantial volumes of 85 percent ethanol-blended or 15 percent ethanol-blended ("E15") gasolines and postpone the issues and concerns of having to blend ethanol past the E10 "blendwall" at least for 2014. Likewise, the EPA has not finalized the 2015 renewable fuel volumes as required by the November 30, 2014 statutory deadline. As a result, the future of the RFS still remains undecided and is in need of a legislative re-write or repeal to provide a stable business platform for the obligated parties.

With potentially uncertain supplies, the advanced biofuels programs may present specific challenges in that we may have to enter into arrangements with other parties or purchase credits from the EPA to meet our obligations to use advanced biofuels, including biomass-based diesel and cellulosic biofuel. Additionally, the EPA did not finalize the 2013 RFS2 renewable fuel obligations until August 2013. Therefore, it is uncertain how industry will comply with meeting the advanced biofuels obligation. The continued delay of the final rule for 2014 has also delayed the day when compliance reports are due for 2013. In 2012 and 2013, the EPA also discovered that 173 million biodiesel renewable identification numbers ("RINs") used to meet the annual requirement for that fuel had been fraudulently created and sold to unsuspecting third parties, including MPC. The EPA finalized a rule establishing a quality assurance program for RINs purchased to help meet the annual biofuel requirements under the RFS2 program. The program is aimed at reducing the risks that RINs are fraudulently created or sold. We have already instituted internal procedures to help mitigate that risk.

We made investments in infrastructure capable of expanding biodiesel blending capability to help comply with the biodiesel RFS2 requirement by buying and blending biodiesel into our refined diesel product, and by buying needed biodiesel RINs in the EPA-created biodiesel RINs market. On April 1, 2014, we purchased a facility in Cincinnati, Ohio, which currently produces biodiesel, glycerin and other by-products. The capacity of the plant is approximately 60 million gallons per year. As a producer of biodiesel, we now generate RINs, thereby reducing our reliance on the external RIN market.

On October 13, 2010, the EPA issued a partial waiver decision under the CAA to allow for an increase in the amount of ethanol permitted to be blended into gasoline from E10 to E15 for 2007 and newer light-duty motor vehicles. On

January 21, 2011, the EPA issued a second waiver for the use of E15 in vehicles model year 2001-2006. There are numerous issues, including state and federal regulatory issues, which need to be addressed before E15 can be marketed for use in traditional gasoline engines.

There will be compliance costs and uncertainties regarding how we will comply with the various requirements contained in EISA and related regulations. We may experience a decrease in demand for refined petroleum products due to an increase in combined fleet mileage or due to refined petroleum products being replaced by renewable fuels.

On March 3, 2014, the EPA signed the final Tier 3 fuel standards. The final Tier 3 fuel standards require, among other things, a lower annual average sulfur level in gasoline to no more than 10 parts per million ("ppm") beginning in calendar year 2017. In addition, gasoline refiners and importers may not exceed a maximum per-gallon sulfur standard of 80 ppm while retailers may not exceed a maximum per-gallon sulfur standard of 95 ppm. We anticipate that we will spend an estimated $750 million to $1 billion between 2014 and 2019 for capital expenditures necessary to comply with these standards.

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Trademarks, Patents and Licenses

Our Marathon trademark is material to the conduct of our refining and marketing operations, and our Speedway trademark is material to the conduct of our retail marketing operations. We currently hold a number of U.S. and foreign patents and have various pending patent applications. Although in the aggregate our patents and licenses are important to us, we do not regard any single patent or license or group of related patents or licenses as critical or essential to our business as a whole. In general, we depend on our technological capabilities and the application of know-how rather than patents and licenses in the conduct of our operations.

Employees

We had approximately 45,340 regular employees as of December 31, 2014, which includes approximately 35,400 employees of Speedway.

Certain hourly employees at our Canton, Catlettsburg, Galveston Bay and Texas City refineries are represented by the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers Union. The labor agreements for our Canton, Catlettsburg and Galveston Bay refineries expired on January 31, 2015 and no successor agreements have been negotiated. As of February 1, 2015 our Catlettsburg and Galveston Bay refineries are experiencing work stoppages. The labor agreement for our Canton refinery was extended on a rolling 24-hour notice of expiration basis. The impacted refineries continue to operate as normal. The labor agreement for our Texas City refinery is due to expire on March 31, 2015. The International Brotherhood of Teamsters represents certain hourly employees at our Detroit refinery under a labor agreement that is scheduled to expire in 2019. In addition, they represent certain hourly employees at Speedway under agreements that cover certain outlets in New York and New Jersey that expire between September 14, 2015 and June 30, 2016.

Executive and Corporate Officers of the Registrant

The executive and corporate officers of MPC and their ages as of February 1, 2015, are as follows:

Name	Age	Position with MPC
Gary R. Heminger	61	President and Chief Executive Officer
Pamela K.M. Beall	58	Senior Vice President, Corporate Planning, Government & Public Affairs
Richard D. Bedell	60	Senior Vice President, Refining
Timothy T. Griffith	45	Vice President, Finance and Investor Relations, and Treasurer
John R. Haley[a]	58	Vice President, Tax
Thomas M. Kelley	55	Senior Vice President, Marketing
Anthony R. Kenney	61	President, Speedway LLC
Rodney P. Nichols	62	Senior Vice President, Human Resources and Administrative Services
C. Michael Palmer	61	Senior Vice President, Supply, Distribution and Planning
John J. Quaid	43	Vice President and Controller
George P. Shaffner	55	Senior Vice President, Transportation and Logistics
John S. Swearingen[a]	55	Vice President, Health, Environment, Safety & Security
Donald C. Templin	51	Senior Vice President and Chief Financial Officer
Donald W. Wehrly[a]	55	Vice President and Chief Information Officer
J. Michael Wilder	62	Vice President, General Counsel and Secretary

[a] Corporate officer.

Mr. Heminger was appointed president and chief executive officer effective June 30, 2011. Prior to this appointment, Mr. Heminger was president of Marathon Petroleum Company LP (formerly known as Marathon Ashland Petroleum LLC and Marathon Petroleum Company LLC), currently a wholly owned subsidiary of MPC and prior to the Spinoff, a wholly owned subsidiary of Marathon Oil. He assumed responsibility as president of Marathon Petroleum Company LP in September 2001.

Ms. Beall was appointed senior vice president, Corporate Planning, Government & Public Affairs effective January 1, 2014. Prior to this appointment, Ms. Beall was vice president, Investor Relations and Government & Public Affairs beginning June 30, 2011 and was vice president, Products Supply and Optimization of Marathon Petroleum Company LP beginning in June 2010. She served as vice president of Global Procurement for Marathon Oil Company between 2007 and 2010 and prior to that as organizational vice president, Business Development—Downstream.

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Mr. Bedell was appointed senior vice president, Refining effective June 30, 2011. Prior to this appointment, Mr. Bedell served in the same capacity for Marathon Petroleum Company LP beginning in June 2010 and as manager, Louisiana Refining Division beginning in 2001.

Mr. Griffith was appointed vice president, Finance and Investor Relations, and treasurer effective January 1, 2014. Prior to this appointment, Mr. Griffith was vice president of Finance and treasurer beginning August 1, 2011. Mr. Griffith was vice president Investor Relations and treasurer of Smurfit-Stone Container Corporation, a packaging manufacturer, in St. Louis, Missouri, from 2008 to 2011.

Mr. Haley was appointed vice president, Tax effective June 1, 2013. Prior to this appointment, Mr. Haley served as director of Tax beginning in July 2011 and as a tax manager for Marathon Oil Company beginning in 1996.

Mr. Kelley was appointed senior vice president, Marketing effective June 30, 2011. Prior to this appointment, Mr. Kelley served in the same capacity for Marathon Petroleum Company LP beginning in January 2010. Previously, he served as director of Crude Supply and Logistics for Marathon Petroleum Company LP from January 2008, and as a Brand Marketing manager for eight years prior to that.

Mr. Kenney has served as president of Speedway LLC since August 2005.

Mr. Nichols was appointed senior vice president, Human Resources and Administrative Services effective March 1, 2012. Prior to this appointment, Mr. Nichols served as vice president, Human Resources and Administrative Services beginning on June 30, 2011 and served in the same capacity for Marathon Petroleum Company LP beginning in April 1998.

Mr. Palmer was appointed senior vice president, Supply, Distribution and Planning effective June 30, 2011. Prior to this appointment, Mr. Palmer served as vice president, Supply, Distribution & Planning for Marathon Petroleum Company LP beginning in June 2010. He served as Crude Supply and Logistics director for Marathon Petroleum Company LP beginning in February 2010, and as senior vice president, Oil Sands Operations and Commercial Activities for Marathon Oil Canada Corporation beginning in 2007.

Mr. Quaid was appointed vice president and controller effective June 23, 2014. Prior to this appointment, Mr. Quaid was vice president of Iron Ore at United States Steel Corporation (“U. S. Steel”), an integrated steel producer, beginning in January 2014. Previously, Mr. Quaid served in various leadership positions at U. S. Steel since February 2002, including vice president and treasurer beginning in August 2011, controller, North American Flat-Rolled Operations beginning in July 2010 and assistant corporate controller beginning in 2008.

Mr. Shaffner was appointed senior vice president, Transportation and Logistics effective June 30, 2011. Prior to this appointment, Mr. Shaffner served in the same capacity for Marathon Petroleum Company LP beginning in June 2010. Previously, Mr. Shaffner served as Michigan Refining Division manager beginning in October 2006.

Mr. Swearingen was appointed vice president of Health, Environmental, Safety & Security effective June 30, 2011. Prior to this appointment, Mr. Swearingen was president of Marathon Pipe Line LLC beginning in 2009 and the Illinois Refining Division manager beginning in November 2001.

Mr. Templin was appointed senior vice president and chief financial officer effective June 30, 2011. Prior to this appointment, Mr. Templin was a partner at PricewaterhouseCoopers LLP, an audit, tax and advisory services provider, with various audit and management responsibilities beginning in 1996.

Mr. Wehrly was appointed vice president and chief information officer effective June 30, 2011. Prior to this appointment, Mr. Wehrly was the manager of Information Technology Services for Marathon Petroleum Company LP beginning in 2003.

Mr. Wilder was appointed vice president, general counsel and secretary effective June 30, 2011. Prior to this appointment, Mr. Wilder was associate general counsel of Marathon Oil Company beginning in 2010 and general counsel and secretary of Marathon Petroleum Company LP beginning in 1997.

Michael G. Braddock, who was vice president and controller since June 30, 2011, retired effective October 1, 2014.

Garry L. Peiffer, who was executive vice president of Corporate Planning and Investor & Government Relations since June 30, 2011, retired effective January 1, 2014.

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Available Information

General information about MPC, including Corporate Governance Principles and Charters for the Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee, can be found at http://ir.marathonpetroleum.com. In addition, our Code of Business Conduct and Code of Ethics for Senior Financial Officers are also available in this same location.

MPC uses its website, www.marathonpetroleum.com, as a channel for routine distribution of important information, including news releases, analyst presentations, financial information and market data. Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as any amendments and exhibits to those reports, are available free of charge through our website as soon as reasonably practicable after the reports are filed or furnished with the Securities and Exchange Commission. These documents are also available in hard copy, free of charge, by contacting our Investor Relations office. In addition, our website allows investors and other interested persons to sign up to automatically receive email alerts when we post news releases and financial information on our website. Information contained on our website is not incorporated into this Annual Report on Form 10-K or other securities filings.

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Item 1A. Risk Factors

You should carefully consider each of the following risks and all of the other information contained in this Annual Report on Form 10-K in evaluating us and our common stock. Some of these risks relate principally to our business and the industry in which we operate, while others relate to the ownership of our common stock.

Our business, financial condition, results of operations or cash flows could be materially and adversely affected by any of these risks, and, as a result, the trading price of our common stock could decline.

Risks Relating to our Business

A substantial or extended decline in refining and marketing gross margins would reduce our operating results and cash flows and could materially and adversely impact our future rate of growth, the carrying value of our assets and our ability to execute share repurchases and continue the payment of our base dividend.

Our operating results, cash flows, future rate of growth, the carrying value of our assets and our ability to execute share repurchases and continue the payment of our base dividend are highly dependent on the margins we realize on our refined products. The measure of the difference between market prices for refined products and crude oil, or crack spread, is commonly used by the industry as a proxy for refining and marketing gross margins. Historically, refining and marketing gross margins have been volatile, and we believe they will continue to be volatile. Our margins from the sale of gasoline and other refined products are influenced by a number of conditions, including the price of crude oil. We do not produce crude oil and must purchase all of the crude oil we refine. The price of crude oil and the price at which we can sell our refined products may fluctuate independently due to a variety of regional and global market conditions. Any overall change in crack spreads will impact our refining and marketing gross margins. Many of the factors influencing a change in crack spreads and refining and marketing gross margins are beyond our control. These factors include:

- worldwide and domestic supplies of and demand for crude oil and refined products;
- the cost of crude oil and other feedstocks to be manufactured into refined products;
- the prices realized for refined products;
- utilization rates of refineries;
- natural gas and electricity supply costs incurred by refineries;
- the ability of the members of OPEC to agree to and maintain production controls;
- political instability or armed conflict in oil and natural gas producing regions;
- local weather conditions;
- seasonality of demand in our marketing area due to increased highway traffic in the spring and summer months;
- natural disasters such as hurricanes and tornadoes;
- the price and availability of alternative and competing forms of energy;
- domestic and foreign governmental regulations and taxes; and
- local, regional, national and worldwide economic conditions.

Some of these factors can vary by region and may change quickly, adding to market volatility, while others may have longer-term effects. The longer-term effects of these and other factors on refining and marketing gross margins are uncertain. We purchase our crude oil and other refinery feedstocks weeks before we refine them and sell the refined products. Price level changes during the period between purchasing feedstocks and selling the refined products from these feedstocks could have a significant effect on our financial results. We also purchase refined products manufactured by others for resale to our customers. Price changes during the periods between purchasing and reselling those refined products also could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Lower refining and marketing gross margins may reduce the amount of refined products we produce, which may reduce our revenues, income from operations and cash flows. Significant reductions in refining and marketing gross margins could require us to reduce our capital expenditures, impair the carrying value of our assets (such as property, plant and equipment, inventory or goodwill), decrease or eliminate our share repurchase activity and our base dividend.

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Our operations are subject to business interruptions and casualty losses. Failure to manage risks associated with business interruptions could adversely impact our operations, financial condition, results of operations and cash flows.

Our operations are subject to business interruptions due to scheduled refinery turnarounds, unplanned maintenance or unplanned events such as explosions, fires, refinery or pipeline releases or other incidents, power outages, severe weather, labor disputes, or other natural or man-made disasters, such as acts of terrorism. For example, pipelines provide a nearly-exclusive form of transportation of crude oil to, or refined products from, some of our refineries. In such instances, a prolonged interruption in service of such a pipeline could materially and adversely affect the operations, profitability and cash flows of the impacted refinery.

Explosions, fires, refinery or pipeline releases or other incidents involving our assets or operations could result in serious personal injury or loss of human life, significant damage to property and equipment, environmental pollution, impairment of operations and substantial losses to us. Damages resulting from an incident involving any of our assets or operations may result in our being named as a defendant in one or more lawsuits asserting potentially substantial claims or in our being assessed potentially substantial fines by governmental authorities.

We do not insure against all potential losses, and, therefore, our business, financial condition, results of operations and cash flows could be adversely affected by unexpected liabilities and increased costs.

We maintain insurance coverage in amounts we believe to be prudent against many, but not all, potential liabilities arising from operating hazards. Uninsured liabilities arising from operating hazards, including but not limited to, explosions, fires, refinery or pipeline releases or other incidents involving our assets or operations, could reduce the funds available to us for capital and investment spending and could have a material adverse effect on our business, financial condition, results of operations and cash flows. Historically, we also have maintained insurance coverage for physical damage and resulting business interruption to our major facilities, with significant self-insured retentions. In the future, we may not be able to maintain insurance of the types and amounts we desire at reasonable rates.

We rely on the performance of our information technology systems, the failure of which could have an adverse effect on our business, financial condition, results of operations and cash flows.

We are heavily dependent on our information technology systems and network infrastructure and maintain and rely upon certain critical information systems for the effective operation of our business. These information systems involve data network and telecommunications, Internet access and website functionality, and various computer hardware equipment and software applications, including those that are critical to the safe operation of our business. These systems and infrastructure are subject to damage or interruption from a number of potential sources including natural disasters, software viruses or other malware, power failures, cyber-attacks and other events. We also face various other cyber-security threats, including threats to gain unauthorized access to sensitive information or to render data or systems unusable. To protect against such attempts of unauthorized access or attack, we have implemented infrastructure protection technologies and disaster recovery plans. There can be no guarantee such plans, to the extent they are in place, will be effective.

