

MORGAN STANLEY
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January 31, 2019

Free Writing Prospectus relating to Preliminary Terms No.
1,550

Morgan Stanley Finance LLC

Registration Statement Nos. 333-221595; 333-221595-01

Structured Investments

Dated January 31, 2019

Filed pursuant to Rule 433

Fixed Income Auto-Callable Securities due June 2, 2020

All Payments on the Securities Based on the Worst Performing of the Russell 2000[®] Index and the S&P 500[®] Index

This document provides a summary of the terms of the securities offered by Morgan Stanley Finance LLC. Investors should review carefully the accompanying preliminary terms, product supplement, index supplement and prospectus prior to making an investment decision.

SUMMARY TERMS

Issuer: Morgan Stanley Finance LLC (“MSFL”)

Guarantor: Morgan Stanley

Underlying indices: Russell 2000[®] Index (the “RTY Index”) and S&P 500 Index (the “SPX Index”). For more information about the underlying indices, see the accompanying preliminary terms.

Stated principal amount: \$1,000 per security

Pricing date: February 28, 2019

Original issue date: March 5, 2019 (3 business days after the pricing date)

Maturity date: June 2, 2020

If, on any of the four redemption determination dates, beginning on May 28, 2019, the index closing value of each underlying index is greater than or equal to its respective initial index value, the securities will be automatically redeemed for an early redemption payment on the related early redemption date. No further payments will be made on the securities once they have been redeemed.

Early redemption:

The securities will not be redeemed early on any early redemption date if the index closing value of either underlying index is below the respective initial index value for such underlying index on the related redemption determination date.

Early redemption payment: The early redemption payment will be an amount equal to (i) the stated principal amount for each security you hold plus (ii) the monthly coupon for the related interest period.

Unless the securities have been previously redeemed, a fixed coupon at an annual rate of 7.50% to 9.50% (corresponding to approximately \$6.25 to \$7.9167 per month per security, to be determined on the pricing date) will be paid on the securities on each coupon payment date

Trigger event: A trigger event occurs if, on any index business day from but excluding the pricing date to and including the final observation date, the closing level of either underlying index is less than its respective downside threshold level. If a trigger event occurs on any index business day during

the term of the securities, you will be exposed to the downside performance of the worst performing underlying index at maturity.

At maturity, investors will receive, in addition to the final monthly coupon payment, a payment at maturity determined as follows:

If a trigger event HAS NOT occurred on any index business day from but excluding the pricing date to and including the final observation date: the stated principal amount

Payment at maturity:

If a trigger event HAS occurred on any index business day from but excluding the pricing date to and including the final observation date: (i) the stated principal amount *multiplied by* (ii) the index performance factor of the worst performing underlying index, subject to a maximum payment at maturity of the stated principal amount.

If a trigger event occurs and the final index value of **either** underlying index is less than its initial index value, the payment at maturity will be less than the stated principal amount of the securities and could be zero.

Agent:

Under no circumstances will investors participate in any appreciation of either underlying index. Morgan Stanley & Co. LLC, an affiliate of MSFL and a wholly owned subsidiary of Morgan Stanley. See “Supplemental information regarding plan of distribution; conflicts of interest” in the accompanying preliminary terms. The agent commissions will be as set forth in the final pricing supplement.

Estimated value on the pricing date:

Approximately \$980.50 per security, or within \$15.00 of that estimate. See “Investment Summary” in the accompanying preliminary terms.

Terms continued on the following page

Overview

The securities offered are unsecured obligations of MSFL and are fully and unconditionally guaranteed by Morgan Stanley. The securities have the terms described in the accompanying preliminary terms, product supplement, index supplement and prospectus. The securities do not guarantee the repayment of principal. Instead, the securities offer the opportunity for investors to earn a fixed monthly coupon at an annual rate of 7.50% to 9.50% (to be determined on the pricing date). In addition, the securities will be automatically redeemed if the index closing value **of each** underlying index is greater than or equal to its respective initial index value on any of the four quarterly redemption determination dates for the early redemption payment equal to the sum of the stated principal amount plus the related monthly coupon. At maturity, if the securities have not previously been redeemed and the index closing value of each underlying index has remained greater than or equal to 70% of the respective initial index value, which we refer to as the downside threshold level, on **each index business day** during the term of the securities, the payment at maturity will be the stated principal amount and the related monthly coupon. If, however, the index closing value of **either** underlying index is less than its respective downside threshold level on **any index business day** during the term of the securities, a trigger event will have occurred and investors will be fully exposed to the decline in the worst performing underlying index on a 1-to-1 basis and, if the final index value of **either** underlying index is less than its initial index value, investors will receive a payment at maturity that is less than the stated principal amount of the securities and could be zero. **Accordingly, investors could lose their entire initial investment in the securities.** The securities are for investors who are willing to risk their principal and seek to earn interest at a potentially above-market rate in exchange for the risk of losing some or all of their investment, and the possibility of an automatic early redemption prior to maturity. Investors will not participate in any appreciation of either underlying index. The securities are notes issued as part of MSFL’s Series A Global Medium-Term Notes program.

All payments are subject to our credit risk. If we default on our obligations, you could lose some or all of your investment. These securities are not secured obligations and you will not have any security interest in, or otherwise have any access to, any underlying reference asset or assets.

Investing in the securities involves risks. See “Selected Risks” on the following page and “Risk Factors” in the accompanying preliminary terms.

You should read this document together with the accompanying preliminary terms, product supplement, index supplement and prospectus describing the offering before you decide to invest. You may access the preliminary terms through the below link:

https://www.sec.gov/Archives/edgar/data/895421/000095010319001256/dp101643_fwp-ps1550.htm

Terms continued from previous page:

Redemption determination dates: Quarterly, on May 28, 2019, August 28, 2019, November 29, 2019 and February 28, 2020, subject to postponement for non-index business days and certain market disruption events.

Early redemption dates: Quarterly, on May 31, 2019, September 3, 2019, December 4, 2019 and March 4, 2020. If any such day is not a business day, that early redemption payment will be made on the next succeeding business day and no adjustment will be made to any early redemption payment made on that succeeding business day.
With respect to the RTY Index: 70% of its initial index value

Downside threshold level: With respect to the SPX Index: 70% of its initial index value

With respect to the RTY Index: its index closing value on the pricing date

Initial index value: With respect to the SPX Index: its index closing value on the pricing date

Final index value: With respect to each index, the respective index closing value on the final observation date
Worst performing underlying: The underlying index with the larger percentage decrease from the respective initial index value to the respective final index value

Index performance factor: Final index value *divided by* the initial index value

Coupon payment dates: Monthly, on the 2nd day of each month, beginning April 2, 2019; provided that if any such day is not a business day, that monthly coupon will be paid on the next succeeding business day and no adjustment will be made to any coupon payment made on that succeeding business day; provided further that the monthly coupon with respect to the final observation date will be paid on the maturity date

Final observation date: May 28, 2020, subject to postponement for non-index business days and certain market disruption events.

CUSIP / ISIN: 61768DK79 / US61768DK795

Listing: The securities will not be listed on any securities exchange.

The issuer has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at www.sec.gov. Alternatively, the issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling toll-free 1-800-584-6837.

Risk Considerations

The risks set forth below are discussed in more detail in the “Risk Factors” section in the accompanying preliminary terms. Please review those risk factors carefully prior to making an investment decision.

The securities do not guarantee the return of any principal.

You are exposed to the price risk of both underlying indices, with respect to the payment at maturity, if any.

Because the securities are linked to the performance of the worst performing underlying index, you are exposed to a greater risk of sustaining a loss on your investment than if the securities were linked to just one index.

Investors will not participate in any appreciation in either underlying index.

The market price will be influenced by many unpredictable factors.

The securities are subject to our credit risk, and any actual or anticipated changes to our credit ratings or credit spreads may adversely affect the market value of the securities.

As a finance subsidiary, MSFL has no independent operations and will have no independent assets.

The securities are linked to the Russell 2000® Index and are subject to risks associated with small-capitalization companies.

Not equivalent to investing in the underlying indices.

Reinvestment risk.

The securities will not be listed on any securities exchange and secondary trading may be limited. Accordingly, you should be willing to hold your securities for the entire 1-year term of the securities.

The rate we are willing to pay for securities of this type, maturity and issuance size is likely to be lower than the rate implied by our secondary market credit spreads and advantageous to us. Both the lower rate and the inclusion of costs associated with issuing, selling, structuring and hedging the securities in the original issue price reduce the economic terms of the securities, cause the estimated value of the securities to be less than the original issue price and will adversely affect secondary market prices.

The estimated value of the securities is determined by reference to our pricing and valuation models, which may differ from those of other dealers and is not a maximum or minimum secondary market price.

Hedging and trading activity by our affiliates could potentially affect the value of the securities.

The calculation agent, which is a subsidiary of Morgan Stanley and an affiliate of MSFL, will make determinations with respect to the securities.

Adjustments to the underlying indices could adversely affect the value of the securities.

The U.S. federal income tax consequences of an investment in the securities are uncertain.

Tax Considerations

You should review carefully the discussion in the accompanying preliminary terms under the caption “Additional Information About the Securities– Tax considerations” concerning the U.S. federal income tax consequences of an investment in the securities. However, you should consult your tax adviser regarding all aspects of the U.S. federal income tax consequences of an investment in the securities, as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

Hypothetical Examples

The following hypothetical examples illustrate how to determine the payment at maturity if the securities have not been automatically redeemed early. The following examples are for illustrative purposes only. Whether the securities are redeemed early will be determined by reference to the index closing value of each underlying index on each quarterly redemption determination date, and the payment at maturity, if any, will be determined by reference to the index closing value of each underlying index throughout the term of the securities. The actual initial index value and downside threshold level for each underlying index will be determined on the pricing date. All payments on the securities, if any, are subject to our credit risk. The numbers in the hypothetical examples below may have been rounded for the ease of analysis. The below examples are based on the following terms:

Monthly Coupon: 8.50% per annum (corresponding to approximately \$7.083 per month per security, the midpoint of the range set forth on the cover of this document)*

If the index closing value of **each** underlying index is greater than or equal to its initial index value on any of the four quarterly redemption determination dates, the securities will be automatically redeemed for an early redemption payment equal to the stated principal amount plus the monthly coupon for the related interest period.

Automatic Early Redemption: No further payments will be made on the securities once they have been redeemed. Additionally, investors will not participate in any appreciation of any underlying index.

The securities will not be redeemed early on any early redemption date if the index closing value of either underlying index is below the respective initial index value for such underlying index on the related redemption determination date.

Trigger Event: A trigger event occurs if, on any index business day from but excluding the pricing date to and including the final observation date, the closing level of **either** underlying index is less than its respective downside threshold level. If a trigger event occurs on **any index business day** during the term of the securities, investors will be exposed to the downside performance of the worst performing underlying index at maturity.

