

Marathon Petroleum Corp  
Form 10-Q  
August 03, 2015  
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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, 2015

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 incorporation or organization) (I.R.S. Employer 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 536,156,786 shares of Marathon Petroleum Corporation common stock outstanding as of July 31, 2015.

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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.

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## 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, 2015	2014	June 30, 2015	2014
Revenues and other income:				
Sales and other operating revenues (including consumer excise taxes)	\$20,537	\$26,844	\$37,728	\$50,129
Income from equity method investments	20	57	35	92
Net gain (loss) on disposal of assets	(1	) 11	4	12
Other income	25	21	54	45
Total revenues and other income	20,581	26,933	37,821	50,278
Costs and expenses:				
Cost of revenues (excludes items below)	16,366	23,096	29,410	43,636
Purchases from related parties	82	130	158	289
Consumer excise taxes	1,939	1,599	3,771	3,114
Depreciation and amortization	362	325	725	645
Selling, general and administrative expenses	393	316	751	662
Other taxes	104	98	201	202
Total costs and expenses	19,246	25,564	35,016	48,548
Income from operations	1,335	1,369	2,805	1,730
Net interest and other financial income (costs)	(64	) (48	) (145	) (94
Income before income taxes	1,271	1,321	2,660	1,636
Provision for income taxes	432	457	918	565
Net income	839	864	1,742	1,071
Less net income attributable to noncontrolling interests	13	9	25	17
Net income attributable to MPC	\$826	\$855	\$1,717	\$1,054
Per Share Data (See Note 7)				
Basic:				
Net income attributable to MPC per share	\$1.52	\$1.49	\$3.16	\$1.81
Weighted average shares outstanding	541	574	543	580
Diluted:				
Net income attributable to MPC per share	\$1.51	\$1.48	\$3.14	\$1.80
Weighted average shares outstanding	544	578	547	584
Dividends paid	\$0.25	\$0.21	\$0.50	\$0.42

The accompanying notes are an integral part of these consolidated financial statements.

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Consolidated Statements of Comprehensive Income (Unaudited)

(In millions)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Net income	\$839	\$864	\$1,742	\$1,071
Other comprehensive income (loss):				
Defined benefit postretirement and post-employment plans:				
Actuarial changes, net of tax of \$7, (\$3), \$12 and \$1	12	(5	) 20	2
Prior service costs, net of tax of (\$4), (\$4), (\$9) and (\$9)	(8	) (8	) (16	) (16
Other comprehensive income (loss)	4	(13	) 4	(14
Comprehensive income	843	851	1,746	1,057
Less comprehensive income attributable to noncontrolling interests	13	9	25	17
Comprehensive income attributable to MPC	\$830	\$842	\$1,721	\$1,040

The accompanying notes are an integral part of these consolidated financial statements.

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Consolidated Balance Sheets (Unaudited)

(In millions, except share data)	June 30, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$1,881	\$1,494
Receivables, less allowance for doubtful accounts of \$30 and \$13	3,876	4,058
Inventories	5,540	5,642
Other current assets	134	145
Total current assets	11,431	11,339
Equity method investments	994	865
Property, plant and equipment, net	16,283	16,261
Goodwill	1,566	1,566
Other noncurrent assets	379	394
Total assets	\$30,653	\$30,425
Liabilities		
Current liabilities:		
Accounts payable	\$6,225	\$6,661
Payroll and benefits payable	369	427
Consumer excise taxes payable	469	463
Accrued taxes	517	647
Long-term debt due within one year	780	27
Other current liabilities	365	354
Total current liabilities	8,725	8,579
Long-term debt	5,918	6,575
Deferred income taxes	2,011	2,014
Defined benefit postretirement plan obligations	1,143	1,099
Deferred credits and other liabilities	566	768
Total liabilities	18,363	19,035
Commitments and contingencies (see Note 21)		
Equity		
MPC stockholders' equity:		
Preferred stock, no shares issued and outstanding (par value \$0.01 per share, 30 million shares authorized)	—	—
Common stock:		
Issued – 728 million and 726 million shares (par value \$0.01 per share, 1 billion shares authorized)	7	7
Held in treasury, at cost – 191 million and 179 million shares	(6,926	) (6,299
Additional paid-in capital	9,912	9,841
Retained earnings	8,959	7,515
Accumulated other comprehensive loss	(309	) (313
Total MPC stockholders' equity	11,643	10,751
Noncontrolling interests	647	639
Total equity	12,290	11,390
Total liabilities and equity	\$30,653	\$30,425

The accompanying notes are an integral part of these consolidated financial statements.