The retail market is diverse and highly competitive, and very aggressive competition could adversely impact our business.

We face strong competition in the market for the sale of retail gasoline, diesel fuel and merchandise. Our competitors include outlets owned or operated by fully integrated major oil companies or their dealers or jobbers, and other well-recognized national or regional retail outlets, often selling gasoline or merchandise at very competitive prices. Several non-traditional retailers such as supermarkets, club stores and mass merchants are in the retail business. These non-traditional gasoline retailers have obtained a significant share of the transportation fuels market and we expect their market share to grow. Because of their diversity, integration of operations, experienced management and greater financial resources, these companies may be better able to withstand volatile market conditions or levels of low or no profitability in the retail segment of the market. In addition, these retailers may use promotional pricing or discounts, both at the pump and in the store, to encourage in-store merchandise sales. These activities by our competitors could pressure us to offer similar discounts, adversely affecting our profit margins. Additionally, the loss of market share by our convenience stores to these and other retailers relating to either gasoline or merchandise could have a material adverse effect on our business, financial condition, results of operations and cash flows.

The development, availability and marketing of alternative and competing fuels in the retail market could adversely impact our business. We compete with other industries that provide alternative means to satisfy the energy and fuel needs of our consumers. Increased competition from these alternatives as a result of governmental regulations, technological advances and consumer demand could have an impact on pricing and demand for our products and our profitability.

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We are subject to interruptions of supply and increased costs as a result of our reliance on third-party transportation of crude oil and refined products.

We utilize the services of third parties to transport crude oil and refined products to and from our refineries. In addition to our own operational risks discussed above, we could experience interruptions of supply or increases in costs to deliver refined products to market if the ability of the pipelines, railways or vessels to transport crude oil or refined products is disrupted because of weather events, accidents, governmental regulations or third-party actions. A prolonged disruption of the ability of the pipelines, railways or vessels to transport crude oil or refined products to or from one or more of our refineries could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We may incur losses to our business as a result of our forward-contract activities and derivative transactions.

We currently use commodity derivative instruments, and we expect to enter into these types of transactions in the future. A failure of a futures commission merchant or counterparty to perform would affect these transactions. To the extent the instruments we utilize to manage these exposures are not effective, we may incur losses related to the ineffective portion of the derivative transaction or costs related to moving the derivative positions to another futures commission merchant or counterparty once a failure has occurred.

We have significant debt obligations; therefore our business, financial condition, results of operations and cash flows could be harmed by a deterioration of our credit profile, a decrease in debt capacity or unsecured commercial credit available to us, or by factors adversely affecting credit markets generally.

At December 31, 2014, our total debt obligations for borrowed money and capital lease obligations were $6.7 billion. We may incur substantial additional debt obligations in the future.

Our indebtedness may impose various restrictions and covenants on us that could have material adverse consequences, including:

- increasing our vulnerability to changing economic, regulatory and industry conditions;
- limiting our ability to compete and our flexibility in planning for, or reacting to, changes in our business and the industry;
- limiting our ability to pay dividends to our stockholders;
- limiting our ability to borrow additional funds; and
- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thereby reducing funds available for working capital, capital expenditures, acquisitions, share repurchases, dividends and other purposes.

A decrease in our debt or commercial credit capacity, including unsecured credit extended by third-party suppliers, or a deterioration in our credit profile could increase our costs of borrowing money and/or limit our access to the capital markets and commercial credit, which could materially and adversely affect our business, financial condition, results of operations and cash flows.

We have a trade receivables securitization facility that provides liquidity of up to $1.3 billion depending on the amount of eligible domestic trade accounts receivables. In periods of lower prices, we may not have sufficient eligible accounts receivables to support full availability of this facility.

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Historic or current operations could subject us to significant legal liability or restrict our ability to operate.
We currently are defending litigation and anticipate we will be required to defend new litigation in the future. Our operations and those of our predecessors could expose us to litigation and civil claims by private plaintiffs for alleged damages related to contamination of the environment or personal injuries caused by releases of hazardous substances from our facilities, products liability, consumer credit or privacy laws, product pricing or antitrust laws or any other laws or regulations that apply to our operations. While an adverse outcome in most litigation matters would not be expected to be material to us, in class-action litigation, large classes of plaintiffs may allege damages relating to extended periods of time or other alleged facts and circumstances that could increase the amount of potential damages. Attorneys general and other government officials may pursue litigation in which they seek to recover civil damages from companies on behalf of a state or its citizens for a variety of claims, including violation of consumer protection and product pricing laws or natural resources damages. We are defending litigation of that type and anticipate that we will be required to defend new litigation of that type in the future. If we are not able to successfully defend such litigation, it may result in liability to our company that could materially and adversely affect our business, financial condition, results of operations and cash flows. We do not have insurance covering all of these potential liabilities. In addition to substantial liability, plaintiffs in litigation may also seek injunctive relief which, if imposed, could have a material adverse effect on our future business, financial condition, results of operations and cash flows.
A portion of our workforce is unionized, and we may face labor disruptions that could materially and adversely affect our business, financial condition, results of operations and cash flows.
Approximately 38 percent of our refining employees are covered by collective bargaining agreements. The contracts for the hourly refinery workers at our Texas City and Detroit refineries are scheduled to expire in March 2015 and January 2019, respectively. The contracts for the hourly refinery workers at our Canton, Catlettsburg and Galveston Bay refineries expired on January 31, 2015 and no successor agreements have been negotiated. In addition, three agreements scheduled to expire on September 14, 2015, March 14, 2016 and June 30, 2016, respectively, cover certain Speedway LLC hourly employees at certain outlets in New York and New Jersey. These contracts may be renewed at an increased cost to us. In addition, we have experienced, or may experience, work stoppages as a result of labor disagreements. Any prolonged work stoppages disrupting operations could have a material adverse effect on our business, financial condition, results of operations and cash flows.
One of our subsidiaries acts as the general partner of a publicly traded master limited partnership, MPLX, which may involve a greater exposure to certain legal liabilities than existed under our historic business operations.
One of our subsidiaries acts as the general partner of MPLX, a publicly traded master limited partnership. Our control of the general partner of MPLX may increase the possibility of claims of breach of fiduciary duties including claims of conflicts of interest related to MPLX. Any liability resulting from such claims could have a material adverse effect on our future business, financial condition, results of operations and cash flows.
If foreign ownership of our stock exceeds certain levels, we could be prohibited from operating inland river vessels, which could materially and adversely affect our business, financial condition, results of operations and cash flows.
The Shipping Act of 1916 and Merchant Marine Act of 1920, which we refer to collectively as the Maritime Laws, generally require that vessels engaged in U.S. coastwise trade be owned by U.S. citizens. Among other requirements to establish citizenship, corporations that own such vessels must be owned at least 75 percent by U.S. citizens. If we fail to maintain compliance with the Maritime Laws, we would be prohibited from operating vessels in the U.S. inland waters. Such a prohibition could materially and adversely affect our business, financial condition, results of operations and cash flows.
We are subject to certain continuing contingent liabilities of Marathon Oil relating to taxes and other matters and to potential liabilities pursuant to the tax sharing agreement we entered into with Marathon Oil that could materially and adversely affect our business, financial condition, results of operations and cash flows.
Although the Spinoff occurred in mid 2011, certain liabilities of Marathon Oil could become our obligations. For example, under the Internal Revenue Code of 1986 (the “Code”) and related rules and regulations, each corporation that was a member of the Marathon Oil consolidated tax reporting group during any taxable period or portion of any taxable period ending on or before the effective time of the Spinoff is jointly and severally liable for the federal income tax liability of the entire Marathon Oil consolidated tax reporting group for that taxable period. In connection

with the Spinoff, we entered into a tax sharing agreement with Marathon Oil that allocates the responsibility for prior period taxes of the Marathon Oil consolidated tax reporting group between us and Marathon Oil. However, if Marathon Oil is unable to pay any prior period taxes for which it is responsible, we could be required to pay the entire amount of such taxes. Other provisions of federal law establish similar liability for other matters, including laws governing tax-qualified pension plans as well as other contingent liabilities.

Also pursuant to the tax sharing agreement, following the Spinoff we are responsible generally for all taxes attributable to us or any of our subsidiaries, whether accruing before, on or after the Spinoff. We also agreed to be responsible for, and indemnify Marathon Oil with respect to, all taxes arising as a result of the Spinoff (or certain internal restructuring transactions) failing to qualify as transactions under Sections 368(a) and 355 of the Code for U.S. federal income tax purposes to the extent such tax liability arises as a result of any breach of any representation, warranty, covenant or other obligation by us or certain affiliates made in connection with the issuance of the private letter ruling relating to the Spinoff or in the tax sharing agreement. In addition, we agreed to indemnify Marathon Oil for specified tax-related liabilities associated with our 2005 acquisition of the minority interest in our refining joint venture from Ashland Inc. Our indemnification obligations to Marathon Oil and its subsidiaries, officers and directors are not limited or subject to any cap. If we are required to indemnify Marathon Oil and its subsidiaries and their respective officers and directors under the tax sharing agreement, we may be subject to substantial liabilities. At this time, we cannot precisely quantify the amount of these liabilities that have been assumed pursuant to the tax sharing agreement, and there can be no assurances as to their final amounts. The tax liabilities described in this paragraph could have a material adverse effect on our business, financial condition, results of operation and cash flows.

The Spinoff could be determined not to qualify as a tax-free transaction, and Marathon Oil and its stockholders could be subject to material amounts of taxes and, in certain circumstances, we could be required to indemnify Marathon Oil for material taxes pursuant to indemnification obligations under the tax sharing agreement.

Marathon Oil received a private letter ruling from the Internal Revenue Service (the “IRS”), to the effect that, among other things, the distribution of shares of MPC common stock in the Spinoff qualifies as tax-free to Marathon Oil, us and Marathon Oil stockholders for U.S. federal income tax purposes under Sections 355 and 368(a) and related provisions of the Code. If the factual assumptions or representations made in the private letter ruling request are inaccurate or incomplete in any material respect, then Marathon Oil would not be able to continue to rely on the ruling. We are not aware of any facts or circumstances that would cause the assumptions or representations that were relied on in the private letter ruling to be inaccurate or incomplete in any material respect. If, notwithstanding receipt of the private letter ruling, the Spinoff were determined not to qualify under Section 355 of the Code, Marathon Oil would be subject to tax as if it had sold its shares of common stock of our company in a taxable sale for their fair market value and would recognize a taxable gain in an amount equal to the excess of the fair market value of such shares over its tax basis in such shares.

With respect to taxes and other liabilities that could be imposed on Marathon Oil in connection with the Spinoff (and certain related transactions) as a result of a final determination that is inconsistent with the anticipated tax consequences as set forth in the private letter ruling, we would be liable to Marathon Oil under the tax sharing agreement for any such taxes or liabilities attributable to actions taken by or with respect to us, any of our affiliates, or any person that, after the Spinoff, is our affiliate. We may be similarly liable if we breach specified representations or covenants set forth in the tax sharing agreement. If we are required to indemnify Marathon Oil for taxes incurred as a result of the Spinoff (or certain related transactions) being taxable to Marathon Oil, it would have a material adverse effect on our business, financial condition, results of operations and cash flows.

We have potential liabilities pursuant to the separation and distribution agreement we entered into with Marathon Oil in connection with the Spinoff that could materially and adversely affect our business, financial condition, results of operations and cash flows.

In connection with the Spinoff, we entered into a separation and distribution agreement with Marathon Oil that provides for, among other things, the principal corporate transactions that were required to affect the Spinoff, certain conditions to the Spinoff and provisions governing the relationship between our company and Marathon Oil with respect to and resulting from the Spinoff. Among other things, the separation and distribution agreement provides for indemnification obligations designed to make us financially responsible for substantially all liabilities that may exist relating to our downstream business activities, whether incurred prior to or after the Spinoff, as well as certain obligations of Marathon Oil assumed by us. Our obligations to indemnify Marathon Oil under the circumstances set forth in the separation and distribution agreement could subject us to substantial liabilities. Marathon Oil also agreed to indemnify us for certain liabilities. However, third parties could seek to hold us responsible for any of the liabilities retained by Marathon Oil, and there can be no assurance that the indemnity from Marathon Oil will be sufficient to protect us against the full amount of such liabilities, that Marathon Oil will be able to fully satisfy its indemnification obligations or that Marathon Oil's insurers will cover us for liabilities associated with occurrences prior to the Spinoff. Moreover, even if we ultimately succeed in recovering from Marathon Oil or its insurers any amounts for which we are held liable, we may be temporarily required to bear these losses ourselves. If Marathon Oil is unable to satisfy its indemnification obligations, the underlying liabilities could have a material adverse effect on our business, financial condition, results of operations and cash flows.

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Significant acquisitions involve the integration of new assets or businesses and present substantial risks that could adversely affect our business, financial conditions, results of operations and cash flows.

Significant transactions involving the addition of new assets or businesses present potential risks, which may include, among others:

- Inaccurate assumptions about future synergies, revenues, capital expenditures and operating costs;
- An inability to successfully integrate assets or businesses we acquire;
- A decrease in our liquidity resulting from using a portion of our available cash or borrowing capacity under our revolving credit agreement to finance transactions;
- A significant increase in our interest expense or financial leverage if we incur additional debt to finance transactions;
- The assumption of unknown environmental and other liabilities, losses or costs for which we are not indemnified or for which our indemnity is inadequate;
- The diversion of management's attention from other business concerns; and
- The incurrence of other significant charges, such as impairment of goodwill or other intangible assets, asset devaluation or restructuring charges.

Risks Relating to Our Industry

Changes in environmental or other laws or regulations may reduce our refining and marketing gross margin and may result in substantial capital expenditures and operating costs that could materially and adversely affect our business, financial condition, results of operations and cash flows.

Various laws and regulations are expected to impose increasingly stringent and costly requirements on our operations, which may reduce our refining and marketing gross margin. Laws and regulations expected to become more stringent relate to the following:

- the emission or discharge of materials into the environment,
- solid and hazardous waste management,
- pollution prevention,
- greenhouse gas emissions,
- characteristics and composition of gasoline and diesel fuels,
- public and employee safety and health, and
- facility security.

The specific impact of laws and regulations on us and our competitors may vary depending on a number of factors, including the age and location of operating facilities, marketing areas, crude oil and feedstock sources and production processes. We may be required to make expenditures to modify operations, install pollution control equipment, perform site cleanups or curtail operations that could materially and adversely affect our business, financial condition, results of operations and cash flows.

We believe the issue of climate change will likely continue to receive scientific and political attention, with the potential for further laws and regulations that could affect our operations. The U.S. pledge in 2009, as part of the Copenhagen Accord, to reduce greenhouse gas emissions 17 percent below 2005 levels by 2020 remains in effect and was reaffirmed in the President's 2013 Climate Action Plan. Meetings of the United Nations Climate Change Conference, however, have produced no legally binding emission reduction requirements on the U.S. Also in 2009, the EPA issued an "endangerment finding" that greenhouse gas emissions contribute to air pollution that endangers public health and welfare. Related to the endangerment finding, in April 2010, the EPA finalized a greenhouse gas emission standard for mobile sources (cars and other light duty vehicles). The endangerment finding, the mobile source standard and the EPA's determination that greenhouse gases are subject to regulation under the Clean Air Act resulted in permitting of greenhouse gas emissions at stationary sources, but as a result of the EPA's "tailoring rule," permit applicability was limited to larger sources such as refineries. Legal challenges were filed against these EPA actions. In June 2014, the U.S. Supreme Court ruled that the Clean Air Act Prevention of Significant Deterioration program for new and modified stationary sources is not triggered by greenhouse gas emissions alone. The U.S. Supreme Court did, however, uphold the requirement for new or modified stationary sources that will also emit a criteria pollutant to control greenhouse gas emissions through Best Available Control Technology. Implementing Best Available Control Technology may result in increased costs to our operations.

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In 2013, the Obama administration developed the social cost of carbon ("SCC"). The SCC is to be used by the EPA and other federal agencies in regulatory cost-benefit analyses to take into account alleged broad economic consequences associated with changes to emissions of greenhouse gases. The SCC was first issued in 2010. In 2013, the Obama administration significantly increased the estimate to $36 per ton. In response to the regulated community and Congress' critiques of how the SCC was developed, the Office of Management and Budget provided an opportunity to comment on the SCC, but ultimately did not make any significant revisions. In December 2014, the White House Council on Environmental Quality ("CEQ") issued new draft guidance for assessing greenhouse gas emissions under the National Environmental Policy Act ("NEPA"), adding for the first time language that requires that analyses also include the impact of climate change on projects, including using the SCC when analyzing costs and benefits of a project. While the impact of a higher SCC in future regulations is not known at this time, it may result in increased costs to our operations.