Payment at Maturity (if the securities have not been automatically redeemed early): At maturity, investors will receive, in addition to the final monthly coupon payment, a payment at maturity determined as follows:

If a trigger event HAS NOT occurred on any index business day from but excluding the pricing date to and including the final observation date: the stated principal amount

If a trigger event HAS occurred on any index business day from but excluding the pricing date to and including the final observation date: (i) the stated principal amount *multiplied by* (ii) the index performance factor of the worst performing underlying index, subject to a maximum payment at maturity of the stated principal amount.

If a trigger event occurs and the final index value of **either** underlying index is less than its initial index value, the payment at maturity will be less than the stated principal amount of the securities and could be zero.

Under no circumstances will investors participate in any appreciation of either underlying index.

Stated Principal Amount: \$1,000

With respect to the RTY Index: 1,200

Hypothetical Initial Index Value:

With respect to the SPX Index: 2,500

With respect to the RTY Index: 840, which is 70% of the hypothetical initial index value for such index

Hypothetical Downside Threshold Level:

With respect to the SPX Index: 1,750, which is 70% of the hypothetical initial index value for such index

* The actual monthly coupon will be an amount determined by the calculation agent based on the actual monthly coupon rate and the number of days in the applicable payment period, calculated on a 30/360 basis. The hypothetical monthly coupon of \$7.083 is used in these examples for ease of analysis.

How to calculate the payment at maturity (if the securities have not been automatically redeemed early):

Example 1: A trigger event HAS NOT occurred.

Final Index Value

RTY Index: 1,800

SPX Index: 3,000

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$$\begin{aligned}\text{Payment at Maturity} &= \$1,000.00 + \$7.083 \text{ (monthly coupon for the final interest period)} \\ &= \$1,007.083\end{aligned}$$

In example 1, the index closing values of both the RTY Index and SPX Index are at or above their respective downside threshold levels on **each index business day** during the term of the securities. Therefore, a trigger event has not occurred and investors receive at maturity the stated principal amount of the securities and the monthly coupon with respect to the final interest period. However, investors do not participate in any appreciation of either underlying index.

Example 2: A trigger event HAS occurred.

Final Index Value	RTY Index: 600
	SPX Index: 3,000
Payment at Maturity	= \$7.083 (monthly coupon for the final interest period) + [\$1,000 x index performance factor of the worst performing underlying index, subject to a maximum of the stated principal amount]
	= \$7.083 + [\$1,000 x (600 / 1,200)]
	= \$507.083

In example 2, the index closing value of one underlying index is at or above its downside threshold level on each index business day during the term of the securities, but the index closing value of the other underlying index is below its downside threshold level on one or more index business days during the term of the securities. Because a trigger event has occurred, investors are exposed to the downside performance of the worst performing underlying index at maturity, even though one of the underlying indices has appreciated. The payment at maturity is an amount equal to the monthly coupon with respect to the final interest period plus (i) the stated principal amount times (ii) the index performance factor of the worst performing underlying index.

Example 3: A trigger event HAS occurred.

Final Index Value	RTY Index: 600
	SPX Index: 1,000
Payment at Maturity	= \$1,000 x index performance factor of the worst performing underlying index
	= \$7.083 + \$1,000 x (1,000 / 2,500) = \$400

= \$407.083

In example 3, the index closing values of both the RTY Index and SPX Index are below the respective downside threshold levels on one or more index business days during the term of the securities. Therefore, a trigger event has occurred, and investors are exposed to the downside performance of the worst performing underlying index at maturity. The payment at maturity is an amount equal to the monthly coupon for the final interest period plus the (i) stated principal amount times the index performance factor of the worst performing underlying index.

If a trigger event occurs on any index business day during the term of the securities, investors will have full downside exposure to the worst performing underlying index at maturity. Under these circumstances, if the final index value of either underlying index is less than its respective initial index value, investors will lose some or all of their investment in the securities.

Russell 2000® Index Historical Performance

The following graph sets forth the daily index closing values of the Russell 2000® Index for each quarter in the period from January 1, 2014 through January 28, 2019. You should not take the historical values of the Russell 2000® Index as an indication of its future performance, and no assurance can be given as to the index closing value of the Russell 2000® Index on the valuation date.

Russell 2000® Index

Daily Index Closing Values

January 1, 2014 to January 28, 2019

S&P 500® Index Historical Performance

The following graph sets forth the daily index closing values of the S&P 500® Index for each quarter in the period from January 1, 2014 through January 28, 2019. You should not take the historical values of the S&P 500® Index as an indication of its future performance, and no assurance can be given as to the index closing value of the S&P 500® Index on the valuation date.

S&P 500® Index

Daily Index Closing Values

January 1, 2014 to January 28, 2019

size:10pt;">LOOP LLC (“LOOP”), in which we have a 51 percent noncontrolling interest. LOOP owns and operates the only U.S. deepwater oil port.

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TAAE, in which we have a 43 percent noncontrolling interest, TACE, in which we have a 60 percent noncontrolling interest and TAME, in which we have a 67 percent direct and indirect noncontrolling interest. These companies each own an ethanol production facility.

Other equity method investees.

Sales to related parties, which are included in sales and other operating revenues (including consumer excise taxes) on the consolidated statements of income, were \$1 million and \$2 million for the three months ended March 31, 2015 and 2014, respectively.

Purchases from related parties were as follows:

(In millions)	Three Months Ended	
	March 31,	
	2015	2014
Centennial	\$—	\$9
Explorer	7	13
LOCAP	5	5
LOOP	13	53
TAAE	13	16
TACE	16	27
TAME	20	34
Other equity method investees	2	2
Total	\$76	\$159

Related party purchases from Centennial consist primarily of refinery feedstocks and refined product transportation costs. Related party purchases from Explorer consist primarily of refined product transportation costs. Related party purchases from LOCAP, LOOP and other equity method investees consist primarily of crude oil transportation costs and crude oil purchases. Related party purchases from TAAE, TACE and TAME consist of ethanol purchases.

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Receivables from related parties, which are included in receivables, less allowance for doubtful accounts on the consolidated balance sheets, were as follows:

(In millions)	March 31, 2015	December 31, 2014
Centennial	\$—	\$2
Explorer	—	2
TAME	—	3
Other equity method investees	1	—
Total	\$1	\$7

Payables to related parties, which are included in accounts payable on the consolidated balance sheets, were as follows:

(In millions)	March 31, 2015	December 31, 2014
Explorer	\$3	\$3
LOCAP	2	2
LOOP	5	4
TAAE	1	2
TACE	1	2
TAME	2	5
Total	\$14	\$18

7. Income per Common Share

We compute basic earnings per share by dividing net income attributable to MPC by the weighted average number of shares of common stock outstanding. Diluted income per share assumes exercise of certain stock-based compensation awards, provided the effect is not anti-dilutive. The number of shares that were anti-dilutive was immaterial in the three months ended March 31, 2015 and 2014.

MPC grants certain incentive compensation awards to employees and non-employee directors that are considered to be participating securities. Due to the presence of participating securities, we have calculated our earnings per share using the two-class method.

(In millions, except per share data)	Three Months Ended March 31,	
	2015	2014
Basic earnings per share:		
Allocation of earnings:		
Net income attributable to MPC	\$891	\$199
Income allocated to participating securities	1	—
Income available to common stockholders – basic	\$890	\$199
Weighted average common shares outstanding	273	293
Basic earnings per share	\$3.26	\$0.68
Diluted earnings per share:		
Allocation of earnings:		
Net income attributable to MPC	\$891	\$199
Income allocated to participating securities	1	—
Income available to common stockholders – diluted	\$890	\$199
Weighted average common shares outstanding	273	293
Effect of dilutive securities	2	2
Weighted average common shares, including dilutive effect	275	295
Diluted earnings per share	\$3.24	\$0.67

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8. Equity

As of March 31, 2015, our board of directors had approved \$8.0 billion in total share repurchase authorizations. Since January 1, 2012, we have repurchased a total of \$6.48 billion of our common stock, leaving \$1.52 billion available for repurchases. Through March 31, 2015, we have acquired 92 million shares at an average cost per share of \$70.95 under these authorizations.

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.

Total share repurchases were as follows for the three months ended March 31, 2015 and 2014:

(In millions, except per share data)	Three Months Ended	
	March 31,	
	2015	2014
Number of shares repurchased	2	8
Cash paid for shares repurchased	\$209	\$689
Effective average cost per delivered share	\$95.03	\$87.60

At March 31, 2015, we had agreements to acquire 88,394 common shares for \$9 million, which were settled in early April 2015.

9. Segment Information

We have three reportable 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 refineries in the Gulf Coast and Midwest regions of the United States, purchases ethanol and refined products 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, to buyers on the spot market, to our Speedway segment and to independent entrepreneurs who operate Marathon® retail outlets.

Speedway – sells transportation fuels and convenience products in retail markets in the Midwest, East Coast and Southeast regions of the United States.

Pipeline Transportation – transports crude oil and other feedstocks to our refineries and other locations, delivers refined products to wholesale and retail market areas. This segment includes the aggregated operations of MPLX.

On September 30, 2014, we acquired Hess' Retail Operations and Related Assets, substantially all of which are part of the Speedway segment. Segment information for the periods prior to the acquisition do not include amounts for these operations. See Note 4.

Segment income represents income from operations attributable to the reportable segments. Corporate administrative expenses and costs related to certain non-operating assets are not allocated to the reportable segments. In addition, certain items that affect comparability (as determined by the chief operating decision maker) are not allocated to the reportable segments.

(In millions)	Refining & Marketing	Speedway	Pipeline Transportation	Total
Three Months Ended March 31, 2015				
Revenues:				
Customer	\$12,644	\$4,531	\$16	\$17,191
Intersegment ^(a)	2,733	—	134	2,867
Segment revenues	\$15,377	\$4,531	\$150	\$20,058
Segment income from operations ^(b)	\$1,316	\$168	\$67	\$1,551
Income from equity method investments	6	—	9	15

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Depreciation and amortization ^(c)	267	63	20	350
Capital expenditures and investments ^(d)	229	45	81	355

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(In millions)	Refining & Marketing	Speedway	Pipeline Transportation	Total
Three Months Ended March 31, 2014				
Revenues:				
Customer	\$19,810	\$3,458	\$17	\$23,285
Intersegment ^(a)	2,233	1	129	2,363
Segment revenues	\$22,043	\$3,459	\$146	\$25,648
Segment income from operations ^(b)	\$362	\$58	\$72	\$492
Income from equity method investments	24	—	11	35
Depreciation and amortization ^(c)	261	28	19	308
Capital expenditures and investments ^(d)	178	32	130	340

(a) Management believes intersegment transactions were conducted under terms comparable to those with unaffiliated parties.

