

Marathon Petroleum Corp  
Form 10-Q  
August 03, 2016  
Table of Contents

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q  
(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended June 30, 2016

OR  
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number 001-35054  
Marathon Petroleum Corporation  
(Exact name of registrant as specified in its charter)  
Delaware 27-1284632  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

539 South Main Street, Findlay, Ohio 45840-3229  
(Address of principal executive offices) (Zip code)  
(419) 422-2121  
(Registrant’s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant 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  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)  
Yes  No

There were 528,759,847 shares of Marathon Petroleum Corporation common stock outstanding as of July 29, 2016.

Table of Contents

MARATHON PETROLEUM CORPORATION  
Form 10-Q  
Quarter Ended June 30, 2016  
INDEX

	Page
<u>PART I – FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements:</u>	
<u>Consolidated Statements of Income (Unaudited)</u>	<u>3</u>
<u>Consolidated Statements of Comprehensive Income (Unaudited)</u>	<u>4</u>
<u>Consolidated Balance Sheets (Unaudited)</u>	<u>5</u>
<u>Consolidated Statements of Cash Flows (Unaudited)</u>	<u>6</u>
<u>Consolidated Statements of Equity and Redeemable Noncontrolling Interest (Unaudited)</u>	<u>7</u>
<u>Notes to Consolidated Financial Statements (Unaudited)</u>	<u>8</u>
<u>Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>36</u>
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	<u>60</u>
<u>Item 4. Controls and Procedures</u>	<u>61</u>
<u>Supplementary Statistics (Unaudited)</u>	<u>62</u>
<u>PART II – OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	<u>65</u>
<u>Item 1A. Risk Factors</u>	<u>66</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>67</u>
<u>Item 6. Exhibits</u>	<u>68</u>
<u>Signatures</u>	<u>69</u>

Unless otherwise stated or the context otherwise indicates, all references in this Form 10-Q to “MPC,” “us,” “our,” “we” or “the Company” mean Marathon Petroleum Corporation and its consolidated subsidiaries.

## GLOSSARY OF TERMS

Throughout this report, the following company or industry specific terms and abbreviations are used:

ATB	Articulated tug barges
barrel	One stock tank barrel, or 42 United States gallons liquid volume, used in reference to crude oil or other liquid hydrocarbons.
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization, a non-GAAP financial measure
EPA	United States Environmental Protection Agency
FASB	Financial Accounting Standards Board
IDR	Incentive Distribution Rights
LCM	Lower of cost or market
LIBO Rate	London Interbank Offered Rate
LIFO	Last in, first out, an inventory costing method
LLS	Louisiana Light Sweet crude oil, an oil index benchmark price
mbpd	Thousand barrels per day
MMbtu	One million British thermal units, an energy measurement
MMcf/d	One million cubic feet of natural gas per day
NGL	Natural gas liquids, such as ethane, propane, butanes and natural gasoline
OTC	Over-the-Counter
ppm	Parts per million
RINs	Renewable Identification Numbers
SEC	Securities and Exchange Commission
SMR	Steam methane reformer, operated by a third party and located at the Javelina gas processing and fractionation complex in Corpus Christi, Texas
ULSD	Ultra-low sulfur diesel
U.S. GAAP	Accounting principles generally accepted in the United States
USGC	U.S. Gulf Coast
VIE	Variable interest entity
WTI	West Texas Intermediate crude oil, an oil index benchmark price

## Part I – Financial Information

## Item 1. Financial Statements

## Marathon Petroleum Corporation

## Consolidated Statements of Income (Unaudited)

(In millions, except per share data)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Revenues and other income:				
Sales and other operating revenues (including consumer excise taxes)	\$16,811	\$20,537	\$29,566	\$37,728
Income (loss) from equity method investments	(50 )	20	(28 )	35
Net gain (loss) on disposal of assets	—	(1 )	25	4
Other income	29	25	57	54
Total revenues and other income	16,790	20,581	29,620	37,821
Costs and expenses:				
Cost of revenues (excludes items below)	12,830	16,366	22,531	29,410
Purchases from related parties	124	82	231	158
Inventory market valuation adjustment	(385 )	—	(370 )	—
Consumer excise taxes	1,893	1,939	3,719	3,771
Impairment expense	1	—	130	—
Depreciation and amortization	500	362	990	725
Selling, general and administrative expenses	401	393	779	751
Other taxes	111	104	220	201
Total costs and expenses	15,475	19,246	28,230	35,016
Income from operations	1,315	1,335	1,390	2,805
Net interest and other financial income (costs)	(137 )	(64 )	(279 )	(145 )
Income before income taxes	1,178	1,271	1,111	2,660
Provision for income taxes	395	432	406	918
Net income	783	839	705	1,742
Less net income (loss) attributable to:				
Redeemable noncontrolling interest	9	—	9	—
Noncontrolling interests	(27 )	13	(106 )	25
Net income attributable to MPC	\$801	\$826	\$802	\$1,717
Per Share Data (See Note 7)				
Basic:				
Net income attributable to MPC per share	\$1.51	\$1.52	\$1.52	\$3.16