In 2013, the EPA proposed carbon emission standards for new power plants built in the future. In June 2014, the EPA proposed the Clean Power Plan, which would reduce carbon emissions from existing power plants. Through the Plan, the EPA proposes to reduce nationwide carbon emissions from the power generation sector by 30 percent below 2005 levels. These standards, if finalized, could increase our electricity costs and potentially reduce the reliability of our electricity supply.

In the future, Congress may again consider legislation on greenhouse gas emissions or a carbon tax. Other measures to address greenhouse gas emissions are in various phases of review or implementation in the U.S. These measures include state actions to develop statewide or regional programs to impose emission reductions. Private party litigation is pending against federal and certain state governmental entities seeking additional greenhouse gas emission reductions beyond those currently being undertaken. These actions could result in increased costs to operate and maintain our facilities, capital expenditures to install new emission controls and costs to administer any carbon trading or tax programs implemented. Although uncertain, these developments could increase our costs, reduce the demand for the products we sell and create delays in our obtaining air pollution permits for new or modified facilities.

In November 2014, the EPA proposed a tightening of the primary (health) ozone National Ambient Air Quality Standards ("NAAQS") to within the range of 65 to 70 parts per billion ("ppb"), while accepting comments on levels as low as 60 ppb and an option of maintaining the current ozone level of 75 ppb. In addition, the EPA is asking for comment on a new secondary (welfare) ozone NAAQS using a three-month seasonal index. The final rule is expected to be promulgated in late 2015. If timely finalized, the EPA would then implement a revised ozone NAAQS with attainment and nonattainment designations by late 2017, using 2014-2016 air quality monitor data. A lower primary ozone standard may not by attainable in many areas and could result in the cancellation or delay of capital projects at our facilities.

The EISA, among other things, sets a target of 35 miles per gallon for the combined fleet of cars and light trucks in the U.S. by model year 2020 and contains a second Renewable Fuel Standard commonly referred to as RFS2. In August 2012, the EPA and the National Highway Traffic Safety Administration jointly adopted regulations that establish average industry fleet fuel economy standards for passenger cars and light trucks of up to 41 miles per gallon by model year 2021 and average fleet fuel economy standards of up to 49.7 miles per gallon by model year 2025 (the standards from 2022 to 2025 are the government's current estimate but will require further rulemaking). Increases in fuel mileage standards and the increased use of renewable fuels (including ethanol and advanced biofuels) may reduce demand for refined products. Governmental regulations encouraging the use of new or alternative fuels could also pose a competitive threat to our operations.

The RFS2 required the total volume of renewable transportation fuels sold or introduced annually in the U.S. to reach 16.55 billion gallons in 2013 and increases to 36.0 billion gallons by 2022. The RFS2 presents production and logistics challenges for both the renewable fuels and petroleum refining industries, and may continue to require additional capital expenditures or expenses by us to accommodate increased renewable fuels use. Gasoline consumption has been lower than forecasted by the EPA, which has led to concerns that the renewable fuel volumes may not be met. As a result, the EPA delayed issuance of the 2014 RFS2 standards and has not finalized the 2015 renewable fuel volumes as required by the November 30, 2014 statutory deadline. The advanced biofuels program, a subset of the RFS2 requirements, creates uncertainties and presents challenges of supply, and may require that we and

other refiners and other obligated parties purchase credits from the EPA to meet our obligations.
Tax incentives and other subsidies have also made renewable fuels more competitive with refined products than they otherwise would have been, which may further reduce refined product margins.
On March 3, 2014, the EPA signed the final Tier 3 fuel standards. The final Tier 3 fuel standards require, among other things, a lower annual average sulfur level in gasoline to no more than 10 parts per million (“ppm”) beginning in calendar year 2017. In addition, gasoline refiners and importers may not exceed a maximum per-gallon sulfur standard of 80 ppm, while retailers may not exceed a maximum per-gallon sulfur standard of 95 ppm. We anticipate that we will spend an estimated $750 million to $1 billion between 2014 and 2019 for capital expenditures necessary to comply with these standards.

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We have in the past owned or operated, and currently own and operate, convenience stores and other locations with USTs in various states. The operation of USTs poses risks, including soil and groundwater contamination, at our previously or currently operated locations. Such contamination could result in substantial cleanup costs, fines or civil liabilities.

We have in the past and will continue to dispose of various wastes at lawful disposal sites. Environmental laws, including CERCLA, and similar state laws can impose liability for the entire cost of cleanup on any responsible party, without regard to negligence or fault, and impose liability on us for the conduct of others or conditions others have caused, or for our acts that complied with all applicable requirements when performed.

Any failure by us to comply with existing or future laws or regulations could result in the imposition of administrative, civil or criminal penalties, injunctions limiting our operations, investigatory or remedial liabilities or impediments to construction of additional facilities or equipment.

Plans we may have to expand existing assets or construct new assets are subject to risks associated with societal and political pressures and other forms of opposition to the future development, transportation and use of carbon-based fuels. Such risks could adversely impact our business and ability to realize certain growth strategies.

Our anticipated growth and planned expenditures are based upon the assumption that societal sentiment will continue to enable and existing regulations will remain intact to allow for the future development, transportation and use of carbon-based fuels. A portion of our growth strategy is dependent on our ability to expand existing assets and to construct additional assets. However, policy decisions relating to the production, refining, transportation and marketing of carbon-based fuels are subject to political pressures and the influence of environmental and other special interest groups. The construction of new refinery processing units or crude oil or refined products pipelines, or the extension or expansion of existing assets, involve numerous political and legal uncertainties, many of which may cause significant delays or cost increases and most of which are beyond our control. Delays or cost increases related to capital spending programs involving engineering, procurement and construction of facilities (including improvements and repairs to our existing facilities) could adversely affect our ability to achieve forecasted internal rates of return and operating results, thereby limiting our ability to grow and generate cash flows.

Large capital projects can take many years to complete, and market conditions could deteriorate significantly between the project approval date and the project startup date, negatively impacting project returns. If we are unable to complete capital projects at their expected costs and in a timely manner, or if the market conditions assumed in our project economics deteriorate, our business, financial condition, results of operations and cash flows could be materially and adversely affected.

Delays or cost increases related to capital spending programs involving engineering, procurement and construction of facilities could materially adversely affect our ability to achieve forecasted internal rates of return and operating results. Delays in making required changes or upgrades to our facilities could subject us to fines or penalties as well as affect our ability to supply certain products we produce. Such delays or cost increases may arise as a result of unpredictable factors, many of which are beyond our control, including:

- denial of or delay in receiving requisite regulatory approvals and/or permits;
- unplanned increases in the cost of construction materials or labor;
- disruptions in transportation of components or construction materials;
- adverse weather conditions, natural disasters or other events (such as equipment malfunctions, explosions, fires or spills) affecting our facilities, or those of vendors or suppliers;
- shortages of sufficiently skilled labor, or labor disagreements resulting in unplanned work stoppages;
- market-related increases in a project’s debt or equity financing costs; and
- nonperformance by, or disputes with, vendors, suppliers, contractors or subcontractors.

Any one or more of these factors could have a significant impact on our ongoing capital projects. If we were unable to make up the delays associated with such factors or to recover the related costs, or if market conditions change, it could materially and adversely affect our business, financial condition, results of operations and cash flows.

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The availability of crude oil and increases in crude oil prices may reduce profitability and refining and marketing gross margins.

The profitability of our operations depends largely on the difference between the cost of crude oil and other feedstocks we refine and the selling prices we obtain for refined products. A portion of our crude oil is purchased from various foreign national oil companies, producing companies and trading companies, including suppliers from Canada, the Middle East and various other international locations. The market for crude oil and other feedstocks is largely a world market. We are, therefore, subject to the attendant political, geographic and economic risks of such a market. If one or more major supply sources were temporarily or permanently eliminated, we believe adequate alternative supplies of crude oil would be available, but it is possible we would be unable to find alternative sources of supply. If we are unable to obtain adequate crude oil volumes or are able to obtain such volumes only at unfavorable prices, our operations, sales of refined products and refining and marketing gross margins could be adversely affected, materially and adversely impacting our business, financial condition, results of operations and cash flows.

Worldwide political and economic developments could materially and adversely impact our business, financial condition, results of operations and cash flows.

In addition to impacting crude oil and other feedstock supplies, political and economic factors in global markets could have a material adverse effect on us in other ways. Hostilities in the Middle East or the occurrence or threat of future terrorist attacks could adversely affect the economies of the U.S. and other developed countries. A lower level of economic activity could result in a decline in energy consumption, which could cause our revenues and margins to decline and limit our future growth prospects. These risks could lead to increased volatility in prices for refined products. Additionally, these risks could increase instability in the financial and insurance markets and make it more difficult and/or costly for us to access capital and to obtain the insurance coverage that we consider adequate. Additionally, tax policy, legislative or regulatory action and commercial restrictions could reduce our operating profitability. For example, the U.S. government could prevent or restrict exports of refined products or the conduct of business with certain foreign countries.

Compliance with and changes in tax laws could materially and adversely impact our financial condition, results of operations and cash flows.

We are subject to extensive tax liabilities, including federal and state income taxes and transactional taxes such as excise, sales and use, payroll, franchise, withholding and property taxes. New tax laws and regulations and changes in existing tax laws and regulations could result in increased expenditures by us for tax liabilities in the future and could materially and adversely impact our financial condition, results of operations and cash flows. Additionally, many tax liabilities are subject to periodic audits by taxing authorities, and such audits could subject us to interest and penalties.

Terrorist attacks aimed at our facilities or that impact our customers or the markets we serve could adversely affect our business.

The U.S. government has issued warnings that energy assets in general, including the nation’s refining, pipeline and terminal infrastructure, may be future targets of terrorist organizations. The threat of terrorist attacks has subjected our operations to increased risks. Any future terrorist attacks on our facilities, those of our customers and, in some cases, those of other pipelines, could have a material adverse effect on our business. Similarly, any future terrorist attacks that severely disrupt the markets we serve could materially and adversely affect our results of operations, financial position and cash flows.

An easing or lifting of the U.S. crude oil export ban could adversely affect crack spreads or crude oil price differentials and have a material adverse effect on our business, financial condition, results of operations and cash flows.

Since the 1970s, the U.S. has restricted the ability of producers to export domestic crude oil. As total crude oil production has increased in the U.S. in recent years, primarily due to the increase in shale crude oil production, there have been increasing calls by crude oil producers and others for an easing or lifting of the crude oil export ban. If the export ban were to be significantly eased or lifted, the price of domestic crude oil would likely rise, potentially impacting crack spreads and price differentials between domestic and foreign crude oils. A deterioration of crack spreads or price differentials between domestic and foreign crude oils could have a material adverse effect on our business, financial condition, results or operations and cash flows.

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Risks Relating to Ownership of Our Common Stock

Provisions in our corporate governance documents could operate to delay or prevent a change in control of our company, dilute the voting power or reduce the value of our capital stock or affect its liquidity.

The existence of some provisions within our restated certificate of incorporation and amended and restated bylaws could discourage, delay or prevent a change in control of us that a stockholder may consider favorable. These include provisions:

- providing that our board of directors fixes the number of members of the board;
- providing for the division of our board of directors into three classes with staggered terms;
- providing that only our board of directors may fill board vacancies;
- limiting who may call special meetings of stockholders;
- prohibiting stockholder action by written consent, thereby requiring stockholder action to be taken at a meeting of the stockholders;
- establishing advance notice requirements for nominations of candidates for election to our board of directors or for proposing matters that can be acted on by stockholders at stockholder meetings;
- establishing supermajority vote requirements for certain amendments to our restated certificate of incorporation and stockholder proposals for amendments to our amended and restated bylaws;
- providing that our directors may only be removed for cause;
- authorizing a large number of shares of common stock that are not yet issued, which would allow our board of directors to issue shares to persons friendly to current management, thereby protecting the continuity of our management, or which could be used to dilute the stock ownership of persons seeking to obtain control of us; and
- authorizing the issuance of “blank check” preferred stock, which could be issued by our board of directors to increase the number of outstanding shares and thwart a takeover attempt.

We believe these provisions protect our stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with our board of directors and by providing our board of directors time to assess any acquisition proposal, and are not intended to make us immune from takeovers. However, these provisions apply even if the offer may be considered beneficial by some stockholders and could delay or prevent an acquisition.

Our restated certificate of incorporation also authorizes us to issue, without the approval of our stockholders, one or more classes or series of preferred stock having such designation, powers, preferences and relative, participating, optional and other special rights, including preferences over our common stock respecting dividends and distributions, as our board of directors generally may determine. The terms of one or more classes or series of preferred stock could dilute the voting power or reduce the value of our common stock. For example, we could grant holders of preferred stock the right to elect some number of our board of directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we could assign to holders of preferred stock could affect the residual value of our common stock.

Finally, to facilitate compliance with the Maritime Laws, our restated certificate of incorporation limits the aggregate percentage ownership by non-U.S. citizens of our common stock or any other class of our capital stock to 23 percent of the outstanding shares. We may prohibit transfers that would cause ownership of our common stock or any other class of our capital stock by non-U.S. citizens to exceed 23 percent. Our restated certificate of incorporation also authorizes us to effect any and all measures necessary or desirable to monitor and limit foreign ownership of our common stock or any other class of our capital stock. These limitations could have an adverse impact on the liquidity of the market for our common stock if holders are unable to transfer shares to non-U.S. citizens due to the limitations on ownership by non-U.S. citizens. Any such limitation on the liquidity of the market for our common stock could adversely impact the market price of our common stock.

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Item 1B. Unresolved Staff Comments
None.

Item 2. Properties
The location and general character of our refineries, convenience stores, pipeline systems and other important physical properties have been described by segment under Item 1. Business and are incorporated herein by reference. The plants and facilities have been constructed or acquired over a period of years and vary in age and operating efficiency. In addition, we believe that our properties and facilities are adequate for our operations and that our facilities are adequately maintained. As of December 31, 2014, we were the lessee under a number of cancellable and noncancellable leases for certain properties, including land and building space, office equipment, storage facilities and transportation equipment. See Item 8. Financial Statements and Supplementary Data – Note 25 for additional information regarding our leases.

Item 3. Legal Proceedings
We are the subject of, or a party to, a number of pending or threatened legal actions, contingencies and commitments involving a variety of matters, including laws and regulations relating to the environment. Some of these matters are discussed below.
Litigation
We are a party to a number of lawsuits and other proceedings and cannot predict the outcome of every such matter with certainty. While it is possible that an adverse result in one or more of the lawsuits or proceedings in which we are a defendant could be material to us, based upon current information and our experience as a defendant in other matters, we believe that these lawsuits and proceedings, individually or in the aggregate, will not have a material adverse effect on our consolidated results of operations, financial position or cash flows.
Kentucky Emergency Pricing Litigation
In May 2007, the Kentucky attorney general filed a lawsuit against us and Marathon Oil in state court in Franklin County, Kentucky for alleged violations of Kentucky's emergency pricing and consumer protection laws following Hurricanes Katrina and Rita in 2005. The lawsuit alleges that we overcharged customers by $89 million during September and October 2005. The complaint seeks disgorgement of these sums, as well as penalties, under Kentucky's emergency pricing and consumer protection laws. We are vigorously defending this litigation. We believe that this is the first lawsuit for damages and injunctive relief under the Kentucky emergency pricing laws to progress this far and it contains many novel issues. In May 2011, the Kentucky attorney general amended his complaint to include a request for immediate injunctive relief as well as unspecified damages and penalties related to our wholesale gasoline pricing in April and May 2011 under statewide price controls that were activated by the Kentucky governor on April 26, 2011 and which have since expired. The court denied the attorney general's request for immediate injunctive relief, and the remainder of the 2011 claims likely will be resolved along with those dating from 2005. If the lawsuit is resolved unfavorably in its entirety, it could materially impact our consolidated results of operations, financial position or cash flows. However, management does not believe the ultimate resolution of this litigation will have a material adverse effect.
Environmental Proceedings
During 2001, we entered into a New Source Review consent decree and settlement of alleged Clean Air Act and other violations with the EPA covering our refineries. The settlement committed us to specific control technologies and implementation schedules for environmental expenditures and improvements to our refineries, which are now complete. We are working with the EPA to terminate the New Source Review consent decree.
In January 2011, the EPA notified us of alleged violations of various statutory and regulatory provisions related to motor fuels, some of which we had previously self-reported to the EPA. Subsequently, we self-reported four additional alleged Clean Air Act violations related to motor fuels to the EPA. In July 2014, we tentatively agreed to pay a $2.75 million civil penalty as well as undertake certain projects to reduce emissions. In August and December 2014, we self-reported three similar alleged violations to the EPA. The EPA has agreed to include these incidents in the consent decree and increased the civil penalty demand to $2.9 million. We believe the ultimate resolution of this

matter will not have a material impact on our consolidated results of operations, financial position or cash flows.