(b) Corporate overhead expenses attributable to MPLX are included in the Pipeline Transportation segment. Corporate overhead expenses are not allocated to the Refining & Marketing and Speedway segments.

(c) Differences between segment totals and MPC totals represent amounts related to unallocated items and are included in "Items not allocated to segments" in the reconciliation below.

(d) Capital expenditures include changes in capital accruals, acquisitions and investments in affiliates.

The following reconciles segment income from operations to income before income taxes as reported in the consolidated statements of income:

(In millions)	Three Months Ended March 31,	
	2015	2014
Segment income from operations	\$1,551	\$492
Items not allocated to segments:		
Corporate and other unallocated items ^{(a)(b)}	(80)	(67)
Pension settlement expenses ^(c)	(1)	(64)
Net interest and other financial income (costs)	(81)	(46)
Income before income taxes	\$1,389	\$315

(a) Corporate and other unallocated items consists primarily of MPC's corporate administrative expenses and costs related to certain non-operating assets.

(b) Corporate overhead expenses attributable to MPLX are included in the Pipeline Transportation segment. Corporate overhead expenses are not allocated to the Refining & Marketing and Speedway segments.

(c) See Note 19.

The following reconciles segment capital expenditures and investments to total capital expenditures:

(In millions)	Three Months Ended March 31,	
	2015	2014
Segment capital expenditures and investments	\$355	\$340
Less: Investments in equity method investees	42	123
Plus: Items not allocated to segments:		
Capital expenditures not allocated to segments	21	25
Capitalized interest	8	6
Total capital expenditures ^(a)	\$342	\$248

(a) Capital expenditures include changes in capital accruals. See Note 17 for a reconciliation of total capital expenditures to additions to property, plant and equipment as reported in the consolidated statements of cash flows.

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10. Other Items

Net interest and other financial income (costs) was:

(In millions)	Three Months Ended	
	March 31,	
	2015	2014
Interest income	\$1	\$2
Interest expense	(80	) (49
Interest capitalized	8	6
Other financial costs	(10	) (5
Net interest and other financial income (costs)	\$(81	) \$(46

11. Income Taxes

The combined federal, state and foreign income tax rate was 35 percent and 34 percent for the three months ended March 31, 2015 and 2014, respectively. The effective tax rate for the three months ended March 31, 2015 and 2014 is 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.

We are continuously undergoing examination of our income tax returns, which have been completed for our U.S. federal and state income tax returns through the 2009 and 2003 tax years, respectively. We had \$15 million of unrecognized tax benefits as of March 31, 2015. Pursuant to our tax sharing agreement with Marathon Oil, the unrecognized tax benefits related to pre-spinoff operations for which Marathon Oil was the taxpayer remain the responsibility of Marathon Oil and we have indemnified Marathon Oil accordingly. See Note 21 for indemnification information.

12. Inventories

(In millions)	March 31,	December 31,
	2015	2014
Crude oil and refinery feedstocks	\$2,107	\$2,219
Refined products	2,862	2,955
Materials and supplies	302	302
Merchandise	166	166
Total (at cost)	\$5,437	\$5,642

Inventories are carried at the lower of cost or market value. The cost of inventories of crude oil and refinery feedstocks, refined products and merchandise is determined primarily under the last-in, first-out (“LIFO”) method. During the three months ended March 31, 2015, we recorded LIFO liquidations caused by permanently decreased levels in refined products inventory volumes. Cost of revenues increased and income from operations decreased by approximately \$30 million for the three months ended March 31, 2015 as a result of the LIFO liquidations. There were no liquidations of LIFO inventories for the three months ended March 31, 2014.

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13. Property, Plant and Equipment

(In millions)	March 31, 2015	December 31, 2014
Refining & Marketing	\$18,225	\$18,001
Speedway	4,674	4,639
Pipeline Transportation	2,083	2,044
Corporate and Other	639	618
Total	25,621	25,302
Less accumulated depreciation	9,380	9,041
Property, plant and equipment, net	\$16,241	\$16,261

Included in construction in progress at March 31, 2015 is \$136 million of costs associated with a residual fuel hydrocracker project at our Garyville refinery, intended to increase margins by upgrading residual fuel to ultra-low sulfur diesel and gas oil. We are deferring a final investment decision on this project as we further evaluate the implications of current market conditions on the project. If a decision is made to not pursue this project, there could be a future impairment of the costs incurred for the project.

14. Fair Value Measurements

Fair Values—Recurring

The following tables present assets and liabilities accounted for at fair value on a recurring basis as of March 31, 2015 and December 31, 2014 by fair value hierarchy level. We have elected to offset the fair value amounts recognized for multiple derivative contracts executed with the same counterparty, including any related cash collateral as shown below; however, fair value amounts by hierarchy level are presented on a gross basis in the following tables.

(In millions)	March 31, 2015 Fair Value Hierarchy			Netting and Collateral ^(a)	Net Carrying Value on Balance Sheet ^(b)	Collateral Pledged Not Offset
	Level 1	Level 2	Level 3			
Commodity derivative instruments, assets	\$94	\$—	\$—	\$ (66)	\$28	\$40
Other assets	2	—	—	N/A	2	—
Total assets at fair value	\$96	\$—	\$—	\$ (66)	\$30	\$40
Commodity derivative instruments, liabilities	\$79	\$—	\$—	\$ (79)	\$—	\$—
Contingent consideration, liability ^(c)	—	—	490	N/A	490	—
Total liabilities at fair value	\$79	\$—	\$490	\$ (79)	\$490	\$—

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(In millions)	December 31, 2014 Fair Value Hierarchy			Netting and Collateral ^(a)	Net Carrying Value on Balance Sheet ^(b)	Collateral Pledged Not Offset
	Level 1	Level 2	Level 3			
Commodity derivative instruments, assets	\$317	\$—	\$—	\$ (258)	\$59	\$—
Other assets	2	—	—	N/A	2	—
Total assets at fair value	\$319	\$—	\$—	\$ (258)	\$61	\$—
Commodity derivative instruments, liabilities	\$180	\$—	\$—	\$ (180)	\$—	\$—
Contingent consideration, liability ^(c)	—	—	478	N/A	478	—
Total liabilities at fair value	\$180	\$—	\$478	\$ (180)	\$478	\$—

Represents the impact of netting assets, liabilities and cash collateral when a legal right of offset exists. As of (a) March 31, 2015, cash collateral of \$13 million was netted with the mark-to-market derivative liabilities. As of December 31, 2014, \$78 million was netted with mark-to-market derivative assets.

(b) We have no derivative contracts that are subject to master netting arrangements that are reflected gross on the balance sheet.

(c) Includes \$189 million and \$174 million classified as current at March 31, 2015 and December 31, 2014, respectively.

Commodity derivatives in Level 1 are exchange-traded contracts for crude oil and refined products measured at fair value with a market approach using the close-of-day settlement prices for the market. Commodity derivatives are covered under master netting agreements with an unconditional right to offset. Collateral deposits in futures commission merchant accounts covered by master netting agreements related to Level 1 commodity derivatives are classified as Level 1 in the fair value hierarchy.

The contingent consideration represents the fair value as of March 31, 2015 and December 31, 2014 of the amount we expect to pay to BP related to the earnout provision associated with our 2013 acquisition of BP's refinery in Texas City, Texas and related logistics and marketing assets. We refer to these assets as the "Galveston Bay Refinery and Related Assets." The fair value of the contingent consideration was estimated using an income approach and is therefore a Level 3 liability. The amount of cash to be paid under the arrangement is based on both a market-based crack spread and refinery throughput volumes for the months during which the earnout applies, as well as established thresholds that cap the annual and total payment. The earnout payment cannot exceed \$200 million per year for the first three years of the arrangement or \$250 million per year for the last three years of the arrangement, with the total cumulative payment capped at \$700 million over the six-year period commencing in 2014. Any excess or shortfall from the annual cap for a current year's earnout calculation will not affect subsequent years' calculations. The fair value calculation used significant unobservable inputs, including: (1) an estimate of monthly refinery throughput volumes; (2) a range of internal and external monthly crack spread forecasts from \$9 to \$18 per barrel; and (3) a range of risk-adjusted discount rates from five percent to 10 percent. An increase or decrease in crack spread forecasts or refinery throughput volume expectations may result in a corresponding increase or decrease in the fair value. Increases to the fair value as a result of increasing forecasts for both of these unobservable inputs, however, are limited as the earnout payment is subject to annual caps. An increase or decrease in the discount rate may result in a decrease or increase to the fair value, respectively. The fair value of the contingent consideration is reassessed each quarter, with changes in fair value recorded in cost of revenues.

In 2015, we expect to pay BP approximately \$189 million for the second year's contingent earnout. We paid BP \$180 million in the third quarter of 2014 for the first year's contingent earnout.

The following is a reconciliation of the beginning and ending balances recorded for liabilities classified as Level 3 in the fair value hierarchy.

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(In millions)	Three Months Ended	
	March 31,	
	2015	2014
Beginning balance	\$478	\$625
Unrealized and realized losses included in net income	12	14
Ending balance	\$490	\$639

We did not hold any Level 3 derivative instruments during the three months ended March 31, 2015 and 2014. See Note 15 for the income statement impacts of our derivative instruments.

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Fair Values – Reported

The following table summarizes financial instruments on the basis of their nature, characteristics and risk at March 31, 2015 and December 31, 2014, excluding the derivative financial instruments and contingent consideration reported above.

(In millions)	March 31, 2015		December 31, 2014	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Financial assets:				
Investments	\$27	\$2	\$26	\$2
Other	31	30	32	32
Total financial assets	\$58	\$32	\$58	\$34
Financial liabilities:				
Long-term debt ^(a)	\$6,843	\$6,377	\$6,571	\$6,265
Deferred credits and other liabilities	20	20	17	17
Total financial liabilities	\$6,863	\$6,397	\$6,588	\$6,282

^(a) Excludes capital leases, however, includes amount classified as short-term debt.

Our current assets and liabilities include financial instruments, the most significant of which are trade accounts receivable and payables. We believe the carrying values of our current assets and liabilities approximate fair value. Our fair value assessment incorporates a variety of considerations, including (1) the short-term duration of the instruments, (2) our investment-grade credit rating and (3) our historical incurrence of and expected future insignificance of bad debt expense, which includes an evaluation of counterparty credit risk.

Fair values of our financial assets included in investments and other financial assets and of our financial liabilities included in deferred credits and other liabilities are measured primarily using an income approach and most inputs are internally generated, which results in a Level 3 classification. Estimated future cash flows are discounted using a rate deemed appropriate to obtain the fair value. Other financial assets primarily consist of environmental remediation receivables. Deferred credits and other liabilities primarily consist of insurance liabilities and environmental remediation liabilities.

Fair value of fixed-rate long-term debt is measured using a market approach, based upon the average of quotes from major financial institutions and a third-party service for our debt. Because these quotes cannot be independently verified to the market, they are considered Level 3 inputs. Fair value of variable-rate long-term debt approximates the carrying value.