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Consolidated Statements of Cash Flows (Unaudited)

(In millions)	Six Months Ended	
	June 30, 2015	2014
Increase (decrease) in cash and cash equivalents		
Operating activities:		
Net income	\$1,742	\$1,071
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	725	645
Pension and other postretirement benefits, net	57	109
Deferred income taxes	(12)	(91)
Net gain on disposal of assets	(4)	(12)
Equity method investments, net	14	(44)
Changes in the fair value of derivative instruments	18	(2)
Changes in:		
Current receivables	179	(161)
Inventories	102	(923)
Current accounts payable and accrued liabilities	(591)	994
All other, net	(46)	58
Net cash provided by operating activities	2,184	1,644
Investing activities:		
Additions to property, plant and equipment	(764)	(569)
Acquisitions	—	(42)
Disposal of assets	12	17
Investments – acquisitions, loans and contributions	(149)	(164)
– redemptions, repayments and return of capital	4	3
All other, net	41	74
Net cash used in investing activities	(856)	(681)
Financing activities:		
Long-term debt – borrowings	528	270
– repayments	(427)	(26)
Debt issuance costs	(4)	—
Issuance of common stock	26	17
Common stock repurchased	(617)	(1,148)
Dividends paid	(272)	(245)
Distributions to noncontrolling interests	(18)	(12)
Contingent consideration payment	(175)	—
All other, net	18	14
Net cash used in financing activities	(941)	(1,130)
Net increase (decrease) in cash and cash equivalents	387	(167)
Cash and cash equivalents at beginning of period	1,494	2,292
Cash and cash equivalents at end of period	\$1,881	\$2,125

The accompanying notes are an integral part of these consolidated financial statements.

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Consolidated Statements of Equity (Unaudited)

(In millions)	MPC Stockholders' Equity				Accumulated		Total Equity
	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Other Comprehensive Income (Loss)	Noncontrolling Interests	
Balance as of December 31, 2013	\$7	\$(4,155)	\$9,765	\$5,507	\$ (204 )	\$ 412	\$11,332
Net income	—	—	—	1,054	—	17	1,071
Dividends declared	—	—	—	(245 )	—	—	(245 )
Distributions to noncontrolling interests	—	—	—	—	—	(12 )	(12 )
Other comprehensive loss	—	—	—	—	(14 )	—	(14 )
Shares repurchased	—	(1,148 )	—	—	—	—	(1,148 )
Shares issued (returned) – stock-based compensation	—	(10 )	17	—	—	—	7
Stock-based compensation	—	—	37	—	—	—	37
Other	—	—	—	9	—	—	9
Balance as of June 30, 2014	\$7	\$(5,313)	\$9,819	\$6,325	\$ (218 )	\$ 417	\$11,037
Balance as of December 31, 2014	\$7	\$(6,299)	\$9,841	\$7,515	\$ (313 )	\$ 639	\$11,390
Net income	—	—	—	1,717	—	25	1,742
Dividends declared	—	—	—	(273 )	—	—	(273 )
Distributions to noncontrolling interests	—	—	—	—	—	(18 )	(18 )
Other comprehensive income	—	—	—	—	4	—	4
Shares repurchased	—	(617 )	—	—	—	—	(617 )
Shares issued (returned) – stock-based compensation	—	(10 )	26	—	—	—	16
Stock-based compensation	—	—	45	—	—	—	45
Issuance of MPLX LP common units	—	—	—	—	—	1	1
Balance as of June 30, 2015	\$7	\$(6,926)	\$9,912	\$8,959	\$ (309 )	\$ 647	\$12,290
(Shares in millions)	Common Stock	Treasury Stock					
Balance as of December 31, 2013	724	(130 )					
Shares repurchased	—	(27 )					
Shares issued – stock-based compensation	2	—					
Balance as of June 30, 2014	726	(157 )					
Balance as of December 31, 2014	726	(179 )					