We have been subject to a pending enforcement matter with the Illinois Environmental Protection Agency and the Illinois attorney general's office since 2002 concerning self-reporting of possible emission exceedences and permitting issues related to storage tanks at the Robinson, Illinois refinery. As a result of these allegations, we tentatively agreed to pay $150,000 civil penalty and undertake a supplemental environmental project involving the installation of ambient air monitors at the refinery.

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The consent order is not yet finalized, but the ultimate resolution of this matter will not have a material impact on our consolidated results of operations, financial position or cash flows.

On January 3, 2013, the Louisiana Department of Environmental Quality (“LDEQ”) issued a consolidated compliance order and notice of potential penalty alleging violations related to self-reported air emission events occurring at our Garyville, Louisiana refinery between the years of 2005 and 2011. It is possible the LDEQ could seek penalties in excess of $100,000 in connection with this matter.

We are involved in a number of other environmental proceedings arising in the ordinary course of business. While the ultimate outcome and impact on us cannot be predicted with certainty, we believe the resolution of these environmental proceedings will not have a material adverse effect on our consolidated results of operations, financial position or cash flows.

Item 4. Mine Safety Disclosures

Not applicable.

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PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is listed on the NYSE and traded under the symbol “MPC.” As of February 13, 2015, there were 37,906 registered holders of our common stock.

The following table reflects intraday high and low sales prices of and dividends declared on our common stock by quarter:

	2014			2013		
Dollars per share	High Price	Low Price	Dividends	High Price	Low Price	Dividends
Quarter 1	$94.88	$80.68	$0.42	$92.73	$60.04	$0.35
Quarter 2	97.70	77.94	0.42	90.54	69.31	0.35
Quarter 3	92.89	75.68	0.50	76.58	62.51	0.42
Quarter 4	97.94	74.64	0.50	91.95	61.32	0.42
Year	97.94	74.64	1.84	92.73	60.04	1.54

Dividends

Our board of directors intends to declare and pay dividends on our common stock based on our financial condition and consolidated results of operations. On January 31, 2015, our board of directors approved a 50 cent per share dividend, payable March 10, 2015 to stockholders of record at the close of business on February 18, 2015.

Dividends on our common stock are limited to our legally available funds.

Issuer Purchases of Equity Securities

The following table sets forth a summary of our purchases during the quarter ended December 31, 2014, of equity securities that are registered by MPC pursuant to Section 12 of the Securities Exchange Act of 1934, as amended:

Period	Total Number of Shares Purchased[(a)]	Average Price Paid per Share[(b)]	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs[(c)]
10/01/14-10/31/14	835,416	$82.41	834,500	$2,339,234,812
11/01/14-11/30/14	4,948,398	93.36	4,948,217	1,877,249,784
12/01/14-12/31/14	1,657,786	91.42	1,656,562	1,725,807,942
Total	7,441,600	91.70	7,439,279	

(a) The amounts in this column include 916, 181 and 1,224 shares of our common stock delivered by employees to MPC, upon vesting of restricted stock, to satisfy tax withholding requirements in October, November and December, respectively.

(b) Amounts in this column reflect the weighted average price paid for shares purchased under our share repurchase authorizations and for shares tendered to us in satisfaction of employee tax withholding obligations upon the vesting of restricted stock granted under our stock plans. The weighted average price includes commissions paid to brokers on shares purchased under our share repurchase authorizations.

(c) The $2.0 billion share repurchase authorization announced on September 26, 2013 was exhausted during the fourth quarter of 2014. On July 30, 2014, we announced that our board of directors approved an additional $2.0 billion share repurchase authorization through July 31, 2016, resulting in $8.0 billion of total share repurchase authorizations since January 1, 2012. As of December 31, 2014, we have purchased a total of $6.27 billion of our common stock under repurchase authorizations since January 1, 2012, leaving $1.73 billion available for repurchases.

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Item 6. Selected Financial Data

Selected financial data for periods subsequent to our June 2011 Spinoff from Marathon Oil were derived from our consolidated financial statements. Selected financial data for periods prior to the Spinoff were derived from the results of the RM&T Business, which represented a combined reporting entity. The following table should be read in conjunction with Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and Item 8. Financial Statements and Supplementary Data.

	Year Ended December 31,				
(In millions, except per share data)	2014[(a)]	2013[(a)]	2012	2011	2010[(b)]
Statements of Income Data					
Revenues	$97,817	$100,160	$82,243	$78,638	$62,487
Income from operations	4,051	3,425	5,347	3,745	1,011
Net income	2,555	2,133	3,393	2,389	623
Net income attributable to MPC	2,524	2,112	3,389	2,389	623
Per Share Data[(c)]					
Basic:					
Net income attributable to MPC per share	$8.84	$6.69	$9.95	$6.70	$1.75
Diluted:					
Net income attributable to MPC per share	$8.78	$6.64	$9.89	$6.67	$1.74
Dividends per share	$1.84	$1.54	$1.20	0.45	—
Statements of Cash Flows Data					
Net cash provided by operating activities	$3,110	$3,405	$4,492	$3,309	$2,217
Additions to property, plant and equipment	1,480	1,206	1,369	1,185	1,217
Common stock repurchased	2,131	2,793	1,350	—	—
Dividends paid	524	484	407	160	—
	December 31,				
(In millions)	2014[(a)]	2013[(a)]	2012	2011	2010
Balance Sheets Data					
Total assets	$30,460	$28,385	$27,223	$25,745	$23,232
Long-term debt, including capitalized leases[(d)]	6,637	3,396	3,361	3,307	279
Long-term debt payable to Marathon Oil and subsidiaries[(e)]	—	—	—	—	3,618

(a) On September 30, 2014, we acquired Hess' Retail Operations and Related Assets. On February 1, 2013, we acquired the Galveston Bay Refinery and Related Assets. Data presented subsequent to these acquisitions include amounts for these operations.

(b) On December 1, 2010, we disposed of our Minnesota assets. The period prior to the disposition includes amounts for those operations.

(c) The number of weighted average shares for 2014, 2013 and 2012 reflect the impacts of shares of common stock repurchased under our share repurchase plans. For comparative purposes and to provide a more meaningful calculation, for basic weighted average shares we assumed the 356 million shares of common stock distributed to Marathon Oil stockholders in conjunction with the Spinoff were outstanding as of the beginning of each period prior to the Spinoff. In addition, for dilutive weighted average share calculations, we assumed the 358 million dilutive securities outstanding at June 30, 2011 were also outstanding for each period prior to the Spinoff.

(d) Includes amounts due within one year. During 2011, we issued $3.0 billion aggregate principal amount of senior notes, which replaced a portion of the debt payable to Marathon Oil and subsidiaries. During 2014, we issued $1.95 billion aggregate principal amount of senior notes and entered into a $700 million term loan agreement to fund a portion of the Hess' Retail Operations and Related Assets acquisition. Also during 2014, MPLX entered into a $250 million term loan agreement and drew upon their credit facility to fund a portion of its purchase of additional interest in Pipe Line Holdings from MPC.

(e) Includes amounts due within one year owed to Marathon Oil and subsidiaries, which were repaid prior to the Spinoff.

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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the information included under Item 1. Business, Item 1A. Risk Factors, Item 6. Selected Financial Data and Item 8. Financial Statements and Supplementary Data.

Management's Discussion and Analysis of Financial Condition and Results of Operations includes various forward-looking statements concerning trends or events potentially affecting our business. You can identify our forward-looking statements by words such as "anticipate," "believe," "estimate," "objective," "expect," "forecast," "goal," "int "plan," "predict," "project," "potential," "seek," "target," "could," "may," "should," "would," "will" or other similar expressio the uncertainty of future events or outcomes. In accordance with "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, these statements are accompanied by cautionary language identifying important factors, though not necessarily all such factors, which could cause future outcomes to differ materially from those set forth in forward-looking statements.

Corporate Overview

We are an independent petroleum refining and marketing, retail and pipeline transportation company. We currently own and operate seven refineries, all located in the United States, with an aggregate crude oil refining capacity of approximately 1.7 mmbpcd. Our refineries supply refined products to resellers and consumers within our market areas, including the Midwest, Gulf Coast, East Coast and Southeast regions of the United States. We distribute refined products to our customers through one of the largest private domestic fleets of inland petroleum product barges, one of the largest terminal operations in the United States, and a combination of MPC-owned and third-party-owned trucking and rail assets. We are one of the largest wholesale suppliers of gasoline and distillates to resellers within our market area.

We have two strong retail brands: Speedway® and Marathon®. We believe that Speedway LLC, a wholly-owned subsidiary, operates the second largest chain of company-owned and operated retail gasoline and convenience stores in the United States, with approximately 2,750 convenience stores in 22 states throughout the Midwest, East Coast and Southeast. The Marathon brand is an established motor fuel brand in the Midwest and Southeast regions of the United States, and is available through approximately 5,460 retail outlets operated by independent entrepreneurs in 19 states.

As of December 31, 2014, we owned, leased or had ownership interests in approximately 8,300 miles of crude oil and refined product pipelines to deliver crude oil to our refineries and other locations and refined products to wholesale and retail market areas. We are one of the largest petroleum pipeline companies in the United States on the basis of total volumes delivered. Overall, we are one of the largest independent petroleum product refining, marketing, retail and transportation businesses in the United States and the largest east of the Mississippi.

Our operations consist of three reportable operating segments: Refining & Marketing; Speedway; and Pipeline Transportation. Each of these segments is organized and managed based upon the nature of the products and services they offer. See Item 1. Business for additional information on our segments.

- Refining & Marketing—refines crude oil and other feedstocks at our seven refineries in the Gulf Coast and Midwest regions of the United States, purchases refined products and ethanol for resale and distributes refined products through various means, including barges, terminals and trucks that we own or operate. We sell refined products to wholesale marketing customers domestically and internationally, buyers on the spot market, our Speedway business segment and to independent entrepreneurs who operate Marathon® retail outlets.
- Speedway—sells transportation fuels and convenience products in the retail market in the Midwest, East Coast and Southeast.
- Pipeline Transportation—transports crude oil and other feedstocks to our refineries and other locations, delivers refined products to wholesale and retail market areas and includes the aggregated operations of MPLX.

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Executive Summary
Results
Select results for 2014 and 2013 are reflected in the following table.

(In millions, except per share data)	2014	2013
Income from Operations by segment		
Refining & Marketing	$3,609	$3,206
Speedway	544	375
Pipeline Transportation	280	210
Net income attributable to MPC	$2,524	$2,112
Net income attributable to MPC per diluted share	$8.78	$6.64

Net income attributable to MPC increased $412 million, or $2.14 per diluted share, in 2014 compared to 2013, primarily due to our Refining & Marketing segment.
Refining & Marketing segment income from operations increased $403 million in 2014 compared to 2013, primarily due to more favorable net product price realizations and higher U.S. Gulf Coast ("USGC") and Chicago crack spreads, partially offset by narrower crude oil differentials and higher turnaround and other direct operating costs.
Speedway segment income from operations increased $169 million in 2014 compared to 2013, primarily due to increases in gasoline and distillate gross margin and merchandise gross margin, partially offset by higher operating expenses. These increases were primarily attributable to the acquisition of convenience stores from Hess.
Pipeline Transportation segment income from operations increased $70 million in 2014 compared to 2013, primarily due to higher pipeline transportation revenue and an increase in income from our pipeline affiliates, partially offset by an increase in operating expenses.
MPLX LP
In 2012, we formed MPLX, a master limited partnership, to own, operate, develop and acquire pipelines and other midstream assets related to the transportation and storage of crude oil, refined products and other hydrocarbon-based products. On October 31, 2012, MPLX completed its initial public offering of 19.9 million common units, which represented the sale by us of a 26.4 percent interest in MPLX.
As of December 31, 2014, we owned a 71.5 percent interest in MPLX, including the two percent general partner interest, and we consolidate this entity for financial reporting purposes since we have a controlling financial interest. MPLX's initial assets consisted of a 51 percent general partner interest in Pipe Line Holdings, which owns a network of common carrier crude oil and product pipeline systems and associated storage assets in the Midwest and Gulf Coast regions of the United States, and a 100 percent interest in a butane storage cavern in West Virginia. We originally retained a 49 percent limited partner interest in Pipe Line Holdings.
On May 1, 2013, we sold a five percent interest in Pipe Line Holdings to MPLX for $100 million, which was financed by MPLX with cash on hand.
On March 1, 2014, we sold MPLX a 13 percent interest in Pipe Line Holdings for $310 million. MPLX financed this transaction with $40 million of cash on-hand and $270 million of borrowings on its bank revolving credit agreement.
On October 30, 2014, we announced plans to substantially accelerate the growth of MPLX, which is expected to provide unitholders an average annual distribution growth rate percentage in the mid-20s over the next five years as we build meaningful scale more quickly. We believe this increased scale provides MPLX greater flexibility to fund organic projects and to pursue acquisition opportunities.
On December 1, 2014, we sold and contributed interests in Pipe Line Holdings totaling 30.5 percent to MPLX for $600 million in cash and 2.9 million MPLX common units valued at $200 million. MPLX financed the sales portion of this transaction with $600 million of borrowings on its bank revolving credit facility.
The sales and contribution of our interests in Pipe Line Holdings to MPLX resulted in a change of our ownership in Pipe Line Holdings, but not a change in control. We accounted for these sales as transactions between entities under common control and did not record a gain or loss.

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On December 8, 2014, MPLX completed a public offering of 3.5 million common units at a price to the public of $66.68 per common unit, with net proceeds of $221 million. MPLX used the net proceeds from this offering to repay borrowings under its bank revolving credit facility and for general partnership purposes. On December 10, 2014, we exercised our right to maintain our two percent general partner interest in MPLX by purchasing 130 thousand general partner units for $9 million.

On February 12, 2015, MPLX completed its initial underwritten public offering of $500 million aggregate principal amount of four percent unsecured senior notes due February 15, 2025 (the "Senior Notes"). The Senior Notes were offered at a price to the public of 99.64 percent of par. The net proceeds of this offering were used to repay the amounts outstanding under its bank revolving credit facility, as well as for general partnership purposes.

The following table summarizes the cash distributions we received from MPLX during 2014 and 2013.

(In millions)	2014	2013
Cash distributions received from MPLX:		
General partner distributions, including incentive distribution rights	$4	$1
Limited partner distributions	72	56
Total	$76	$57

The market value of the 19,980,619 MPLX common units and 36,951,515 MPLX subordinated units we owned at December 31, 2014 was $4.18 billion based on the December 31, 2014 closing unit price of $73.49. Over time, we also believe there will be substantial value attributable to our general partnership interests.

See Item 8. Financial Statements and Supplementary Data – Note 4 for additional information on MPLX.

Acquisitions and Investments

On September 30, 2014, we acquired from Hess all of its retail locations, transport operations and shipper history on various pipelines, including approximately 40 mbpd on Colonial Pipeline, for $2.82 billion. We refer to these assets as "Hess' Retail Operations and Related Assets" and substantially all of these assets are part of our Speedway segment. This acquisition significantly expands our Speedway presence from nine to 22 states throughout the East Coast and Southeast and is aligned with our strategy to grow higher-valued, stable cash flow businesses. This acquisition also enables us to further leverage our integrated refining and transportation operations, providing an outlet for an incremental 200 mbpd of assured sales from our refining system. The transaction was funded with a combination of debt and available cash. Our financial results and operating statistics for the periods prior to the acquisition do not include amounts for Hess' Retail Operations and Related Assets.

In July 2014, we exercised our option to acquire a 35 percent ownership interest in Enbridge Inc.'s SAX pipeline, which will run from Flanagan, Ill. to Patoka, Ill. and is expected to be operational in late 2015. This option resulted from our agreement to be the anchor shipper on the SAX pipeline and our commitment to the Sandpiper pipeline project. During 2014, we made contributions of $120 million to Illinois Extension Pipeline to fund our portion of the construction costs incurred-to-date on the SAX pipeline project.

On April 1, 2014, we purchased a facility in Cincinnati, Ohio from Felda Iffco Sdn Bhd, Malaysia for $40 million. The plant currently produces biodiesel, glycerin and other by-products. The capacity of the plant is approximately 60 million gallons per year.

In March 2014, we acquired from Chevron Raven Ridge Pipe Line Company an additional seven percent interest in Explorer for $77 million, bringing our ownership interest to 25 percent. Due to this increase in our ownership percentage, we now account for our investment in Explorer using the equity method of accounting and report Explorer as a related party. Explorer owns approximately 1,900 miles of refined products pipeline from Lake Charles, Louisiana to Hammond, Indiana.