15. Derivatives

For further information regarding the fair value measurement of derivative instruments, including any effect of master netting agreements or collateral, see Note 14. We do not designate any of our commodity derivative instruments as hedges for accounting purposes.

Derivatives that are not designated as accounting hedges may include commodity derivatives used to hedge price risk on (1) inventories, (2) fixed price sales of refined products, (3) the acquisition of foreign-sourced crude oil and (4) the acquisition of ethanol for blending with refined products.

The following table presents the gross fair values of derivative instruments, excluding cash collateral, and where they appear on the consolidated balance sheets as of March 31, 2015 and December 31, 2014:

(In millions)	March 31, 2015		
	Asset	Liability	Balance Sheet Location
Commodity derivatives	\$94	\$79	Other current assets
(In millions)	December 31, 2014		
	Asset	Liability	Balance Sheet Location
Commodity derivatives	\$317	\$180	Other current assets

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The table below summarizes open commodity derivative contracts as of March 31, 2015.

	Position	Total Barrels (In thousands)
Crude oil ^(a)		
Exchange-traded	Long	11,454
Exchange-traded	Short	(23,733)
Refined Products ^(b)		
Exchange-traded	Long	3,378
Exchange-traded	Short	(2,402)

^(a) 96 percent of these contracts expire in the second quarter of 2015.

^(b) 100 percent of these contracts expire in the second quarter of 2015.

The following table summarizes the effect of all commodity derivative instruments in our consolidated statements of income:

(In millions) Income Statement Location	Gain (Loss)	
	Three Months Ended March 31, 2015	2014
Sales and other operating revenues	\$14	\$10
Cost of revenues	45	(61)
Total	\$59	\$(51)

16. Debt

Our outstanding borrowings at March 31, 2015 and December 31, 2014 consisted of the following:

(In millions)	March 31, 2015	December 31, 2014
Marathon Petroleum Corporation:		
Revolving credit agreement due 2017	\$—	\$—
Term loan agreement due 2019	700	700
3.500% senior notes due March 1, 2016	750	750
5.125% senior notes due March 1, 2021	1,000	1,000
3.625% senior notes due September 15, 2024	750	750
6.500% senior notes due March 1, 2041	1,250	1,250
4.750% senior notes due September 15, 2044	800	800
5.000% senior notes due September 15, 2054	400	400
Consolidated subsidiaries:		
Capital lease obligations due 2015-2028	366	372
MPLX bank revolving credit facility due 2019	—	385
MPLX term loan facility due 2019	250	250
MPLX 4.000% senior notes due February 15, 2025	500	—
Trade receivables securitization facility due 2016	—	—
Total	6,766	6,657
Unamortized discount	(28)	(26)
Fair value adjustments ^(a)	5	6
Amounts due within one year	(776)	(27)
Total long-term debt due after one year	\$5,967	\$6,610

^(a) The \$20 million gain on the termination of our interest rate swap agreements in 2012 is being amortized over the remaining life of the 3.50 percent senior notes.

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MPLX Senior Notes – On February 12, 2015, MPLX completed a public offering of \$500 million aggregate principal amount of MPLX Senior Notes, the net proceeds of which were approximately \$495 million, after deducting underwriting discounts. The net proceeds of this offering were used to repay the amounts outstanding under the MPLX revolving credit agreement (the “MPLX Credit Agreement”), as well as for general partnership purposes. Interest is payable semi-annually in arrears on February 15 and August 15 of each year, commencing on August 15, 2015. There were no borrowings or letters of credit outstanding under the MPC revolving credit facility or the trade receivables securitization facility at March 31, 2015. As of March 31, 2015, eligible trade receivables supported available borrowings of \$978 million under the \$1.3 billion trade receivables facility. During the three months ended March 31, 2015, MPLX borrowed \$30 million under the MPLX Credit Agreement at an average interest rate of 1.5 percent, per annum, and repaid \$415 million of these borrowings. At March 31, 2015, MPLX had no borrowings and no letters of credit outstanding under the MPLX Credit Agreement, resulting in total unused loan availability of \$1 billion, or 100 percent of the borrowing capacity.

17. Supplemental Cash Flow Information

(In millions)	Three Months Ended	
	March 31, 2015	2014
Net cash provided by operating activities included:		
Interest paid (net of amounts capitalized)	\$ 128	\$ 80
Net income taxes paid to taxing authorities	160	5

The consolidated statements of cash flows exclude changes to the consolidated balance sheets that did not affect cash. The following is a reconciliation of additions to property, plant and equipment to total capital expenditures:

(In millions)	Three Months Ended	
	March 31, 2015	2014
Additions to property, plant and equipment	\$389	\$267
Decrease in capital accruals	(47	) (19
Total capital expenditures	\$342	\$248

18. Accumulated Other Comprehensive Loss

The following table shows the changes in accumulated other comprehensive loss by component. Amounts in parentheses indicate debits.

(In millions)	Pension Benefits	Other Benefits	Gain on Cash Flow Hedge	Workers Compensation	Total
Balance as of December 31, 2013	\$(161	) \$(50	) \$4	\$3	\$(204
Other comprehensive income (loss) before reclassifications	(43	) 1	—	—	(42
Amounts reclassified from accumulated other comprehensive loss:					
Amortization – prior service credit ^(e)	(12	) (1	) —	—	(13
– actuarial loss ^(e)	13	1	—	—	14
– settlement loss ^(e)	64	—	—	—	64
Tax effect	(24	) —	—	—	(24
Other comprehensive income (loss)	(2) 1	—	—	(1
Balance as of March 31, 2014	\$(163) \$(49) \$4	\$3	\$(205

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(In millions)	Pension Benefits	Other Benefits	Gain on Cash Flow Hedge	Workers Compensation	Total
Balance as of December 31, 2014	\$(217)	\$(104)	\$4	\$4	\$(313)
Other comprehensive loss before reclassifications	(1)	(1)	—	—	(2)
Amounts reclassified from accumulated other comprehensive loss:					
Amortization – prior service credit ^(a)	(12)	(1)	—	—	(13)
– actuarial loss ^(a)	13	3	—	—	16
– settlement loss ^(a)	1	—	—	—	1
Tax effect	(1)	(1)	—	—	(2)
Other comprehensive income (loss)	—	—	—	—	—
Balance as of March 31, 2015	\$(217)	\$(104)	\$4	\$4	\$(313)

^(a) These accumulated other comprehensive loss components are included in the computation of net periodic benefit cost. See Note 19.

19. Defined Benefit Pension and Other Postretirement Plans

The following summarizes the components of net periodic benefit costs:

(In millions)	Three Months Ended March 31,			
	Pension Benefits		Other Benefits	
	2015	2014	2015	2014
Components of net periodic benefit cost:				
Service cost	\$23	\$23	\$8	\$7
Interest cost	18	20	8	8
Expected return on plan assets	(26)	(28)	—	—
Amortization – prior service credit	(12)	(12)	(1)	(1)
– actuarial loss	13	13	3	1
– settlement loss	1	64	—	—
Net periodic benefit cost	\$17	\$80	\$18	\$15

During the three months ended March 31, 2015, we made no contributions to our funded pension plans. We have no required funding for 2015, but may make voluntary contributions at our discretion. Current benefit payments related to unfunded pension and other postretirement benefit plans were \$4 million and \$5 million, respectively, during the three months ended March 31, 2015.

During the three months ended March 31, 2015 and 2014, we determined that lump sum payments to employees retiring in the respective years will exceed the plans' total service and interest costs for the year. Settlement losses are required to be recorded when lump sum payments exceed total service and interest costs. As a result, during the three months ended March 31, 2015 and 2014, we recorded pension settlement expenses of \$1 million and \$64 million related to our lump sum payments made during the first three months of 2015 and 2014, respectively.

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20. Stock-Based Compensation Plans

Stock Option Awards

The following table presents a summary of our stock option award activity for the three months ended March 31, 2015:

	Number of Shares	Weighted Average Exercise Price
Outstanding at December 31, 2014	4,751,438	\$45.47
Granted	354,001	101.78
Exercised	(577,831)	36.13
Forfeited, canceled or expired	(24,383)	79.69
Outstanding at March 31, 2015	4,503,225	50.91

The grant date fair value of stock option awards granted during the three months ended March 31, 2015 was \$27.00 per share. The fair value of stock options granted to our employees is estimated on the date of the grant using the Black Scholes option-pricing model, which employs various assumptions.

Restricted Stock Awards

The following table presents a summary of restricted stock award activity for the three months ended March 31, 2015:

	Shares of Restricted Stock ("RS")		Restricted Stock Units ("RSU")	
	Number of Shares	Weighted Average Grant Date Fair Value	Number of Units	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2014	515,073	\$77.23	411,093	\$37.30
Granted	47,969	101.57	6,204	93.19
RS's Vested/RSU's Issued	(68,011)	63.45	—	—
Forfeited	(15,374)	77.07	(425)	89.54
Outstanding at March 31, 2015	479,657	81.63	416,872	38.08

Performance Unit Awards

The following table presents a summary of the activity for performance unit awards to be settled in shares for the three months ended March 31, 2015:

	Number of Units	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2014	5,791,825	\$0.88
Granted	2,389,450	0.95
Settled	(2,035,833)	0.85
Outstanding at March 31, 2015	6,145,442	0.92

The performance unit awards granted during the three months ended March 31, 2015 have a grant date fair value of \$0.95 per unit, as calculated using a Monte Carlo valuation model.

MPLX Awards

During the three months ended March 31, 2015, MPLX granted equity-based compensation awards under the MPLX LP 2012 Incentive Compensation Plan. The compensation expense for these awards is not material to our consolidated financial statements.

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21. Commitments and Contingencies

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. For matters for which we have not recorded an accrued liability, we are unable to estimate a range of possible loss because the issues involved have not been fully developed through pleadings and discovery. However, the ultimate resolution of some of these contingencies could, individually or in the aggregate, be material.

Environmental matters—We are subject to federal, state, local and foreign laws and regulations relating to the environment. These laws generally provide for control of pollutants released into the environment and require responsible parties to undertake remediation of hazardous waste disposal sites and certain other locations including presently or formerly owned or operated retail marketing sites. Penalties may be imposed for noncompliance.

At March 31, 2015 and December 31, 2014, accrued liabilities for remediation totaled \$177 million and \$185 million, respectively. It is not presently possible to estimate the ultimate amount of all remediation costs that might be incurred or the penalties if any that may be imposed. Receivables for recoverable costs from certain states, under programs to assist companies in clean-up efforts related to underground storage tanks at presently or formerly owned or operated retail marketing sites, was \$66 million and \$67 million at March 31, 2015 and December 31, 2014, respectively.

We are involved in a number of environmental enforcement matters arising in the ordinary course of business. While the outcome and impact on us cannot be predicted with certainty, management believes the resolution of these environmental matters will not, individually or collectively, have a material adverse effect on our consolidated results of operations, financial position or cash flows.

Lawsuits—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.

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

Guarantees—We have provided certain guarantees, direct and indirect, of the indebtedness of other companies. Under the terms of most of these guarantee arrangements, we would be required to perform should the guaranteed party fail to fulfill its obligations under the specified arrangements. In addition to these financial guarantees, we also have various performance guarantees related to specific agreements.

Guarantees related to indebtedness of equity method investees—We hold interests in an offshore oil port, LOOP, and a crude oil pipeline system, LOCAP. Both LOOP and LOCAP have secured various project financings with throughput and deficiency agreements. Under the agreements, we are required to advance funds if the investees are unable to service their debt. Any such advances are considered prepayments of future transportation charges. The duration of the agreements vary but tend to follow the terms of the underlying debt, which extend through 2037. Our maximum potential undiscounted payments under these agreements for the debt principal totaled \$172 million as of March 31, 2015.

We hold an interest in a refined products pipeline through our investment in Centennial, and have guaranteed our portion of the payment of Centennial's principal, interest and prepayment costs, if applicable, under a Master Shelf Agreement, which is scheduled to expire in 2024. The guarantee arose in order for Centennial to obtain adequate financing. Our maximum potential undiscounted payments under this agreement for debt principal totaled \$37 million as of March 31, 2015.

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Marathon Oil indemnifications—In conjunction with our spinoff from Marathon Oil, we have entered into arrangements with Marathon Oil providing indemnities and guarantees with recorded values of \$2 million as of March 31, 2015, which consist of unrecognized tax benefits related to MPC, its consolidated subsidiaries and the refining, marketing and transportation business operations prior to our spinoff which are not already reflected in the unrecognized tax benefits described in Note 11, and other contingent liabilities Marathon Oil may incur related to taxes. Furthermore, the separation and distribution agreement and other agreements with Marathon Oil to effect our spinoff provide for cross-indemnities between Marathon Oil and us. In general, Marathon Oil is required to indemnify us for any liabilities relating to Marathon Oil's historical oil and gas exploration and production operations, oil sands mining operations and integrated gas operations, and we are required to indemnify Marathon Oil for any liabilities relating to Marathon Oil's historical refining, marketing and transportation operations. The terms of these indemnifications are indefinite and the amounts are not capped.

Other guarantees—We have entered into other guarantees with maximum potential undiscounted payments totaling \$82 million as of March 31, 2015, which primarily consist of a commitment to contribute cash to an equity method investee for certain catastrophic events, up to \$50 million per event, in lieu of procuring insurance coverage and leases of assets containing general lease indemnities and guaranteed residual values.

General guarantees associated with dispositions – Over the years, we have sold various assets in the normal course of our business. Certain of the related agreements contain performance and general guarantees, including guarantees regarding inaccuracies in representations, warranties, covenants and agreements, and environmental and general indemnifications that require us to perform upon the occurrence of a triggering event or condition. These guarantees and indemnifications are part of the normal course of selling assets. We are typically not able to calculate the maximum potential amount of future payments that could be made under such contractual provisions because of the variability inherent in the guarantees and indemnities. Most often, the nature of the guarantees and indemnities is such that there is no appropriate method for quantifying the exposure because the underlying triggering event has little or no past experience upon which a reasonable prediction of the outcome can be based.

Contractual commitments—At March 31, 2015, our contractual commitments to acquire property, plant and equipment and advance funds to equity method investees totaled \$2.0 billion, which includes \$520 million of contingent consideration associated with the acquisition of the Galveston Bay Refinery and Related Assets, \$703 million for contributions to North Dakota Pipeline Company LLC and \$148 million for contributions to Illinois Extension Pipeline. See Note 4 for additional information on our investments in the SAX project. See Note 14 for additional information on the contingent consideration.

22. Subsequent Events

On April 29, 2015, our board of directors authorized the sale of its marine business to MPLX. Subject to the approval of the MPLX board of directors, the negotiation of a definitive agreement and the satisfaction of customary closing conditions, the transaction is expected to close in the next several months. Upon completion, we will account for this sale as a transaction between entities under common control and will not record a gain or loss.

On April 29, 2015, our Board of Directors approved a two-for-one stock split in the form of a stock dividend, which will be distributed on June 10, 2015 to shareholders of record at the close of business on May 20, 2015. The total number of authorized shares of common stock and common stock par value per share remain unchanged. The stock split will require retroactive restatement of all historical share and per share data beginning in the second quarter ending June 30, 2015. All share and per share data information included in this report are presented on a pre-split basis. The pro forma basic earnings per share on a post-split basis were \$1.63 and \$0.34 for the three months ended March 31, 2015 and March 31, 2014, respectively, and diluted earnings per share were \$1.62 and \$0.34 for the same time periods. The stock is expected to trade on a split-adjusted basis beginning June 11, 2015.

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Item 2: 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 unaudited financial statements and accompanying footnotes included under Item 1. Financial Statements and in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2014.

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," "intend," "plan," "predict," "project," "potential," "seek," "target," "could," "may," "should," "would," "will" or other similar expressions that indicate 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. For additional risk factors affecting our business, see Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2014.

Corporate Overview

We are an independent petroleum refining and marketing, retail marketing 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 million barrels per calendar day. 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 5,500 retail outlets operated by independent entrepreneurs in 19 states.

We currently own, lease or have 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.

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 regions of the United States.

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 the three months ended March 31, 2015 and 2014 are reflected in the following table.

(In millions, except per share data)	Three Months Ended	
	March 31,	
	2015	2014
Income from Operations by segment		
Refining & Marketing	\$1,316	\$362
Speedway	168	58
Pipeline Transportation	67	72
Net income attributable to MPC	\$891	\$199
Net income attributable to MPC per diluted share	\$3.24	\$0.67

Net income attributable to MPC was \$891 million, or \$3.24 per diluted share, in the first quarter of 2015 compared to \$199 million, or \$0.67 per diluted share in the first quarter of 2014.

Refining & Marketing segment income from operations increased \$954 million in the first quarter of 2015 compared to the first quarter of 2014, primarily due to higher U.S. Gulf Coast (“USGC”) and Chicago crack spreads and lower turnaround and other direct operating costs.

Speedway segment income from operations increased \$110 million in the first quarter of 2015 compared to the first quarter of 2014. The increase was primarily due to increases in our gasoline, distillate and merchandise gross margins, partially offset by higher operating expenses, all of which reflect the results of the recently acquired Hess convenience stores.

Pipeline Transportation segment income from operations decreased \$5 million in the first quarter of 2015 compared to the the first quarter of 2014, primarily due to an increase in operating expenses and lower pipeline affiliate income, partially offset by higher transportation revenue.

MPLX LP

We own a 71.5 percent interest in MPLX, including the two percent general partner interest. Effective 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 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. See Note 3 to the unaudited consolidated financial statements for additional information on MPLX.

On April 29, 2015, our board of directors authorized the sale of its marine business to MPLX. Subject to the approval of the MPLX board of directors, the negotiation of a definitive agreement and the satisfaction of customary closing conditions, the transaction is expected to close in the next several months. Upon completion, we will account for this sale as a transaction between entities under common control and will not record a gain or loss.

On April 20, 2015, MPLX declared a quarterly cash distribution of \$0.4100 per unit, totaling \$37 million. This distribution will be paid on May 15, 2015. MPC’s portion of this cash distribution is approximately \$27 million.

On February 12, 2015, MPLX completed a public offering of \$500 million aggregate principal amount of MPLX Senior Notes. See Note 16 to the unaudited consolidated financial statements for more information.

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The following table summarizes the cash distributions we received from MPLX during the first quarter of 2015 and 2014.

(In millions)	Three Months Ended March 31,	
	2015	2014
Cash distributions received from MPLX:		
General partner distributions, including incentive distribution rights	\$2	\$1
Limited partner distributions	22	17
Total	\$24	\$18

The market value of the 19,980,619 MPLX common units and 36,951,515 MPLX subordinated units we owned at March 31, 2015 was \$4.2 billion based on the March 31, 2015 closing unit price of \$73.26. Over time, we believe there will be substantial value attributable to our general partnership interests.

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 40,000 barrels per day 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. See Note 4 to the unaudited consolidated financial statements for additional information on this acquisition.

In July 2014, we exercised our option to acquire a 35 percent ownership interest in Enbridge Inc.’s SAX pipeline through our investment in Illinois Extension Pipeline. During the three months ended March 31, 2015, we made contributions of \$37 million to Illinois Extension Pipeline to fund our portion of the construction costs for the SAX project. We have contributed \$157 million since project inception.

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.

See Note 21 to the unaudited consolidated financial statements for information regarding our future contributions to the SAX pipeline project.

Share Repurchases

As of March 31, 2015, our board of directors had approved \$8.0 billion in total share repurchase authorizations. Since January 1, 2012, we have repurchased a total of \$6.48 billion of our common stock, leaving \$1.52 billion available for repurchases. Through March 31, 2015, we have acquired 92 million shares at an average cost per share of \$70.95 under these authorizations. See Note 8 to the unaudited consolidated financial statements.

Liquidity

As of March 31, 2015, we had cash and cash equivalents of \$2.08 billion, an unused \$2.5 billion revolving credit agreement, and \$978 million of availability under our \$1.3 billion trade receivables securitization facility based on eligible trade receivables. At March 31, 2015, MPLX had no borrowings and no letters of credit outstanding under its \$1 billion credit agreement.

Employees

New collective bargaining agreements for the hourly refinery workers at our Canton, Catlettsburg and Texas City refineries were ratified in March and April, 2015, and are scheduled to expire on January 31, 2019 in Canton and

Catlettsburg, and March 31, 2019 in Texas City. The labor agreement for our Galveston Bay refinery expired on January 31, 2015 and no successor agreement has been finalized. The work stoppage continues at this facility.

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Stock Split

On April 29, 2015, our Board of Directors approved a two-for-one stock split in the form of a stock dividend, which will be distributed on June 10, 2015 to shareholders of record at the close of business on May 20, 2015. The total number of authorized common shares and common stock par value remain unchanged. The stock split will require retroactive restatement of all historical shares and per share data beginning in the second quarter ending June 30, 2015. All shares and per share data information included in this report are presented on a pre-split basis. The pro forma basic earnings per share on a post-split basis were \$1.63 and \$0.34 for the three months ended March 31, 2015 and March 31, 2014, respectively, and diluted earnings per share were \$1.62 and \$0.34 for the same time periods. The stock is expected to trade on a split-adjusted basis beginning June 11, 2015.

The above discussion contains forward-looking statements with respect to the estimated construction costs and completion of the SAX pipeline project and the share repurchase authorizations. Factors that could affect the estimated construction costs, timing and completion of the SAX pipeline project, 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. Light Louisiana Sweet (“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.