In November 2013, we agreed with Enbridge Energy Partners to serve as an anchor shipper for the Sandpiper pipeline, which will run from Beaver Lodge, North Dakota to Superior, Wisconsin. We also agreed to fund 37.5 percent of the construction of the Sandpiper pipeline project, which is currently estimated to cost $2.6 billion, of which approximately $1.0 billion is our share. We made contributions of $192 million during 2014 and have contributed $216 million since project inception. In exchange for our commitment to be an anchor shipper and our investment in the project, we will earn an approximate 27 percent equity interest in Enbridge Energy Partners' North Dakota System when the Sandpiper pipeline is placed into service, which is expected to be in 2017. Enbridge Energy Partners' North Dakota System currently includes approximately 240 miles of crude oil gathering pipelines connected to a transportation pipeline that is approximately 730 miles long. We will also have the option to increase our ownership interest to approximately 30 percent through additional investments in future system improvements.

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On August 1, 2013, we acquired from Mitsui & Co. (U.S.A.), Inc. its interests in three ethanol companies for $75 million. Under the purchase agreement, we acquired an additional 24 percent interest in TACE, bringing our ownership interest to 60 percent; a 34 percent interest in TAEI, which holds a 50 percent ownership in TAME, bringing our direct and indirect ownership interest in TAME to 67 percent; and a 40 percent interest in TAAE, which owns an ethanol production facility in Albion, Michigan. On October 1, 2013, our ownership interest in TAAE increased to 43 percent as a result of TAAE acquiring one of the owner's interest. We hold a noncontrolling interest in each of these entities and account for them using the equity method of accounting since the minority owners have substantive participating rights.

On February 1, 2013, we acquired from BP the 451,000 barrel per calendar day refinery in Texas City, Texas, three intrastate natural gas liquid pipelines originating at the refinery, four light product terminals, branded-jobber marketing contract assignments for the supply of approximately 1,200 branded sites, a 1,040 megawatt electric cogeneration facility and a 50 mbpd allocation of space on the Colonial Pipeline. We refer to these assets as the "Galveston Bay Refinery and Related Assets." We paid $1.49 billion for these assets, which included $935 million for inventory. Pursuant to the purchase and sale agreement, we may also be required to pay BP a contingent earnout of up to an additional $700 million over six years, subject to certain conditions. In July 2014, we paid BP $180 million for the first period's contingent earnout. These assets are part of our Refining & Marketing and Pipeline Transportation segments. Our financial results and operating statistics for the periods prior to the acquisition do not include amounts for the Galveston Bay Refinery and Related Assets.

See Item 8. Financial Statements and Supplementary Data – Note 5 for additional information on these acquisitions and investments. See Item 8. Financial Statements and Supplementary Data – Note 26 for information regarding our future contributions to the SAX pipeline project and the Sandpiper pipeline project.

Share Repurchases

On July 30, 2014, our board of directors approved an additional $2.0 billion share repurchase authorization expiring in July 2016. As of December 31, 2014, our board of directors had approved $8.0 billion in total share repurchase authorizations since January 1, 2012 and we have repurchased a total of $6.27 billion of our common stock under these authorizations, leaving $1.73 billion available for repurchases. Under these authorizations, we have acquired 89 million shares at an average cost per share of $70.35.

Liquidity

As of December 31, 2014, we had cash and cash equivalents of $1.49 billion and no borrowings or letters of credit outstanding under our $2.5 billion revolving credit agreement or $1.3 billion trade receivables securitization facility. As of January 31, 2015, eligible trade receivables supported borrowings of $700 million. MPLX had $385 million of borrowings outstanding under its $1 billion revolving credit agreement as of December 31, 2014.

The above discussion contains forward-looking statements with respect to the estimated construction costs, timing and completion of the Sandpiper and SAX pipeline projects and the share repurchase authorizations. Factors that could affect the estimated construction costs, timing and completion of the Sandpiper and SAX pipeline projects, include, but are not limited to, availability of materials and labor, unforeseen hazards such as weather conditions, delays in obtaining or conditions imposed by necessary government and third-party approvals and other risks customarily associated with construction projects. Factors that could affect the share repurchase authorizations and the timing of any repurchases include, but are not limited to, business conditions, availability of liquidity and the market price of our common stock. These factors, among others, could cause actual results to differ materially from those set forth in the forward-looking statements.

Overview of Segments

Refining & Marketing

Refining & Marketing segment income from operations depends largely on our Refining & Marketing gross margin and refinery throughputs.

Our Refining & Marketing gross margin is the difference between the prices of refined products sold and the costs of crude oil and other charge and blendstocks refined, including the costs to transport these inputs to our refineries and the costs of products purchased for resale. The crack spread is a measure of the difference between market prices for refined products and crude oil, commonly used by the industry as a proxy for the refining margin. Crack spreads can fluctuate significantly, particularly when prices of refined products do not move in the same relationship as the cost of crude oil. As a performance benchmark and a comparison with other industry participants, we calculate Midwest (Chicago) and USGC crack spreads that we believe most closely track our operations and slate of products. LLS prices and a 6-3-2-1 ratio of products (6 barrels of LLS crude oil producing 3 barrels of unleaded regular gasoline, 2 barrels of ultra-low sulfur diesel and 1 barrel of three percent residual fuel oil) are used for these crack-spread calculations.

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Refined product prices have historically moved relative to international crude oil prices like Brent crude. In recent years, domestic U.S. crude oils, such as WTI and LLS, traded at prices less than Brent due to the growth in U.S. crude oil production, logistical constraints and other market factors. These price discounts compared to Brent favorably impacted the LLS 6-3-2-1 crack spread. During 2011 and continuing through the first half of 2013, WTI traded at prices significantly less than Brent and LLS, which favorably impacted our Refining & Marketing gross margin. The differential between WTI and LLS significantly narrowed during the second half of 2013 with a further narrowing broadly continuing through 2014. In addition, the differential between LLS and Brent narrowed significantly during the second half of 2014. The spread between domestic crude oils and Brent could remain narrow if there is a change in existing U.S. energy policy regarding crude oil exports, or if low crude oil prices reduce U.S. crude oil production growth substantially. If either were to occur, it could reduce our Refining & Marketing gross margin.

Our refineries can process significant amounts of sour crude oil, which typically can be purchased at a discount to sweet crude oil. The amount of this discount, the sweet/sour differential, can vary significantly, causing our Refining & Marketing gross margin to differ from crack spreads based on sweet crude oil. In general, a larger sweet/sour differential will enhance our Refining & Marketing gross margin.

Future crude oil differentials will be dependent on a variety of market and economic factors, as well as U.S. energy policy.

The following table provides sensitivities showing an estimated change in annual net income due to potential changes in market conditions.

(In millions, after-tax)	
LLS 6-3-2-1 crack spread sensitivity[(a)] (per $1.00/barrel change)	$450
Sweet/sour differential sensitivity[(b)] (per $1.00/barrel change)	200
LLS-WTI differential sensitivity[(c)] (per $1.00/barrel change)	100
Natural gas price sensitivity (per $1.00/million British thermal unit change)	140

(a) Weighted 38 percent Chicago and 62 percent USGC LLS 6-3-2-1 crack spreads and assumes all other differentials and pricing relationships remain unchanged.
(b) LLS (prompt) – [delivered cost of sour crude oil: Arab Light, Kuwait, Maya, Western Canadian Select and Mars].
(c) Assumes 20 percent of crude oil throughput volumes are WTI-based domestic crude oil.

In addition to the market changes indicated by the crack spreads, the sweet/sour differential and the discount of WTI to LLS, our Refining & Marketing gross margin is impacted by factors such as:

- the types of crude oil and other charge and blendstocks processed;
- our refinery yields;
- the selling prices realized for refined products;
- the impact of commodity derivative instruments used to hedge price risk;
- the cost of products purchased for resale; and
- the potential impact of lower of cost or market adjustments to inventories in periods of declining prices.

Inventories are stated at the lower of cost or market. The cost of our crude oil and refined product inventories is determined under the last in, first out (“LIFO”) method. During periods of rapidly declining prices, the LIFO cost basis of our crude oil and refined product inventories may have to be written down to market value. Despite a significant drop in refined product prices in 2014, we determined that the LIFO cost basis of our crude oil and refined product inventories was recoverable as of December 31, 2014. If prices decrease further in 2015, we may be required to recognize a lower of cost or market adjustment to these inventories, which totaled approximately 96 million barrels as of December 31, 2014.

Refining & Marketing segment income from operations is also affected by changes in refinery direct operating costs, which include turnaround and major maintenance, depreciation and amortization and other manufacturing expenses. Changes in manufacturing costs are primarily driven by the cost of energy used by our refineries, including purchased natural gas, and the level of maintenance costs. Planned major maintenance activities, or turnarounds, requiring temporary shutdown of certain refinery operating units, are periodically performed at each refinery. The following table lists the refineries that had significant planned turnaround and major maintenance activities for each of the last three years.

Year	Refinery
2014	Catlettsburg, Galveston Bay, Garyville and Robinson
2013	Canton, Catlettsburg, Galveston Bay, Garyville and Robinson
2012	Catlettsburg, Detroit, Garyville and Robinson

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The table below sets forth the location and daily crude oil refining capacity of each of our refineries at December 31 of each year.

	Crude Oil Refining Capacity (mbpcd)		
Refinery	2014	2013	2012
Garyville, Louisiana	522	522	522
Galveston Bay, Texas City, Texas[a]	451	451	N/A
Catlettsburg, Kentucky	242	242	240
Robinson, Illinois	212	212	206
Detroit, Michigan	130	123	120
Canton, Ohio	90	80	80
Texas City, Texas	84	84	80
Total	1,731	1,714	1,248

[a] We acquired the Galveston Bay refinery on February 1, 2013.

Speedway

Our retail marketing gross margin for gasoline and distillate, which is the price paid by consumers less the cost of refined products, including transportation, consumer excise taxes and bankcard processing fees, impacts the Speedway segment profitability. Numerous factors impact gasoline and distillate demand throughout the year, including local competition, seasonal demand fluctuations, the available wholesale supply, the level of economic activity in our marketing areas and weather conditions. Gasoline demand in PADD 2 is estimated to have grown by about half a percent in 2014 after climbing by 1.4 percent in 2013. Meanwhile, gasoline demand in PADD 1 is estimated to have grown by 1.5 percent in 2014 after a 1.5 percent decline in 2013, reversing a three-year trend of declines and returning to 2012 levels. Strong economic growth in the last three quarters of 2014 and strongly falling prices throughout the second half supported gasoline demand. Distillate demand was supported by severe winter temperatures in early 2014 and a very strong harvest season. PADD 2 distillate demand is estimated to have grown by 3.7 percent in 2014 after climbing by 1.6 percent in 2013. PADD 1 estimated distillate demand grew over five percent after climbing by 8.8 percent in 2013. Market demand increases for gasoline and distillate generally increase the product margin we can realize. The gross margin on merchandise sold at convenience stores historically has been less volatile and has contributed substantially to Speedway's gross margin. More than half of Speedway's gross margin was derived from merchandise sales in 2014. Speedway's convenience stores offer a wide variety of merchandise, including prepared foods, beverages and non-food items.

Pipeline Transportation

The profitability of our pipeline transportation operations primarily depends on tariff rates and the volumes shipped through the pipelines. A majority of the crude oil and refined product shipments on our common carrier pipelines serve our Refining & Marketing segment. In 2012, new transportation services agreements were entered into between MPC and MPLX, which resulted in higher tariff rates. The volume of crude oil that we transport is directly affected by the supply of, and refiner demand for, crude oil in the markets served directly by our crude oil pipelines. Key factors in this supply and demand balance are the production levels of crude oil by producers in various regions or fields, the availability and cost of alternative modes of transportation, the volumes of crude oil processed at refineries and refinery and transportation system maintenance levels. The volume of refined products that we transport is directly affected by the production levels of, and user demand for, refined products in the markets served by our refined product pipelines. In most of our markets, demand for gasoline and distillate peaks during the summer driving season, which extends from May through September of each year, and declines during the fall and winter months. As with crude oil, other transportation alternatives and system maintenance levels influence refined product movements.

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Results of Operations

Consolidated Results of Operations

(In millions)	2014	2013	2014 vs. 2013 Variance	2012	2013 vs. 2012 Variance
Revenues and other income:					
Sales and other operating revenues (including consumer excise taxes)	$97,817	$100,160	$(2,343)	$82,243	$17,917
Income from equity method investments	153	36	117	26	10
Net gain on disposal of assets	21	6	15	177	(171)
Other income	111	52	59	46	6
Total revenues and other income	98,102	100,254	(2,152)	82,492	17,762
Costs and expenses:					
Cost of revenues (excludes items below)	83,770	87,401	(3,631)	68,668	18,733
Purchases from related parties	505	357	148	280	77
Consumer excise taxes	6,685	6,263	422	5,709	554
Depreciation and amortization	1,326	1,220	106	995	225
Selling, general and administrative expenses	1,375	1,248	127	1,223	25
Other taxes	390	340	50	270	70
Total costs and expenses	94,051	96,829	(2,778)	77,145	19,684
Income from operations	4,051	3,425	626	5,347	(1,922)
Net interest and other financial income (costs)	(216)	(179)	(37)	(109)	(70)
Income before income taxes	3,835	3,246	589	5,238	(1,992)
Provision for income taxes	1,280	1,113	167	1,845	(732)
Net income	2,555	2,133	422	3,393	(1,260)
Less net income attributable to noncontrolling interests	31	21	10	4	17
Net income attributable to MPC	$2,524	$2,112	$412	$3,389	$(1,277)

Net income attributable to MPC increased $412 million in 2014 compared to 2013 and decreased $1.28 billion in 2013 compared to 2012, primarily due to our Refining & Marketing segment income from operations, which increased $403 million in 2014 compared to 2013 and decreased $1.89 billion in 2013 compared to 2012. The increase in Refining & Marketing segment income from operations in 2014 was primarily due to more favorable net product price realizations and higher USGC and Chicago crack spreads, partially offset by narrower crude oil differentials and higher turnaround and other direct operating costs. The decrease in 2013 was primarily due to narrower crude oil differentials and lower net product price realizations, partially offset by higher refinery throughput and sales volumes.

Sales and other operating revenues (including consumer excise taxes) decreased $2.34 billion in 2014 compared to 2013 and increased $17.92 billion in 2013 compared to 2012. The decrease in 2014 was primarily due to lower refined product sales prices, partially offset by an increase in refined product sales volumes and higher merchandise sales for our Speedway segment primarily attributable to the convenience stores acquired from Hess. The increase in 2013 was primarily due to higher refined product sales volumes, which were primarily associated with the acquisition of the Galveston Bay refinery in February 2013, partially offset by a decrease in refined product sales prices. Consolidated refined product sales increased 52 mbpd in 2014 compared to 2013 and 468 mbpd in 2013 compared to 2012.

Income from equity method investments increased $117 million in 2014 compared to 2013 and $10 million in 2013 compared to 2012. The increase in 2014 was primarily due to increases in income from our ethanol affiliates of $68 million and income from our pipeline affiliates of $49 million. The increase in income from our ethanol affiliates includes the affects of our acquisition of interests in TAAE, TACE and TAEI in August 2013. The higher income from our pipeline affiliates is primarily due to increases from LOOP LLC ("LOOP") and Explorer, which is now accounted for as an equity method investment following our acquisition of an increased ownership interest in this pipeline company. The increase in 2013 was primarily due to an increase in income from our ethanol investments of

$34 million, partially offset by a decrease in income from our investment in LOOP of $17 million. The increase in income from ethanol investments was primarily due to higher income in 2013 compared to 2012 and the acquisition of interests in TAAE, TACE and TAEI in 2013.

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Net gain on disposal of assets increased $15 million in 2014 compared to 2013 and decreased $171 million in 2013 compared to 2012, primarily due to the sale of two terminals and terminal assets in 2014 and a $171 million gain recognized in the third quarter of 2012 associated with the settlement agreement with the buyer of our Minnesota assets. See Item 8. Financial Statements and Supplementary Data – Note 6 for additional information on the Minnesota assets sale and subsequent settlement agreement with the buyer.

Other income increased $59 million in 2014 compared to 2013 and $6 million in 2013 compared to 2012. The increase in 2014 was primarily due to higher gains on sales of excess Renewable Identification Numbers ("RINs") of $74 million, partially offset by an $11 million impairment in 2014 of an investment in a company accounted for using the cost method. The increase in 2013 was primarily due to higher gains on sales of excess RINs and dividends received from a pipeline affiliate, partially offset by the absence of $12 million of dividends received from our preferred equity interest in the buyer of our Minnesota assets during the third quarter of 2012.

Cost of revenues decreased $3.63 billion in 2014 compared to 2013 and increased $18.73 billion in 2013 compared to 2012. The decrease in 2014 was primarily due to:

- a decrease in refined product cost of sales of $5.01 billion, primarily due to a decrease in our average crude oil costs of $9.30 per barrel, partially offset by an increase in refined product sales volumes;
- partially offset by an increase in refinery direct operating costs of $913 million, or $1.37 per barrel of total refinery throughput, which included costs associated with significant planned turnaround activity; and
- an increase in merchandise cost of sales for our Speedway segment of $327 million, primarily attributable to the convenience stores acquired from Hess.