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 West Texas Intermediate (“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 until late 2014. Since late 2014, LLS has seen volatile differentials to both WTI and Brent. The spread between domestic crude oils and Brent could 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.

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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;

• the potential impact of lower of cost or market adjustments to inventories in periods of declining prices; and

• the impact of liquidations of last in, first out (“LIFO”) inventory layers with costs significantly above current market 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 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. During the first quarter of 2015, we recognized a permanent reduction in our refined product inventories for LIFO accounting purposes. The cost of these inventories was based on prices in early 2014, which were much higher than current prices. As a result, we recognized a pre-tax charge of approximately \$30 million in connection with this LIFO inventory reduction.

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. We had significantly less planned turnaround and major maintenance activities at our Galveston Bay, Texas and Garyville, Louisiana refineries during the first quarter of 2015 compared to activities at our Galveston Bay, Texas; Garyville, Louisiana; Robinson, Illinois and Catlettsburg, Kentucky refineries during the first quarter of 2014.

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, including local competition, seasonal demand fluctuations, the available wholesale supply, the level of economic activity in our marketing areas and weather conditions. 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. During the first quarter of 2015, approximately half of Speedway’s gross margin was derived from merchandise sales as compared to two-thirds during the same period in 2014. This change is the result of higher light product gross margins during the first quarter of 2015 and the effect of the recently acquired Hess convenience stores. Speedway’s convenience stores offer a wide variety of merchandise, including prepared

foods, beverages and non-food items.

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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. 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.

Results of Operations

Consolidated Results of Operations

(In millions)	Three Months Ended		
	March 31, 2015	2014	Variance
Revenues and other income:			
Sales and other operating revenues (including consumer excise taxes)	\$17,191	\$23,285	\$(6,094)
Income from equity method investments	15	35	(20)
Net gain on disposal of assets	5	1	4
Other income	29	24	5
Total revenues and other income	17,240	23,345	(6,105)
Costs and expenses:			
Cost of revenues (excludes items below)	13,044	20,540	(7,496)
Purchases from related parties	76	159	(83)
Consumer excise taxes	1,832	1,515	317
Depreciation and amortization	363	320	43
Selling, general and administrative expenses	358	346	12
Other taxes	97	104	(7)
Total costs and expenses	15,770	22,984	(7,214)
Income from operations	1,470	361	1,109
Net interest and other financial income (costs)	(81)	(46)	(35)
Income before income taxes	1,389	315	1,074
Provision for income taxes	486	108	378
Net income	903	207	696
Less net income attributable to noncontrolling interests	12	8	4
Net income attributable to MPC	\$891	\$199	\$692

Net income attributable to MPC increased \$692 million in the first quarter of 2015 compared to the first quarter of 2014, primarily due to our Refining & Marketing segment income from operations, which increased \$954 million in the first quarter of 2015 as compared to the first quarter of 2014. Additionally, our Speedway segment income increased \$110 million during the same period. The increase in Refining & Marketing segment income from operations was primarily due to higher USGC and Chicago crack spreads and lower turnaround and other direct operating costs while the increase in Speedway segment income is a result of higher light product and merchandise margins, partially offset by higher operating and administrative expenses, all of which reflect the results of the recently acquired Hess convenience stores.

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Sales and other operating revenues (including consumer excise taxes) decreased \$6.1 billion in the first quarter of 2015 compared to first quarter of 2014. The decrease was primarily due to lower refined product and crude oil sales prices partially offset by an increase in refined product sales volumes.

Income from equity method investments decreased \$20 million in the first quarter of 2015 compared to the first quarter of 2014, primarily due to decreases in income from our ethanol affiliates of \$18 million.

Net gain on disposal of assets increased \$4 million in the first quarter of 2015 compared to the first quarter of 2014, primarily due to the sale of a terminal.

Other income increased \$5 million in the first quarter of 2015 compared to the first quarter of 2014, primarily due to higher gains on sales of excess Renewable Identification Numbers (“RINs”).

Cost of revenues decreased \$7.50 billion in the first quarter of 2015 compared to the first quarter of 2014. The decrease was primarily due to:

- a decrease in refined product cost of sales of \$7.42 billion primarily due to a decrease in raw material costs, partially offset by an increase in refined product sales volumes; and

- a decrease in refinery direct operating costs, including costs associated with significant planned turnaround activity in the first quarter of 2014, of \$503 million, or \$4.18 per barrel of total refinery throughput.

Purchases from related parties decreased \$83 million in the first quarter of 2015 compared to the first quarter of 2014, primarily due to:

- decreases in volumes purchased from LOOP and Centennial of \$40 million and \$9 million, respectively; and
- decreases in prices for ethanol purchases from TAME and TACE of \$14 million and \$11 million, respectively.

Depreciation and amortization increased \$43 million in the first quarter of 2015 compared to the first quarter of 2014, primarily due to depreciation of the assets acquired from Hess by our Speedway segment and projects placed into service in the Refining & Marketing segment.

Selling, general and administrative expenses increased \$12 million in the first quarter of 2015 compared to the first quarter of 2014, primarily due to increases in salaries and wages of \$41 million, contract services of \$24 million and employee benefit costs of \$11 million, partially offset by a decrease in pension settlement expenses of \$63 million.

Excluding pension settlement expenses, these increases in selling, general and administrative expenses reflect the acquisition of convenience stores from Hess. We recorded pretax pension settlement expenses of \$1 million in the first quarter of 2015 and \$64 million in the first quarter of 2014 resulting from the level of employee lump sum retirement distributions that occurred during these periods.

Other taxes decreased \$7 million in the first quarter of 2015 compared to the first quarter of 2014. The decrease was primarily due to decreases in sales and use taxes and other tax expenses of \$15 million, offset by increases in property taxes of \$8 million. The decreases in sales and use taxes and other tax expenses were primarily attributable to tax credits received in the first quarter of 2015 and reduced turnaround and maintenance work at various refineries. The increase in property taxes was primarily attributable to the acquisition of the Hess assets.

Provision for income taxes increased \$378 million in the first quarter of 2015 compared to the first quarter of 2014, primarily due to an increase of \$1.07 billion in income before income taxes. The effective tax rates for the first quarter of both 2015 and 2014 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.

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Segment Results

Revenues, including intersegment sales, are summarized by segment in the following table.

(In millions)	Three Months Ended	
	March 31,	
	2015	2014
Refining & Marketing	\$15,377	\$22,043
Speedway	4,531	3,459
Pipeline Transportation	150	146
Segment revenues	\$20,058	\$25,648

Items included in both revenues and costs:

Consumer excise taxes	\$1,832	\$1,515
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Refining & Marketing segment revenues decreased \$6.67 billion in the first quarter of 2015 compared to the first quarter of 2014. The decrease was primarily due to decreases in refined product and crude oil sales prices, partially offset by an increase in refined product sales volumes. The table below shows our Refining & Marketing segment refined product sales volumes, sales destined for export and average sales prices.

	Three Months Ended	
	March 31,	
	2015	2014
Refining & Marketing segment:		
Refined product sales volumes (thousands of barrels per day) ^(a)	2,233	1,951
Refined product sales destined for export (thousands of barrels per day)	284	223
Average refined product sales prices (dollars per gallon)	\$1.73	\$2.88

^(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)	Three Months Ended	
	March 31,	
	2015	2014
Chicago spot unleaded regular gasoline	\$1.48	\$2.68
Chicago spot ultra-low sulfur diesel	1.67	2.99
USGC spot unleaded regular gasoline	1.52	2.65
USGC spot ultra-low sulfur diesel	1.69	2.93

Refining & Marketing intersegment sales to our Speedway segment increased \$500 million in the first quarter of 2015 compared to the first quarter of 2014. The increase was primarily due to an increase in intersegment refined product sales volumes, primarily due to the acquisition of convenience stores from Hess, partially offset by lower refined product sales prices. The table below shows our Refining & Marketing intersegment sales to our Speedway segment.

	Three Months Ended	
	March 31,	
	2015	2014
Refining & Marketing intersegment sales to Speedway:		
Intersegment sales (in millions)	\$2,733	\$2,233
Refined product sales volumes (millions of gallons)	1,388	723
Average refined product sales prices (dollars per gallon)	\$1.96	\$3.08

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Speedway segment revenues increased \$1.07 billion in the first quarter of 2015 compared to the first quarter of 2014, primarily due to an increase in gasoline and distillate sales of \$673 million and an increase in merchandise sales of \$389 million. The increase in gasoline and distillate sales was primarily due to a volume increase of 659 million gallons, primarily due to an increase in the number of convenience stores, partially offset by a decrease in average gasoline and distillate selling prices of \$1.09 per gallon. The increase in merchandise sales was primarily due to an increase in the number of convenience stores. The number of convenience stores increased primarily due to the acquisition of convenience stores from Hess on September 30, 2014.

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

	Three Months Ended			
	March 31,			
	2015		2014	
Convenience stores at period-end	2,753		1,482	
Gasoline & distillate sales (millions of gallons)	1,432		773	
Average gasoline & distillate sales prices (dollars per gallon)	\$2.30		\$3.39	
Merchandise sales (in millions)	\$1,111		\$722	
Same store gasoline sales volume (period over period) ^(b)	(1.2	%)	(0.7	%)
Same store merchandise sales (period over period) ^{(a)(b)}	6.2	%	5.3	%

^(a) Excludes cigarettes.

^(b) Same store comparison includes only locations owned at least 13 months, and therefore excludes locations acquired from Hess.

Pipeline Transportation segment revenue increased \$4 million in the first quarter of 2015 compared to the first quarter of 2014, primarily due to higher average tariffs received on crude oil and refined products shipped and higher throughput volumes. Crude oil pipeline throughput volumes increased 50 mbpd in the first quarter of 2015 compared to the first quarter of 2014 and refined products pipeline throughput volumes increased 67 mbpd.

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

	Three Months Ended	
	March 31,	
	2015	2014
Pipeline Throughputs (thousands of barrels per day): ^(a)		
Crude oil pipelines	1,221	1,171
Refined products pipelines	886	819
Total	2,107	1,990

^(a) On owned common-carrier pipelines, excluding equity method investments.

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

	Three Months Ended			
	March 31,			
(In millions)	2015		2014	
Income from Operations by segment				
Refining & Marketing	\$1,316		\$362	
Speedway	168		58	
Pipeline Transportation ^(a)	67		72	
Items not allocated to segments:				
Corporate and other unallocated items ^(a)	(80	)	(67)
Pension settlement expenses	(1	)	(64)
Income from operations	1,470		361	
Net interest and other financial income (costs)	(81	)	(46)
Income before income taxes	\$1,389		\$315	

^(a)

Corporate overhead expenses attributable to MPLX are included in the Pipeline Transportation segment. Corporate overhead expenses are not allocated to the Refining & Marketing and Speedway segments.

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Refining & Marketing segment income from operations increased \$954 million in the first quarter 2015 compared to the first quarter of 2014, primarily due to higher USGC and Chicago crack spreads and lower turnaround and other direct operating costs.

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

	Three Months Ended	
	March 31,	
(Dollars per barrel)	2015	2014
Chicago LLS 6-3-2-1 ^{(a)(b)}	\$8.97	\$8.80
USGC LLS 6-3-2-1 ^(a)	10.13	7.27
Blended 6-3-2-1 ^{(a)(c)}	9.69	7.85
LLS	52.80	104.29
WTI	48.57	98.61
LLS—WTI crude oil differential ^(a)	4.23	5.68
Sweet/Sour crude oil differential ^{(a)(d)}	7.08	8.23

^(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 percent/62 percent based on our refining capacity by region.

^(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 the first quarter of 2015 compared to the first quarter of 2014:

The USGC LLS 6-3-2-1 crack spread increased \$2.86 per barrel in 2015 compared to 2014, which had a positive impact on segment income of \$377 million.

The Chicago LLS 6-3-2-1 crack spread increased \$0.17 per barrel in 2015 compared to 2014, which had a positive impact on segment income of \$72 million.

We ran more sour crude oil at our refineries in 2015 compared to 2014, which was partially offset by the sweet/sour crude oil differential narrowing by \$1.15 per barrel. The result was a positive impact on segment income of \$66 million.

The LLS-WTI crude oil differential narrowed \$1.45 per barrel in 2015 compared to 2014, which had a negative impact on segment income of \$31 million.

The above market indicators 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 negative impacts on Refining & Marketing segment income of \$104 million for the first quarter of 2015 compared to the first quarter of 2014.

The following table summarizes our refinery throughputs.

	Three Months Ended	
	March 31,	
	2015	2014
Refinery Throughputs (thousands of barrels per day):		
Crude oil refined	1,672	1,450
Other charge and blendstocks	180	200
Total	1,852	1,650
Sour crude oil throughput percent	56	49
WTI-priced crude oil throughput percent	20	21

Crude oil throughputs increased 222 mbpd and other charge and blendstocks throughputs decreased 20 mbpd in the first quarter of 2015 compared to the first quarter of 2014, primarily attributable to the Galveston Bay and Robinson refineries, which had higher planned turnaround and major maintenance activity in the first quarter of 2014. The decrease in other charge and blendstocks throughputs at the Galveston Bay and Robinson refineries is partially offset by higher throughputs at the Texas City refinery.

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

	Three Months Ended	
	March 31,	
	2015	2014
Refining & Marketing gross margin (dollars per barrel) ^(a)	\$16.14	\$14.46
Refinery direct operating costs (dollars per barrel): ^(b)		
Planned turnaround and major maintenance	\$0.79	\$3.15
Depreciation and amortization	1.42	1.55
Other manufacturing ^(c)	4.26	5.95
Total	\$6.47	\$10.65

^(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.

Refinery direct operating costs decreased \$4.18 per barrel in the first quarter of 2015 compared to the first quarter of 2014, reflecting a decrease in planned turnaround and major maintenance costs of \$2.36 per barrel and a decrease in other manufacturing costs of \$1.69 per barrel. The decrease in planned turnaround and major maintenance costs was primarily attributable the Galveston Bay refinery, which incurred significant turnaround costs in the first quarter of 2014. The decrease in other manufacturing costs was primarily attributable to lower costs for energy, catalyst and routine maintenance.

We purchase RINs to satisfy a portion of our Renewable Fuel Standard compliance. Our expense associated with purchased RINs decreased to \$41 million in the first quarter of 2015 from \$71 million in the first quarter of 2014, primarily due to the lower average cost of biodiesel RINs in the first quarter of 2015 as compared to the first quarter of 2014.

The following table includes margin statistics for the Speedway segment.

	Three Months Ended			
	March 31,			
	2015	2014		
Gasoline & distillate gross margin (dollars per gallon) ^(a)	\$0.1970	\$0.1156		
Merchandise gross margin (in millions)	\$311	\$192		
Merchandise gross margin percent	28.0	%	26.5	%

^(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.

Speedway segment income from operations increased \$110 million in the first quarter of 2015 compared to the same period of 2014. The increase in segment income was primarily due to an increase in our gasoline and distillate gross margin of \$193 million, or \$0.0814 per gallon, and an increase in our merchandise gross margin of \$119 million, partially offset by higher operating expenses. Gasoline, distillate and merchandise gross margins along with operating expenses were higher primarily due to the results of the acquired convenience stores from Hess.

Pipeline Transportation segment income from operations decreased \$5 million in the first quarter of 2015 compared to the first quarter of 2014, primarily due to an increase in various operating expenses and lower pipeline affiliate income, partially offset by higher transportation revenue.

Corporate and other unallocated items increased \$13 million in the first quarter of 2015 compared to the first quarter of 2014, largely due to lower allocated employee benefit costs.

We recorded pretax pension settlement expenses of \$1 million in the first quarter of 2015 and \$64 million in the first quarter of 2014 resulting from the level of employee lump sum retirement distributions that occurred during these periods.

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Liquidity and Capital Resources

Cash Flows

Our cash and cash equivalents balance was \$2.08 billion at March 31, 2015 compared to \$1.49 billion at December 31, 2014. Net cash provided by (used in) operating activities, investing activities and financing activities for the first quarter of 2015 and 2014 are presented in the following table.

(In millions)	Three Months Ended March 31,	
	2015	2014
Net cash provided by (used in):		
Operating activities	\$1,190	\$766
Investing activities	(388	) (360
Financing activities	(218	) (532
Total	\$584	\$(126)

Net cash provided by operating activities increased \$424 million in the first quarter of 2015 compared to the first quarter of 2014 primarily due to an increase in net income of \$696 million partially offset by an unfavorable change in working capital of \$180 million. Changes in working capital were a net \$55 million use of cash in the first quarter of 2015 compared to a net \$125 million source of cash in the first quarter of 2014. The net \$55 million use of cash in the first quarter of 2015 was primarily due to a decrease in accounts payable and accrued liabilities, partially offset by decreases in current receivables and inventory. The above changes in working capital exclude changes in short-term debt. Changes from December 31, 2014 to March 31, 2015 per the consolidated balance sheets were as follows:

• Accounts payable decreased \$1.27 billion from year-end 2014, primarily due to lower crude oil prices.

• Current receivables decreased \$694 million from year-end 2014, primarily due to lower refined product and crude oil prices.

• Inventories decreased \$205 million from year-end 2014, primarily due to decreases in crude oil and refined product inventory volumes.

The net \$125 million source of cash from working capital changes in the first quarter of 2014 was primarily due to an increase in accounts payable and accrued liabilities and a decrease in accounts receivable, partially offset by an increase in inventories. Changes from December 31, 2013 to March 31, 2014 per the consolidated balance sheets were as follows:

• Accounts payable increased \$1.08 billion from year-end 2013, primarily due to higher crude oil payable volumes and prices at the end of the first quarter 2014 compared to year-end 2013.

• Inventories increased \$1.00 billion from year-end 2013, primarily due to an increase in crude oil inventory volumes.

• Current receivables decreased \$139 million from year-end 2013, primarily due to lower refined product and crude oil receivable volumes, partially offset by higher refined product and crude oil prices.

Net cash used in investing activities was \$28 million higher in the first quarter of 2015 compared to the first quarter of 2014, primarily due to an increase in additions to property, plant and equipment, partially offset by a decrease in investments in affiliates.

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 reported total capital expenditures and investments follows.

(In millions)	Three Months Ended March 31,	
	2015	2014
Additions to property, plant and equipment	\$389	\$267
Decrease in capital accruals	(47) (19

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Total capital expenditures	342	248
Investments in equity method investees	42	123
Total capital expenditures and investments	\$384	\$371

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Capital expenditures and investments are summarized by segment below.

(In millions)	Three Months Ended March 31,	
	2015	2014
Refining & Marketing	\$229	\$178
Speedway	45	32
Pipeline Transportation	81	130
Corporate and Other ^(a)	29	31
Total	\$384	\$371

(a) Includes capitalized interest of \$8 million and \$6 million for the three months ended March 31, 2015 and 2014, respectively.

Net cash used for additions to property, plant and equipment increased \$122 million for the first quarter of 2015 compared to the first quarter of 2014, primarily due to increases in capital expenditures in our Refining & Marketing and Speedway segments, partially offset by a decrease in capital expenditures in our Pipeline Transportation segment. Net cash used in equity method investments decreased \$82 million for the first quarter of 2015 compared to the first quarter of 2014, primarily due to our acquisition of an additional seven percent interest in Explorer for \$77 million and contributions to North Dakota Pipeline of \$37 million to fund our portion of the Sandpiper pipeline project in the first quarter of 2014, as compared to our contribution to Illinois Extension Pipeline of \$37 million to fund the SAX pipeline project in the first quarter of 2015.

Financing activities were a net \$218 million use of cash in the first quarter of 2015 compared to a net \$532 million use of cash in the first quarter of 2014. The uses of cash for both periods included common stock repurchases under our share repurchase authorizations and dividend payments offset by sources of cash from net borrowing activity. Long-term debt borrowings and repayments were a net \$107 million source of cash in the first quarter of 2015 compared to a net \$264 million source of cash in the first quarter of 2014. During the first quarter of 2015, MPLX used proceeds from its \$500 million of MPLX Senior Notes to repay amounts outstanding under the MPLX Credit Agreement, as well as for general partnership purposes. During the first quarter of 2014, MPLX borrowed \$270 million under its revolving credit facility to fund MPLX's acquisition of an additional interest in Pipe Line Holdings. Cash used in common stock repurchases decreased \$480 million in the first quarter of 2015 compared to the first quarter of 2014. The table below summarizes our total share repurchases. See Note 8 to the unaudited consolidated financial statements for further discussion of the share repurchase authorizations.

(In millions, except per share data)	Three Months Ended March 31,	
	2015	2014
Number of shares repurchased	2	8
Cash paid for shares repurchased	\$209	\$689
Effective average cost per delivered share	\$95.03	\$87.60

Cash used in dividend payments increased \$13 million in the first quarter of 2015 compared to the first quarter of 2014, primarily due to an \$0.08 per share increase in our quarterly dividend payment, partially offset by a decrease in the number of outstanding shares of our common stock attributable to share repurchases. Our dividend payments were \$0.50 per common share in the first quarter of 2015 compared to \$0.42 per common share in the first quarter of 2014.

Derivative Instruments

See Item 3. Quantitative and Qualitative Disclosures about Market Risk for a discussion of derivative instruments and associated market risk.