The increase in 2013 was primarily due to:

- an increase in refined product cost of sales of $17.09 billion, primarily due to an increase in refined product sales volumes attributable to the acquisition of the Galveston Bay refinery; and
- an increase in refinery direct operating costs of $1.62 billion, or $1.11 per barrel of total refinery throughput, primarily attributable to the addition of the Galveston Bay refinery, which had higher operating costs per barrel of throughput than the average of our other six refineries.

Purchases from related parties increased $148 million in 2014 compared to 2013 and $77 million in 2013 compared to 2012. The increase in 2014 was primarily due to acquisitions of ownership interests in TAAE in August 2013 and Explorer in March 2014, resulting in purchases from these companies totaling $118 million in 2014 and $24 million in 2013, being reported as purchases from related parties while purchases from these companies prior to these acquisitions were reported as cost of revenues. In addition, we also had an increase in purchases from LOOP of $45 million in 2014. The increase in 2013 was primarily due to higher ethanol volumes purchased from our ethanol investments, partially offset by lower ethanol prices and decreases in purchases from pipeline affiliates, including Centennial Pipeline LLC ("Centennial").

Consumer excise taxes increased $422 million in 2014 compared to 2013 and $554 million in 2013 compared to 2012, primarily due to increases in taxable refined product sales volumes, including the effects of the acquisitions of the Galveston Bay Refinery and Related Assets and Hess' Retail Operations and Related Assets.

Depreciation and amortization increased $106 million in 2014 compared to 2013 and $225 million in 2013 compared to 2012. The increase in 2014 was primarily due to completion of certain capital investments at our Galveston Bay refinery, an increase in the number of convenience stores in our Speedway segment and the implementation of corporate-level information technology projects, partially offset by an impairment of a light products terminal in 2013. The increase in 2013 was primarily due to the completion of the heavy oil upgrading and expansion project at our Detroit, Michigan refinery in late 2012 and our acquisition of the Galveston Bay Refinery and Related Assets in February 2013.

Selling, general and administrative expenses increased $127 million in 2014 compared to 2013, primarily due to increases in contract services, employee compensation and benefit expenses and credit card processing fees.

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Other taxes increased $50 million in 2014 compared to 2013 and $70 million in 2013 compared to 2012. The increase in 2014 was primarily due to increases in property taxes of $30 million, payroll taxes of $27 million and environmental taxes of $11 million, partially offset by decreases in other tax expenses. These increases were attributable to a number of factors including the acquisitions of the Galveston Bay Refinery and Related Assets and Hess' Retail Operations and Related Assets and the absence of a Federal Oil Spill Tax refund received in 2013. The increase in 2013 was primarily due to increases in property taxes of $41 million, payroll taxes of $21 million and sales and use tax expense of $13 million. The increases in 2013 were attributable to a number of factors including the completion of the heavy oil upgrading and expansion project at our Detroit refinery, the acquisition of the Galveston Bay Refinery and Related Assets and Speedway's acquisition of 97 convenience stores in 2012.

Net interest and other financial costs increased $37 million in 2014 compared to 2013 and $70 million in 2013 compared to 2012. The increase in 2014 was primarily due to an increase in long-term debt related to the acquisition of Hess' Retail Operations and Related Assets and MPLX's acquisition of additional interest in Pipe Line Holdings. The increase in 2013 was primarily due to a decrease in capitalized interest in 2013 due to the completion of the Detroit refinery heavy oil upgrading and expansion project in late 2012. We capitalized interest of $27 million in 2014, $28 million in 2013 and $101 million in 2012.

Provision for income taxes increased $167 million in 2014 compared to 2013 and decreased $732 million in 2013 compared to 2012, primarily due to our income before income taxes, which increased $589 million in 2014 compared to 2013 and decreased $1.99 billion in 2013 compared to 2012. The effective tax rates in 2014, 2013 and 2012 are equivalent to or slightly less than the U.S. statutory rate of 35 percent primarily due to certain permanent benefit differences, including the domestic manufacturing deduction, partially offset by state and local tax expense. See Item 8. Financial Statements and Supplementary Data – Note 13 for further details.

Segment Results

Revenues are summarized by segment in the following table.

(In millions)	2014	2013	2012
Refining & Marketing	$91,734	$94,910	$76,710
Speedway	16,932	14,475	14,243
Pipeline Transportation	597	537	459
Segment revenues	$109,263	$109,922	$91,412
Items included in both revenues and costs:			
Consumer excise taxes	$6,685	$6,263	$5,709

Refining & Marketing segment revenues decreased $3.18 billion in 2014 compared to 2013 and increased $18.20 billion in 2013 compared to 2012. The decrease in 2014 was primarily due to lower refined product sales prices, partially offset by an increase in refined product sales volumes. The increase in 2013 was primarily due to an increase in refined product sales volumes related to the Galveston Bay refinery acquired in February 2013, partially offset by lower refined product selling prices. The table below shows our Refining & Marketing segment refined product sales volumes and prices.

	2014	2013	2012
Refining & Marketing segment:			
Refined product sales volumes (thousands of barrels per day)[a]	2,125	2,075	1,599
Refined product sales destined for export (thousands of barrels per day)	275	218	123
Average refined product sales prices (dollars per gallon)	$2.71	$2.87	$3.00

[a] Includes intersegment sales and sales destined for export.

The table below shows the average refined product benchmark prices for our marketing areas.

(Dollars per gallon)	2014	2013	2012
Chicago spot unleaded regular gasoline	$2.55	$2.76	$2.84
Chicago spot ultra-low sulfur diesel	2.80	3.01	3.01
USGC spot unleaded regular gasoline	2.49	2.69	2.81

USGC spot ultra-low sulfur diesel	2.71	2.97	3.05

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Refining & Marketing intersegment sales to our Speedway segment increased $1.62 billion in 2014 compared to 2013 and $512 million in 2013 compared to 2012, primarily due to increases in intersegment refined product sales volumes, partially offset by lower refined product sales prices. The increase in intersegment refined product sales volumes for 2014 was primarily due to the acquisition of convenience stores from Hess.

	2014	2013	2012
Refining & Marketing intersegment sales to Speedway:			
Intersegment sales (in millions)	$10,912	$9,294	$8,782
Refined product sales volumes (millions of gallons)	3,766	2,976	2,727
Average refined product sales prices (dollars per gallon)	$2.89	$3.11	$3.21

Speedway segment revenues increased $2.46 billion in 2014 compared to 2013 and $232 million in 2013 compared to 2012, primarily due to increases in gasoline and distillate sales of $1.98 billion and $138 million, respectively, and increases in merchandise sales of $476 million and $77 million, respectively. The increases in gasoline and distillate sales were primarily due to volume increases of 796 million gallons and 119 million gallons, respectively, primarily due to increases in the number of convenience stores, partially offset by decreases in gasoline and distillate selling prices of $0.20 per gallon and $0.09 per gallon, respectively. The increases in merchandise sales were primarily due to increases in the number of convenience stores and higher same store sales. The increase in the number of convenience stores for 2014 was primarily due to the acquisition of convenience stores from Hess.

The following table includes certain revenue statistics for the Speedway segment.

	2014		2013		2012	
Convenience stores at period-end	2,746		1,478		1,464	
Gasoline & distillate sales (millions of gallons)	3,942		3,146		3,027	
Average gasoline & distillate sales prices (dollars per gallon)	$3.25		$3.45		$3.54	
Merchandise sales (in millions)	$3,611		$3,135		$3,058	
Same store gasoline sales volume (period over period)	(0.7	)%	0.5	%	(0.8	)%
Same store merchandise sales (period over period)[a]	5.0	%	4.3	%	7.0	%

[a] Excludes cigarettes.

Pipeline Transportation segment revenue increased $60 million in 2014 compared to 2013 and $78 million in 2013 compared to 2012. The increase in 2014 was primarily due to an increase in revenue related to volume deficiency credits and higher average tariffs received on crude oil and refined products shipped, partially offset by lower refined products and crude oil pipeline throughput volumes. The increase in 2013 was primarily due to higher average tariffs received on the volumes of crude oil and products shipped, higher crude oil throughput volumes and an increase in storage fees and other revenue.

The following table includes throughput volumes for the Pipeline Transportation segment.

	2014	2013	2012
Pipeline Throughputs (thousands of barrels per day):[a]			
Crude oil pipelines	1,241	1,293	1,191
Refined products pipelines	878	911	980
Total	2,119	2,204	2,171

[a] On owned common-carrier pipelines, excluding equity method investments.

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Income before income taxes and income from operations by segment are summarized in the following table.

(In millions)	2014	2013	2012
Income from operations by segment:			
Refining & Marketing	$3,609	$3,206	$5,098
Speedway	544	375	310
Pipeline Transportation[(a)]	280	210	216
Items not allocated to segments:			
Corporate and other unallocated items[(a)]	(286)	(271)	(336)
Minnesota Assets sale settlement gain	—	—	183
Pension settlement expenses[(b)]	(96)	(95)	(124)
Income from operations	4,051	3,425	5,347
Net interest and other financial income (costs)	(216)	(179)	(109)
Income before income taxes	$3,835	$3,246	$5,238

(a) Included in the Pipeline Transportation segment for 2014, 2013 and 2012 are $19 million, $20 million and $4 million of corporate overhead expenses attributable to MPLX, which were included in items not allocated to segments prior to MPLX's October 31, 2012 initial public offering. These expenses are not currently allocated to other segments.

(b) See Item 8. Financial Statements and Supplementary Data – Note 23.

Refining & Marketing segment income from operations increased $403 million in 2014 compared to 2013 and decreased $1.89 billion in 2013 compared to 2012. The increase in 2014 was primarily due to more favorable net product price realizations and higher USGC and Chicago crack spreads, partially offset by narrower crude oil differentials and higher turnaround and other direct operating costs. The decrease in 2013 was primarily due to narrower crude oil differentials and lower net product price realizations, partially offset by higher refinery throughput and sales volumes.

The following table presents certain market indicators that we believe are helpful in understanding the results of our Refining & Marketing segment's business.

(Dollars per barrel)	2014	2013	2012
Chicago LLS 6-3-2-1[(a)(b)]	$9.56	$8.16	$6.74
USGC LLS 6-3-2-1[(a)]	7.23	6.24	6.67
Blended 6-3-2-1[(a)(c)]	8.11	6.97	6.71
LLS	96.90	107.38	111.67
WTI	92.91	98.05	94.15
LLS – WTI crude oil differential[(a)]	3.99	9.33	17.52
Sweet/Sour crude oil differential[(a)(d)]	6.97	8.53	12.47

(a) All spreads and differentials are measured against prompt LLS.

(b) Calculation utilizes USGC three percent residual fuel oil price as a proxy for Chicago three percent residual fuel oil price.

(c) Blended Chicago/USGC crack spread is 38/62 percent in 2014, 38/62 percent in 2013 and 52/48 percent in 2012 based on MPC's refining capacity by region in each period.

(d) LLS (prompt) – [delivered cost of sour crude oil: Arab Light, Kuwait, Maya, Western Canadian Select and Mars].

Based on the market indicators above and our refinery throughputs, we estimate the following impacts on Refining & Marketing segment income from operations for 2014 compared to 2013 and for 2013 compared to 2012:

- The Chicago LLS 6-3-2-1 crack spread increased $1.40 per barrel in 2014 compared to 2013 and $1.42 per barrel in 2013 compared to 2012, which had positive impacts on segment income of $354 million and $291 million, respectively.
- The USGC LLS 6-3-2-1 crack spread increased $0.99 per barrel in 2014 compared to 2013 which had a positive impact on segment income of $407 million. The USGC LLS 6-3-2-1 crack spread decreased $0.43 per barrel in 2013 compared to 2012. This decrease was offset by an increase in refinery throughput volumes, primarily due to the

acquisition of the Galveston Bay refinery, which resulted in a positive impact to segment income of $949 million in 2013 compared to 2012.

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- The LLS-WTI crude oil differential narrowed $5.34 per barrel in 2014 compared to 2013 and $8.19 per barrel in 2013 compared to 2012, which had negative impacts on segment income of $695 million and $978 million, respectively.
- The sweet/sour crude oil differential narrowed $1.56 per barrel in 2014 compared to 2013 and $3.94 per barrel in 2013 compared to 2012, which had negative impacts on segment income of $489 million and $273 million, respectively. The unfavorable impact from 2013 compared to 2012 was partially offset by higher refinery throughput and sales volumes.

The market indicators shown above use spot market values and an estimated mix of crude purchases and products sold. Differences in our results compared to these market indicators, including product price realizations, mix and crude costs as well as other items like refinery yields and other feedstock variances, had estimated positive impacts on Refining & Marketing segment income of $1.73 billion in 2014 compared to 2013 and $298 million in 2013 compared to 2012. We estimate the positive impact for 2014 was primarily due to more favorable net product price realizations as compared to spot market values and a favorable effect from valuing year end inventories using the LIFO method of accounting. We estimate the positive impact for 2013 was primarily due to favorable crude oil and feedstock acquisition costs compared to market indicators, partially offset by lower product price realizations.

In the fourth quarter of 2014, we recognized a build in our crude oil and refined products inventories. For purposes of our annual LIFO inventory costing, this increase in inventory is recorded based on pricing at the beginning of 2014, which was substantially higher than fourth quarter prices. As a result, Refining & Marketing segment income for the fourth quarter reflects a favorable effect of approximately $240 million. Comparing 2014 to 2013, the favorable LIFO impact was approximately $130 million.

The following table summarizes our refinery throughputs.

	2014	2013	2012
Refinery throughputs (thousands of barrels per day):			
Crude oil refined	1,622	1,589	1,195
Other charge and blendstocks	184	213	168
Total	1,806	1,802	1,363
Sour crude oil throughput percent	52	53	53
WTI-priced crude oil throughput percent	19	21	28

Total refinery throughputs increased 439 mbpd in 2013 compared to 2012, primarily due to the Galveston Bay refinery, which we acquired on February 1, 2013.

The following table includes certain key operating statistics for the Refining & Marketing segment.

	2014	2013	2012
Refining & Marketing gross margin (dollars per barrel)[(a)]	$15.05	$13.24	$17.85
Refinery direct operating costs (dollars per barrel):[(b)]			
Planned turnaround and major maintenance	$1.80	$1.20	$1.00
Depreciation and amortization	1.41	1.36	1.44
Other manufacturing[(c)]	4.86	4.14	3.15
Total	$8.07	$6.70	$5.59

(a) Sales revenue less cost of refinery inputs and purchased products, divided by total refinery throughputs.
(b) Per barrel of total refinery throughputs.
(c) Includes utilities, labor, routine maintenance and other operating costs.

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Refinery direct operating costs increased $1.37 per barrel in 2014 compared to 2013 and $1.11 per barrel in 2013 compared to 2012, which include increases in planned turnaround and major maintenance costs of $0.60 per barrel and $0.20 per barrel, respectively, and increases in other manufacturing costs of $0.72 per barrel and $0.99 per barrel, respectively. The increase in planned turnaround and major maintenance costs for 2014 was primarily attributable to the Galveston Bay, Robinson and Catlettsburg refineries, partially offset by decreases at the Garyville and Canton refineries. The increase in planned turnaround and major maintenance costs for 2013 was primarily attributable to the Galveston Bay refinery. The increases in other manufacturing costs were primarily attributable to higher energy costs, catalyst expenses and routine maintenance costs for 2014 and the addition of the Galveston Bay refinery for 2013, which had higher operating costs per barrel of throughput than the average of our other six refineries.

We purchase RINs to satisfy a portion of our RFS2 compliance. Our expenses associated with purchased RINs were $141 million in 2014, $264 million in 2013 and $105 million in 2012. The decrease in 2014 was primarily due to decreases in the average cost of ethanol and biomass-based biodiesel RINs and decreases in our estimated advanced biofuel and ethanol obligation volumes. The increase in 2013 was primarily due to increases in the average cost of ethanol and biodiesel RINs.

Speedway segment income from operations increased $169 million in 2014 compared to 2013 and $65 million in 2013 compared to 2012, primarily due to increases in our gasoline and distillate gross margin of $246 million and $54 million, respectively, and increases in our merchandise gross margin of $150 million and $30 million, respectively, partially offset by higher operating expenses. The increases were primarily attributable to increases in the number of convenience stores, which for 2014 was primarily due to the acquisition of convenience stores from Hess. The increases in merchandise gross margin were related to a combination of higher merchandise and food sales and improved margins. The convenience stores acquired from Hess contributed $113 million to Speedway segment income from operations in 2014.

The following table includes margin statistics for the Speedway segment.

	2014	2013	2012
Gasoline & distillate gross margin (dollars per gallon)[(a)]	$0.1775	$0.1441	$0.1318
Merchandise gross margin (in millions)	$975	$825	$795
Merchandise gross margin percent	27.0 %	26.3 %	26.0 %

(a) The price paid by consumers less the cost of refined products, including transportation, consumer excise taxes and bankcard processing fees, divided by gasoline and distillate sales volume.

Pipeline Transportation segment income from operations increased $70 million in 2014 compared to 2013 and decreased $6 million in 2013 compared to 2012. The increase in 2014 was primarily due to higher pipeline transportation revenue and an increase in income from our pipeline affiliates, which was primarily attributable to our investment in LOOP, partially offset by an increase in operating expenses primarily attributable to the proposed Cornerstone pipeline project and pipeline maintenance costs. The decrease in 2013 was primarily due to higher operating expenses and depreciation and lower pipeline affiliate income, partially offset by higher transportation revenue. The higher expenses and revenues were primarily attributable to the formation of MPLX.

Corporate and other unallocated expenses increased $15 million in 2014 compared to 2013 and decreased $65 million in 2013 compared to 2012, primarily due to costs incurred in connection with the acquisition of Hess' Retail Operations and Related Assets in 2014 and lower unallocated employee benefit expenses and lower employee incentive compensation expenses in 2013 compared to 2012.

We recognized a gain of $183 million in 2012 associated with the settlement agreement with the buyer of our Minnesota assets, which included $86 million of the deferred gain that was recorded when the sale transaction was originally closed. See Item 8. Financial Statements and Supplementary Data – Note 6 for additional information on the Minnesota assets sale and subsequent settlement with the buyer.

We recorded pretax pension settlement expenses of $96 million in 2014, $95 million in 2013 and $124 million in 2012 resulting from the level of employee lump sum retirement distributions that occurred during these years.

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Liquidity and Capital Resources

Cash Flows

Our cash and cash equivalents balance was $1.49 billion at December 31, 2014 compared to $2.29 billion at December 31, 2013. Net cash provided by (used in) operating activities, investing activities and financing activities for the past three years is presented in the following table.

(In millions)	2014	2013	2012
Net cash provided by (used in):			
Operating activities	$3,110	$3,405	$4,492
Investing activities	(4,543)	(2,756)	(1,452)
Financing activities	635	(3,217)	(1,259)
Total	$(798)	$(2,568)	$1,781

Net cash provided by operating activities decreased $295 million in 2014 compared to 2013, primarily due to unfavorable changes in working capital of $892 million compared to 2013, partially offset by an increase in net income of $422 million and non-cash income adjustments of $175 million. Net cash provided by operating activities decreased $1.09 billion in 2013 compared to 2012, primarily due to decreases in net income of $1.26 billion and non-cash income adjustments of $453 million, partially offset by favorable changes in working capital of $626 million compared to 2012.

For 2014, changes in working capital were a net $694 million use of cash, primarily due to a decrease in accounts payable and accrued liabilities and an increase in inventories, partially offset by a decrease in current receivables. Changes from December 31, 2013 to December 31, 2014 per the consolidated balance sheets, excluding the impact of acquisitions, were as follows:

- Accounts payable decreased $1.65 billion from year-end 2013, primarily due to lower crude oil payable prices, partially offset by higher crude oil payable volumes.
- Inventories increased $796 million from year-end 2013, primarily due to higher refined product and crude oil inventory volumes.
- Current receivables decreased $1.63 billion from year-end 2013, primarily due to lower refined product and crude oil receivable prices.

For 2013, changes in working capital were a net $198 million source of cash, primarily due to an increase in accounts payable and accrued liabilities, partially offset by increases in current receivables and inventory volumes. Accounts payable increased $1.45 billion from year-end 2012, primarily due to higher crude oil payable volumes, and current receivables increased $949 million from year-end 2012, primarily due to higher refined product receivable volumes attributable to an increase in refined product sales volumes. Both of these increases are associated with the Galveston Bay refinery acquired in February 2013. Changes in inventories were a $305 million use of cash in 2013, primarily due to higher refined product and crude oil inventory volumes.

For 2012, changes in working capital were a net $428 million use of cash, primarily due to a decrease in accounts payable and accrued liabilities resulting primarily from reductions in crude oil prices and payable volumes, partially offset by a decrease in current receivables resulting primarily from reductions in crude oil prices and receivable volumes.

Cash flows used in investing activities increased $1.79 billion in 2014 compared to 2013 and $1.30 billion in 2013 compared to 2012. The investing activity is further discussed below.

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The consolidated statements of cash flows exclude changes to the consolidated balance sheets that did not affect cash. A reconciliation of additions to property, plant and equipment to total capital expenditures and investments follows for each of the last three years.

(In millions)	2014	2013	2012
Additions to property, plant and equipment per consolidated statements of cash flows	$1,480	$1,206	$1,369
Non-cash additions to property, plant and equipment	4	—	—
Asset retirement expenditures	2	—	—
Increase (decrease) in capital accruals	95	73	(117)
Investments in equity method investees	413	124	28
Total capital expenditures and investments before acquisitions	1,994	1,403	1,280
Acquisitions[(a)]	2,744	1,386	180
Total capital expenditures and investments	$4,738	$2,789	$1,460

(a) The 2014 acquisitions include the acquisition of Hess' Retail Operations and Related Assets. The 2013 acquisitions include the acquisition of the Galveston Bay Refinery and Related Assets. The acquisition numbers above include property, plant and equipment and intangibles. See Item 8. Financial Statements and Supplementary Data – Note 5 for further details.

Capital expenditures and investments for each of the last three years are summarized by segment below.

(In millions)	2014	2013	2012
Capital expenditures and investments:[(a)(b)]			
Refining & Marketing	$1,104	$2,094	$705
Speedway	2,981	296	340
Pipeline Transportation	543	234	211
Corporate and Other[(c)]	110	165	204
Total	$4,738	$2,789	$1,460

(a) Capital expenditures include changes in capital accruals.

(b) Includes $2.71 billion in 2014 for the acquisition of Hess' Retail Operations and Related Assets and $1.36 billion in 2013 for the acquisition of the Galveston Bay Refinery and Related Assets. See Item 8. Financial Statements and Supplementary Data – Note 5.

(c) Includes capitalized interest of $27 million, $28 million and $101 million for 2014, 2013 and 2012, respectively.

The acquisition of Hess' Retail Operations and Related Assets comprised 58 percent of our total capital spending in 2014. The acquisition of the Galveston Bay Refinery and Related Assets comprised 49 percent of our total capital spending in 2013. The Detroit refinery heavy oil upgrading and expansion project, which we completed in 2012, comprised 46 percent (excluding capitalized interest associated with this project) of our Refining & Marketing segment capital spending in 2012.

Cash provided by disposal of assets totaled $27 million, $16 million and $53 million in 2014, 2013 and 2012, respectively. The $53 million of cash from asset disposals in 2012 primarily included proceeds from a settlement agreement with the buyer of our Minnesota assets.

Net investments were a $404 million use of cash in 2014 compared to a $74 million use of cash in 2013 and a $51 million source of cash in 2012. The change in 2014 compared to 2013 was primarily due to increases in contributions to the Sandpiper and SAX pipeline projects of $287 million and our investment in Explorer of $77 million, partially offset by a return of capital from our ethanol affiliates of $9 million. The change in 2013 compared to 2012 was primarily due to investments in our ethanol affiliates of $75 million and the Sandpiper pipeline project of $24 million.

Financing activities were a $635 million source of cash in 2014, a $3.22 billion use of cash in 2013 and a $1.26 billion use of cash in 2012. The sources of cash primarily consisted of net long-term debt borrowings in 2014 and proceeds from the issuance of MPLX common units in 2014 and 2012. The uses of cash in all three years primarily consisted of common stock repurchases through open market purchases and our ASR programs and dividend payments.

Long-term debt borrowings and repayments were a net $3.25 billion source of cash in 2014 compared to a $21 million use of cash in 2013 and a $17 million use of cash in 2012. During 2014, we issued $1.95 billion aggregate principal amount of senior unsecured notes and borrowed $700 million under a term loan credit agreement to finance the acquisition of Hess' Retail Operations and Related Assets. In addition, MPLX had net borrowings of $635 million under its revolving credit agreement and term loan agreement. See Item 8. Financial Statements and Supplementary Data – Note 20 for additional information on our long-term debt.

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Cash used in common stock repurchases totaled $2.13 billion in 2014, $2.79 billion in 2013 and $1.35 billion in 2012 associated with the share repurchase plans authorized by our board of directors. The table below summarizes our total share repurchases. See Item 8. Financial Statements and Supplementary Data – Note 10 for further discussion of the share repurchase plans.

(In millions, except per share data)	2014	2013	2012
Number of shares repurchased[(a)]	24	37	28
Cash paid for shares repurchased	$2,131	$2,793	$1,350
Effective average cost per delivered share	$88.63	$76.14	$46.73

(a) Shares repurchased in 2013 includes 1 million shares received under the November 2012 ASR program, which were paid for in 2012.

Cash used in dividend payments totaled $524 million in 2014, $484 million in 2013 and $407 million in 2012. The increases were primarily due to increases in our base dividend, partially offset by a decrease in the number of outstanding shares of our common stock as a result of share repurchases. Dividends per share were $1.84 in 2014, $1.54 in 2013 and $1.20 in 2012.

Cash proceeds from the issuance of MPLX common units were $221 million in 2014 and $407 million in 2012. The initial public offering in 2012 represented the sale of a 26.4 percent interest in MPLX. See Item 8. Financial Statements and Supplementary Data – Note 4 for further discussion of MPLX.

Derivative Instruments

See Item 7A. Quantitative and Qualitative Disclosures about Market Risk for a discussion of derivative instruments and associated market risk.

Capital Resources

Our liquidity totaled $5.27 billion at December 31, 2014 consisting of:

	December 31, 2014		
(In millions)	Total Capacity	Outstanding Borrowings	Available Capacity
Revolving credit agreement[(a)]	$2,500	$—	$2,500
Trade receivables securitization facility[(b)]	1,280	—	1,280
Total	$3,780	$—	$3,780
Cash and cash equivalents			1,494
Total liquidity			$5,274

(a) Excludes MPLX's $1 billion revolving credit agreement, which had $385 million of borrowings outstanding as of December 31, 2014.

(b) Availability under our $1.3 billion trade receivables securitization facility is a function of refined product selling prices, which will be lower in a sustained lower price environment. As of January 31, 2015, eligible trade receivables supported borrowings of $700 million.

Because of the alternatives available to us, including internally generated cash flow and access to capital markets, we believe that our short-term and long-term liquidity is adequate to fund not only our current operations, but also our near-term and long-term funding requirements, including capital spending programs, the repurchase of shares of our common stock, dividend payments, defined benefit plan contributions, repayment of debt maturities and other amounts that may ultimately be paid in connection with contingencies.

MPC Revolving Credit Agreement – We have a $2.5 billion unsecured revolving credit agreement ("Credit Agreement") in place with a maturity date of September 14, 2017. The Credit Agreement includes letter of credit issuing capacity of up to $2.0 billion and swingline loan capacity of up to $100 million. We may increase our borrowing capacity under the Credit Agreement by up to an additional $500 million, subject to certain conditions including the consent of the lenders whose commitments would be increased. In addition, the maturity date may be extended for up to two additional one-year periods subject to the approval of lenders holding greater than 50 percent of the commitments then outstanding, provided that the commitments of any non-consenting lenders will be terminated on the then-effective maturity date.

Borrowings under the Credit Agreement bear interest at either the Adjusted LIBO Rate (as defined in the Credit Agreement) plus a margin or the Alternate Base Rate (as defined in the Credit Agreement) plus a margin. We are charged various fees and expenses in connection with the Credit Agreement, including administrative agent fees, commitment fees on the unused portion of our borrowing capacity and fees related to issued and outstanding letters of credit. The applicable interest rates and certain of the fees fluctuate based on the credit ratings in effect from time to time on our long-term debt.

There were no borrowings or letters of credit outstanding at December 31, 2014.
Trade receivables securitization facility – On December 18, 2013, we entered into a three-year, $1.3 billion trade receivables securitization facility with a group of financial institutions that act as committed purchasers, conduit purchasers, letter of credit issuers and managing agents under the facility. The facility is evidenced by a Receivables Purchase Agreement and a Second Amended and Restated Receivables Sale Agreement and replaces the previously existing accounts receivable facility that was set to expire on June 30, 2014.
The facility consists of one of our wholly-owned subsidiaries, Marathon Petroleum Company LP ("MPC LP"), selling or contributing on an on-going basis all of its trade receivables (including trade receivables acquired from Marathon Petroleum Trading Canada LLC, a wholly-owned subsidiary of MPC LP), together with all related security and interests in the proceeds thereof, without recourse, to another wholly-owned, bankruptcy-remote special purpose subsidiary, MPC Trade Receivables Company LLC ("TRC"), in exchange for a combination of cash, equity or a subordinated note issued by TRC to MPC LP. TRC, in turn, has the ability to finance its purchase of the receivables from MPC LP by selling undivided ownership interests in qualifying trade receivables, together with all related security and interests in the proceeds thereof, without recourse, to the purchasing group in exchange for cash proceeds. The facility also provides for the issuance of letters of credit of up to an initial amount of $1.25 billion, provided that the aggregate credit exposure of the purchasing group is limited to no more than $1.3 billion at any one time.
To the extent that TRC retains an ownership interest in the receivables it has purchased or received from MPC LP, such interest will be included in our consolidated financial statements solely as a result of the consolidation of the financial statements of TRC with those of MPC. The receivables sold or contributed to TRC are available first and foremost to satisfy claims of the creditors of TRC and are not available to satisfy the claims of creditors of MPC. TRC has granted a security interest in all of its assets to the purchasing group to secure its obligations under the Receivables Purchase Agreement.
Proceeds from the sale of undivided percentage ownership interests in qualifying receivables under the facility will be reflected as debt on our consolidated balance sheet. We will remain responsible for servicing the receivables sold to the purchasing group. TRC pays floating-rate interest charges and usage fees on amounts outstanding under the facility, if any, and certain other fees related to the administration of the facility and letters of credit that are issued and outstanding under the facility.
As of December 31, 2014, eligible trade receivables supported borrowings of $1.28 billion. There were no borrowings outstanding at December 31, 2014. Availability under our trade receivables securitization facility is a function of refined product selling prices, which will be lower in a sustained lower price environment. As of January 31, 2015, eligible trade receivables supported borrowings of $700 million.
MPLX Credit Agreement – On November 20, 2014, MPLX entered into a credit agreement with a syndicate of lenders ("MPLX Credit Agreement"), which provides for a five-year $1 billion bank revolving credit facility and a $250 million term loan facility. The maturity date on both facilities is November 20, 2019.
The bank revolving credit facility includes letter of credit issuing capacity of up to $250 million and swingline loan capacity of up to $100 million. The borrowing capacity under the MPLX Credit Agreement may be increased by up to an additional $500 million, subject to certain conditions, including the consent of the lenders whose commitments would increase. In addition, the maturity date may be extended up to two additional one-year periods subject to the approval of lenders holding the majority of the commitments then outstanding, provided that the commitments of any non-consenting lenders will be terminated on the original maturity date.
The term loan facility was drawn in full on November 20, 2014. The maturity date for the term loan facility may be extended for up to two additional one-year periods subject to the consent of the lenders holding a majority of the outstanding term loan borrowings, provided that the portion of the term loan borrowings held by any non-consenting lenders will continue to be due and payable on the original maturity date. The borrowings under this facility during 2014 were at an average interest rate of 1.4 percent.
Borrowings under the MPLX Credit Agreement bear interest at either the Adjusted LIBO Rate or the Alternate Base Rate (as defined in the MPLX Credit Agreement) plus a specified margin. MPLX is charged various fees and expenses in connection with the agreement, including administrative agent fees, commitment fees on the unused portion of the bank revolving credit facility and fees with respect to issued and outstanding letters of credit. The

applicable interest rates and certain of the fees fluctuate based the credit ratings in effect from time to time on MPLX’s long-term debt.

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In connection with entering into this new credit agreement, MPLX terminated its previously existing $500 million five-year MPLX Operations LLC bank revolving credit agreement, dated as of September 14, 2012. During 2014, MPLX borrowed $280 million under the MPLX Operations LLC bank revolving credit agreement, at an average interest rate of 1.5 percent, per annum, and repaid all of these borrowings.

During 2014, MPLX borrowed $630 million under the new revolving credit agreement, at an average interest rate of 1.4 percent, per annum, and repaid $245 million of these borrowings. At December 31, 2014, MPLX had $385 million of borrowings and no letters of credit outstanding under the MPLX Credit Agreement, resulting in total unused loan availability of $615 million, or 61.5 percent of the borrowing capacity.

Debt-to-Total-Capital Ratio

As described in further detail below, the increase in debt as of year-end 2014 compared to year-end 2013 was primarily related to financing a portion of the purchase price for the acquisition of Hess' Retail Operations and Related Assets. Our debt-to-total capital ratio (total debt to total debt-plus-equity) was 37 percent and 23 percent at December 31, 2014 and 2013, respectively.

	December 31,	
(In millions)	2014	2013
Long-term debt due within one year	$27	$23
Long-term debt	6,610	3,373
Total debt	$6,637	$3,396
Calculation of debt-to-total capital ratio:		
Total debt	$6,637	$3,396
Plus equity	11,390	11,332
Total debt plus equity	$18,027	$14,728
Debt-to-total capital ratio	37 %	23 %

MPC Term Loan Agreement – On August 26, 2014, we entered into a $700 million five-year senior unsecured term loan credit agreement (the "Term Loan Agreement") with a syndicate of lenders to fund a portion of the purchase price for the acquisition of Hess' Retail Operations and Related Assets. The Term Loan Agreement matures on September 24, 2019 and may be prepaid at any time without premium or penalty. We are obligated to pay certain customary fees under the Term Loan Agreement, including an annual administrative fee.

Amounts outstanding under the Term Loan Agreement bear interest at either of the following rates at our election (i) the sum of the Adjusted LIBO Rate (as defined in the Term Loan Agreement), plus a margin ranging between 0.875 percent to 1.75 percent, depending on our credit ratings, or (ii) the sum of the Base Rate (as defined in the Term Loan Agreement), plus a margin ranging between zero percent to 0.75 percent, depending on our credit ratings. The borrowings under this facility during 2014 were at an average interest rate of 1.3 percent.

Senior Notes – On September 5, 2014, we completed a public offering of $1.95 billion aggregate principal amount of senior unsecured notes (the "Senior Notes"), consisting of $750 million aggregate principal amount of our Senior Notes due 2024, $800 million aggregate principal amount of our Senior Notes due 2044 and $400 million aggregate principal amount of our Senior Notes due 2054. The net proceeds from the offering of the Senior Notes were approximately $1.92 billion, after deducting underwriting discounts and estimated offering expenses. The net proceeds were used to fund a portion of the purchase price for the acquisition of Hess' Retail Operations and Related Assets. Interest on each series of Senior Notes is payable semi-annually in arrears on March 15 and September 15 of each year, commencing on March 15, 2015.

The Senior Notes are unsecured and unsubordinated obligations of ours and rank equally with all our other existing and future unsecured and unsubordinated indebtedness.

The Term Loan Agreement, the Credit Agreement and the MPLX Credit Agreement contain representations and warranties, affirmative and negative covenants and events of default that we consider usual and customary for agreements of these types. The financial covenant included in the Term Loan Agreement and the MPC Credit Agreement requires us to maintain, as of the last day of each fiscal quarter, a ratio of Consolidated Net Debt to Total Capitalization (as defined in the Term Loan Agreement and the MPC Credit Agreement) of no greater than 0.65 to

1.00. As of December 31, 2014, we were in compliance with this debt covenant with a ratio of Consolidated Net Debt to Total Capitalization of 0.33 to 1.00, as well as the other covenants contained in the Term Loan Agreement and the MPC Credit Agreement.

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The MPLX Credit Agreement includes certain representations and warranties, affirmative and restrictive covenants and events of default that we consider to be usual and customary for an agreement of this type. The MPLX Credit Agreement includes a financial covenant that requires MPLX to maintain a ratio of Consolidated Total Debt as of the end of each fiscal quarter to Consolidated EBITDA (both as defined in the MPLX Credit Agreement) for the prior four fiscal quarters of no greater than 5.0 to 1.0 (or 5.5 to 1.0 for up to two fiscal quarters following certain acquisitions). Consolidated EBITDA is subject to adjustments for certain acquisitions completed and capital projects undertaken during the relevant period. Other covenants restrict MPLX from incurring debt, creating liens on its assets and entering into transactions with affiliates. As of December 31, 2014, MPLX was in compliance with the covenants contained in the MPLX Credit Agreement, including a ratio of Consolidated Total Debt to Consolidated EBITDA of 2.8 to 1.0.

Our intention is to maintain an investment grade credit profile. As of February 9, 2015, the credit ratings on our senior unsecured debt were at or above investment grade level as follows.

Rating Agency	Rating
Moody’s	Baa2 (stable outlook)
Standard & Poor’s	BBB (stable outlook)
Fitch	BBB (stable outlook)

The ratings reflect the respective views of the rating agencies. Although it is our intention to maintain a credit profile that supports an investment grade rating, there is no assurance that these ratings will continue for any given period of time. The ratings may be revised or withdrawn entirely by the rating agencies if, in their respective judgments, circumstances so warrant.

Neither the Credit Agreement, the MPLX Credit Agreement nor our trade receivables securitization facility contains credit rating triggers that would result in the acceleration of interest, principal or other payments in the event that our credit ratings are downgraded. However, any downgrades of our senior unsecured debt to below investment grade ratings would increase the applicable interest rates, yields and other fees payable under the Credit Agreement and our trade receivables securitization facility. In addition, a downgrade of our senior unsecured debt rating to below investment grade levels could, under certain circumstances, decrease the amount of trade receivables that are eligible to be sold under our trade receivables securitization facility, impact our ability to purchase crude oil on an unsecured basis and could result in us having to post letters of credit under existing transportation services agreements.

Capital Requirements

We have a capital and investment budget for 2015 of $2.53 billion, excluding capitalized interest. Additional details related to the 2015 capital and investment budget are discussed in the Capital Budget Outlook section below.

Pursuant to the purchase and sale agreement for the Galveston Bay Refinery and Related Assets, we may be required to pay the seller a contingent earnout of up to an additional $700 million over six years, subject to certain conditions. In July 2014, we paid $180 million for the first period’s contingent earnout. See Item 8. Financial Statements and Supplementary Data – Notes 5 and 18.

While we have no required contributions to our pension plans for 2015, we may make voluntary contributions at our discretion.

On January 31, 2015, our board of directors approved a 50 cents per share dividend, payable March 10, 2015 to stockholders of record at the close of business on February 18, 2015.

On July 30, 2014, our board of directors approved an additional $2.0 billion share repurchase authorization expiring in July 2016. As of December 31, 2014, our board of directors had approved $8.0 billion in total share repurchase authorizations since January 1, 2012 and we have repurchased a total of $6.27 billion of our common stock under these authorizations, leaving $1.73 billion available for repurchases. Under these authorizations, we have acquired 89 million shares at an average cost per share of $70.35.

We may utilize various methods to effect the repurchases, which could include open market repurchases, negotiated block transactions, accelerated share repurchases or open market solicitations for shares, some of which may be effected through Rule 10b5-1 plans. The timing and amount of future repurchases, if any, will depend upon several factors, including market and business conditions, and such repurchases may be discontinued at any time.

The above discussion contains forward-looking statements with respect to share repurchase authorizations. Factors that could affect the share repurchase authorizations and the timing of any repurchases include, but are not limited to business conditions, availability of liquidity and the market price of our common stock. These factors, among others, could cause actual results to differ materially from those set forth in the forward-looking statements.

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Contractual Cash Obligations

The table below provides aggregated information on our consolidated obligations to make future payments under existing contracts as of December 31, 2014. The contractual obligations detailed below do not include our contractual obligations to MPLX under various fee-based commercial agreements as these transactions are eliminated in the consolidated financial statements.

(In millions)	Total	2015	2016-2017	2018-2019	Later Years
Long-term debt[(a)]	$11,141	$276	$1,256	$1,809	$7,800
Capital lease obligations[(b)]	470	47	90	84	249
Operating lease obligations	1,326	249	359	250	468
Purchase obligations:[(c)]					
Crude oil, feedstock, refined product and renewable fuel contracts[(d)]	10,379	7,500	800	1,023	1,056
Transportation and related contracts	4,336	257	656	840	2,583
Contracts to acquire property, plant and equipment[(e)(f)]	1,727	784	943	—	—
Service, materials and other contracts[(g)]	2,047	478	532	402	635
Total purchase obligations	18,489	9,019	2,931	2,265	4,274
Other long-term liabilities reported in the consolidated balance sheet[(h)]	1,111	77	181	235	618
Total contractual cash obligations	$32,537	$9,668	$4,817	$4,643	$13,409

(a) Includes interest payments for our senior notes, term loans and the MPLX Credit Agreement and commitment and administrative fees for our Credit Agreement, the MPLX Credit Agreement and our trade receivables securitization facility.

(b) Capital lease obligations represent future minimum payments.

(c) Includes both short- and long-term purchases obligations.

(d) These contracts include variable price arrangements with estimated prices to be paid primarily based on futures curves.

(e) Includes $703 million to fund 37.5 percent of the construction of the Sandpiper pipeline project and $185 million to fund 35 percent of the construction of the SAX pipeline project.

(f) Includes $520 million of contingent consideration associated with the acquisition of the Galveston Bay Refinery and Related Assets. See Item 8. Financial Statements and Supplementary Data – Note 5 for additional information on this acquisition.

(g) Primarily includes contracts to purchase services such as utilities, supplies and various other maintenance and operating services.

(h) Primarily includes obligations for pension and other postretirement benefits including medical and life insurance, which we have estimated through 2024. See Item 8. Financial Statements and Supplementary Data – Note 23.

Off-Balance Sheet Arrangements

Off-balance sheet arrangements comprise those arrangements that may potentially impact our liquidity, capital resources and results of operations, even though such arrangements are not recorded as liabilities under accounting principles generally accepted in the United States. Our off-balance sheet arrangements are limited to indemnities and guarantees that are described below. Although these arrangements serve a variety of our business purposes, we are not dependent on them to maintain our liquidity and capital resources, and we are not aware of any circumstances that are reasonably likely to cause the off-balance sheet arrangements to have a material adverse effect on liquidity and capital resources.

We have provided various guarantees related to equity method investees. In conjunction with the Spinoff, we entered into various indemnities and guarantees to Marathon Oil. These arrangements are described in Item 8. Financial Statements and Supplementary Data – Note 26.

Capital Budget Outlook

We have a capital and investment budget for 2015 of $2.53 billion, excluding capitalized interest and any acquisitions we may make. This represents a 27 percent increase from our 2014 spending, excluding the acquisition of Hess' Retail Operations and Related Assets. The budget includes spending on refining, retail marketing, transportation, logistics and brand marketing projects as well as amounts designated for corporate activities. We continuously evaluate our capital budget and make changes as conditions warrant.

Refining & Marketing

The Refining & Marketing segment's 2015 capital budget is $1.28 billion, which includes $234 million for midstream assets, approximately $370 million for refining margin enhancement projects and approximately $675 million for refinery-sustaining capital. A number of these projects span multiple years.

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The $234 million budgeted for midstream assets includes projects that will allow us to process condensate from the Utica Shale region and grow Gulf Coast export capabilities. We have a project to build a condensate splitter at our Catlettsburg refinery to allow it to process up to 35 mbpcd of condensate from the Utica Shale region that we expect to complete in 2015. We began operation of a condensate splitter at our Canton refinery at the end of 2014 to allow it to process up to 25 mbpcd of condensate. We have projects at our Galveston Bay and Garyville refineries to increase export capabilities by 165 mbpd by 2018. In 2015, we expect to complete projects representing 50 mbpd of that total.
The $370 million budgeted for refining margin enhancement projects includes projects that will allow us to increase our diesel production and to process light crude oil from the Utica Shale region. At our Garyville refinery, we completed a hydrocracker expansion in the first quarter of 2014 that increased the hydrocracker capacity to 110 mbpcd and we expect to complete a project to expand the distillate hydrotreater by 10 mbpcd in the first quarter of 2015. At our Galveston Bay refinery, we have a hydrocracker project designed to increase our ULSD production by nine mbpd by shifting yields from gasoline, which we expect to complete in 2015. At our Robinson refinery, we have a similar project to revamp our distillate hydrocracker to improve margins by processing more feedstock at a lower conversion and shifting approximately five mbpd of light products to ULSD production and a project to increase the light crude oil processing capacity by 30 mbpcd, which will allow it to run 100 percent light crude oil. We expect to complete these projects in 2015 and 2016, respectively.
During 2014, we worked on a front-end engineering and design study for a residual fuel hydrocracker project at our Garyville refinery intended to increase margins by upgrading residual fuel to ULSD and gas oil. We are deferring a final investment decision on this project with estimated total costs of $2.2 billion to $2.5 billion as we further evaluate the implications of current market conditions on the project. As of December 31, 2014, we have capitalized $90 million of costs associated with this project. If a decision is made to not pursue this project, there could be a future impairment of the costs incurred for the project.
The remaining $675 million budget is primarily allocated to maintaining facilities and meeting regulatory requirements at our refineries.

Speedway

The Speedway segment’s 2015 capital budget of $452 million is focused on continued growth and integrating the convenience stores acquired from Hess into Speedway. The budget includes approximately $240 million for the Hess retail outlets primarily associated with store conversions and remodels, which will drive incremental merchandise sales. The remaining budget is primarily for new convenience store construction and land acquisition to expand our markets and remodeling and rebuilding projects to upgrade and enhance our existing facilities. We have identified numerous opportunities for new convenience stores or store rebuilds in our existing market, western Pennsylvania and Tennessee. Also included in the capital budget are expenditures for technology, equipment and dispenser upgrades.

Pipeline Transportation

The Pipeline Transportation segment’s 2015 capital budget of $659 million is focused on projects to support the changing energy landscape in the United States, including equity investments in major pipeline projects, new infrastructure and upgrades to replace or enhance our existing facilities. We expect to invest approximately $310 million in the Sandpiper and SAX pipeline projects in 2015 and $1.5 billion in total.
In addition, pending the completion of a binding open season, MPLX is planning to construct the Cornerstone pipeline project to connect Utica Shale production in southeastern Ohio to our Canton refinery and related build-out opportunities, which is expected to cost approximately $200 million and is anticipated to be operational in 2016.

Corporate and Other

The remaining 2015 capital budget includes $140 million, primarily related to an expansion project for our corporate headquarters and upgrades to information technology systems.

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Our opinions concerning liquidity and capital resources and our ability to avail ourselves in the future of the financing options mentioned in the above forward-looking statements are based on currently available information. If this information proves to be inaccurate, future availability of financing may be adversely affected. Factors that affect the availability of financing include our performance (as measured by various factors, including cash provided by operating activities), the state of worldwide debt and equity markets, investor perceptions and expectations of past and future performance, the global financial climate, and, in particular, with respect to borrowings, the levels of our outstanding debt and credit ratings by rating agencies. The discussion of liquidity and capital resources above also contains forward-looking statements regarding expected capital and investment spending, costs for projects under construction, project completion dates and expectations or projections about strategies and goals for growth, upgrades and expansion. The forward-looking statements about our capital and investment budget are based on current expectations, estimates and projections and are not guarantees of future performance. Actual results may differ materially from these expectations, estimates and projections and are subject to certain risks, uncertainties and other factors, some of which are beyond our control and are difficult to predict. Some factors that could cause actual results to differ materially include prices of and demand for crude oil and refinery feedstocks and refined products, actions of competitors, delays in obtaining necessary third-party approvals, changes in labor, materials, and equipment costs and availability, planned and unplanned outages, the delay of, cancellation of or failure to implement planned capital projects, project cost overruns, disruptions or interruptions of our refining operations due to the shortage of skilled labor and unforeseen hazards such as weather conditions, acts of war or terrorist acts and the governmental or military response, and other operating and economic considerations.

Transactions with Related Parties

We believe that transactions with related parties were conducted under terms comparable to those with unrelated parties. See Item 8. Financial Statements and Supplementary Data – Note 8 for discussion of activity with related parties.

Environmental Matters and Compliance Costs

We have incurred and may continue to incur substantial capital, operating and maintenance, and remediation expenditures as a result of environmental laws and regulations. If these expenditures, as with all costs, are not ultimately reflected in the prices of our products and services, our operating results will be adversely affected. We believe that substantially all of our competitors must comply with similar environmental laws and regulations. However, the specific impact on each competitor may vary depending on a number of factors, including the age and location of its operating facilities, marketing areas, production processes and whether it is also engaged in the petrochemical business or the marine transportation of crude oil and refined products.

Legislation and regulations pertaining to fuel specifications, climate change and greenhouse gas emissions have the potential to materially adversely impact our business, financial condition, results of operations and cash flows, including costs of compliance and permitting delays. The extent and magnitude of these adverse impacts cannot be reliably or accurately estimated at this time because specific regulatory and legislative requirements have not been finalized and uncertainty exists with respect to the measures being considered, the costs and the time frames for compliance, and our ability to pass compliance costs on to our customers. For additional information see Item 1A. Risk Factors.

Our environmental expenditures, including non-regulatory expenditures, for each of the last three years were:

(In millions)	2014	2013	2012
Capital	$102	$50	$115
Compliance:[(a)]			
Operating and maintenance	397	321	318
Remediation[(b)]	36		