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Capital Resources

Our liquidity totaled \$5.56 billion at March 31, 2015 consisting of:

(In millions)	March 31, 2015		
	Total Capacity	Outstanding Borrowings	Available Capacity
Revolving credit agreement ^(a)	\$2,500	\$—	\$2,500
Trade receivables securitization facility ^(b)	978	—	978
Total	\$3,478	\$—	\$3,478
Cash and cash equivalents			2,078
Total liquidity			\$5,556

^(a) Excludes MPLX's \$1 billion revolving credit agreement, which had \$1 billion available as of March 31, 2015.

Availability under our \$1.3 billion trade receivables securitization facility is a function of refined product selling

^(b) prices, which will be lower in a sustained lower price environment. As of April 30, 2015, eligible trade receivables supported borrowings of \$747 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.

The MPC term loan agreement (the "Term Loan Agreement"), MPC Credit Agreement and 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 March 31, 2015, we were in compliance with this debt covenant with a ratio of Consolidated Net Debt to Total Capitalization of 0.30 to 1.00, as well as the other covenants contained in the Term Loan Agreement and the MPC Credit Agreement.

The financial covenant included in the MPLX Credit Agreement requires MPLX to maintain a ratio of Consolidated Total Debt (as defined in the MPLX Credit Agreement) as of the end of each fiscal quarter to Consolidated EBITDA (as defined in the MPLX Credit Agreement) for the prior four fiscal quarters of not greater than 5.0 to 1.0 (or 5.5 to 1.0 during the six-month period following certain acquisitions). Consolidated EBITDA is subject to adjustments for certain acquisitions completed and capital projects undertaken during the relevant period. As of March 31, 2015, MPLX was in compliance with this debt covenant with a ratio of Consolidated Total Debt to Consolidated EBITDA of 3.3 to 1.0, as well as the other covenants contained in the MPLX Credit Agreement.

Our intention is to maintain an investment grade credit profile. As of March 31, 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 Term Loan Agreement, MPC Credit Agreement, MPLX Credit Agreement nor our trade receivables securitization facility contain 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 ratings would increase the applicable interest rates, yields and other fees payable under the Term Loan Agreement, the

MPC 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.

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Debt-to-Total-Capital Ratio

Our debt-to-total capital ratio (total debt to total debt-plus-equity) was 36 percent at March 31, 2015 and 37 percent at December 31, 2014.

(In millions)	March 31, 2015		December 31, 2014	
Long-term debt due within one year	\$776		\$27	
Long-term debt	5,967		6,610	
Total debt	\$6,743		\$6,637	
Calculation of debt-to-total-capital ratio:				
Total debt	\$6,743		\$6,637	
Total equity	11,980		11,390	
Total capital	\$18,723		\$18,027	
Debt-to-total-capital ratio	36	%	37	%

Capital Requirements

We have a capital and investment budget for 2015 of \$2.53 billion, excluding capitalized interest. The budget includes spending on refining, retail marketing, transportation, logistics and brand marketing projects as well as amounts designated for corporate activities. During the three months ended March 31, 2015, our capital expenditures and investments were \$376 million, excluding capitalized interest. There have been no material changes to our 2015 capital and investment budget since our Annual Report on Form 10-K for the year ended December 31, 2014 was filed. We continuously evaluate our capital budget and make changes as conditions warrant.

During 2014, we worked on a front-end engineering and design study and procured certain long lead time items for a residual fuel hydrocracker project at our Garyville refinery, with estimated total costs of \$2.2 billion to \$2.5 billion, intended to increase margins by upgrading residual fuel to ULSD and gas oil. We are deferring a final investment decision on this project as we further evaluate the implications of current market conditions on the project. As of March 31, 2015, we have capitalized \$136 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.

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 year's contingent earnout and we expect to pay approximately \$189 million in 2015. See Note 14 to the unaudited consolidated financial statements.

Centennial experienced a significant reduction in shipment volumes in the second half of 2011 that has continued through the first quarter of 2015. At March 31, 2015, Centennial was not shipping product. As a result, we continued to evaluate the carrying value of our equity investment in Centennial. We concluded that no impairment was required given our assessment of its fair value based on market participant assumptions for various potential uses and future cash flows of Centennial's assets. If market conditions were to change and the owners of Centennial are unable to find an alternative use for the assets, there could be a future impairment of our Centennial interest. As of March 31, 2015, our equity investment in Centennial was \$36 million and we had a \$37 million guarantee associated with 50 percent of Centennial's outstanding debt. See Note 21 to the unaudited consolidated financial statements for additional information on the debt guarantee.

During the three months ended March 31, 2015, we did not make any contributions to our funded pension plans.

While we have no required contributions, we may make additional contributions to our funded pension plans in 2015 depending on the anticipated funding status and plan asset performance.

On April 29, 2015, our board of directors approved a dividend of \$0.50 per share on common stock on a pre-split basis. The dividend is payable June 10, 2015, to shareholders of record as of the close of business on May 20, 2015.

During the first three months of 2015, we paid \$209 million to acquire 2 million common shares through open market share repurchases. The effective average cost was \$95.03 per delivered share. At March 31, 2015, we also had agreements to repurchase additional common shares for \$9 million, which were settled in April 2015. As of March 31, 2015, we had \$1.52 billion of remaining repurchase authorization. See Note 8 to the unaudited consolidated financial

statements.

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We may utilize various methods to effect additional repurchases, which could include open market purchases, 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 a decision on the residual fuel hydrocracker project at our Garyville refinery, the contingent earnout payment to the seller of the Galveston Bay Refinery and Related Assets, the carrying value of our Centennial equity investment, future contributions to our funded pension plans and share repurchase authorizations. Forward-looking statements about our capital requirements are based on current expectations, estimates and projections and are not guarantees of future performance. Factors that could cause actual results to differ materially from those included in our forward-looking statements regarding capital requirements include the availability of liquidity, business conditions, a further decline or improvement in the long-term outlook of the potential uses of Centennial's assets and the pursuit of different strategic alternatives for such assets, market price of our common stock, 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. These factors, among others, could cause actual results to differ materially from those set forth in the forward-looking statements.

Contractual Cash Obligations

As of March 31, 2015, our contractual cash obligations included long-term debt, capital and operating lease obligations, purchase obligations and other long-term liabilities. During the first three months of 2015, our long-term debt commitments increased \$286 million. The increase was due to the issuance of MPLX senior notes, partially offset by the repayment of the MPLX Credit Agreement.

There were no other material changes to our contractual cash obligations outside the ordinary course of business.

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 our spinoff from Marathon Oil, we entered into various indemnities and guarantees to Marathon Oil. These arrangements are described in Note 21 to the unaudited consolidated financial statements.

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. 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.

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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. On March 3, 2014, the U.S. Environmental Protection Agency (“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.

There have been no other significant changes to our environmental matters and compliance costs during the three months ended March 31, 2015.

Critical Accounting Estimates

There have been no significant changes to our critical accounting estimates during the three months ended March 31, 2015.

Recently Adopted Accounting Standards

In June 2014, the FASB issued an accounting standards update for the elimination of the concept of DSE from U.S. GAAP and removes the related incremental reporting. The standards update eliminates the additional financial statement requirements specific to a DSE and was adopted in the first quarter of 2015. In addition, the portion to amend the consolidation model that eliminates the special provisions in the VIE rules for assessing the sufficiency of the equity of a DSE is effective in the first quarter of 2016. Adoption of this standard update in the first quarter of 2015 and 2016 has not and is not expected to have an impact on our consolidated results of operations, financial position or cash flows.

In April 2014, the FASB issued an accounting standards update that redefines the criteria for determining discontinued operations and introduces new disclosures related to these disposals. The updated definition of a discontinued operation is the disposal of a component (or components) of an entity or the classification of a component (or components) of an entity as held for sale that represents a strategic shift for an entity and has (or will have) a major impact on an entity’s operations and financial results. The standard requires disclosure of additional financial information for discontinued operations and individually material components not qualifying for discontinued operation presentation, as well as information regarding an entity’s continuing involvement with the discontinued operation. The accounting standards update was effective prospectively for annual periods beginning on or after December 15, 2014, and interim periods within those years. Adoption of this standards update in the first quarter of 2015 did not have an impact on our consolidated results of operations, financial position or cash flows.

Accounting Standards Not Yet Adopted

In April 2015, the FASB issued an accounting standards update clarifying whether a customer should account for a cloud computing arrangement as an acquisition of a software license or as a service arrangement by providing characteristics that a cloud computing arrangement must have in order to be accounted for as a software license acquisition. The change is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2015. Retrospective or prospective application is allowed and early adoption is permitted. Adoption of this standard is not expected to have a material impact on our consolidated results of operations, financial position or cash flows.

In April 2015, the FASB issued an update to simplify the presentation of debt issuance costs. The update requires that all debt issue costs be presented on the balance sheet as a direct reduction of the liability. The change is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2015. Retrospective

application is required and early adoption is permitted. Adoption of this standard is not expected to have a material impact on our consolidated results of operations, financial position or cash flows.

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In February 2015, the FASB issued an accounting standards update making targeted changes to the current consolidation guidance. The new standard changes the way certain decisions are made related to substantive rights, related parties, and decision making fees when applying the VIE consolidation model and eliminates certain guidance for limited partnerships and similar entities under the voting interest consolidation model. The update is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2015. Early adoption is permitted. At this point, we have not determined the impact of the new standards update on our consolidated financial statements and related disclosures.

In August 2014, the FASB issued an accounting standards update requiring management to assess an entity's ability to continue as a going concern and to provide related footnote disclosures in certain circumstances. Management will be required to assess if there is substantial doubt about an entity's ability to continue as a going concern within one year after the date that the financial statements are issued. Disclosures will be required if conditions give rise to substantial doubt and the type of disclosure will be determined based on whether management's plans will be able to alleviate the substantial doubt. The accounting standards update will be effective for the first annual period ending after December 15, 2016, and for annual periods and interim periods thereafter with early application permitted.

In May 2014, the FASB issued an accounting standards update for revenue recognition that is aligned with the International Accounting Standards Board's revenue recognition standard issued on the same day. The guidance in the update states that revenue is recognized when a customer obtains control of a good or service. Recognition of the revenue will involve a multiple step approach including identifying the contract, identifying the separate performance obligations, determining the transaction price, allocating the price to the performance obligations and then recognizing the revenue as the obligations are satisfied. Additional disclosures will be required to provide adequate information to understand the nature, amount, timing and uncertainty of reported revenues and revenues expected to be recognized. The accounting standards update will be effective on a retrospective or modified retrospective basis for annual reporting periods beginning after December 15, 2016, and interim periods within those years, with no early adoption permitted. At this point, we have not determined the impact of the new standard on our consolidated financial statements.

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Item 3. Quantitative and Qualitative Disclosures about Market Risk

For a detailed discussion of our risk management strategies and our derivative instruments, see Item 7A. Quantitative and Qualitative Disclosures about Market Risk in our Annual Report on Form 10-K for the year ended December 31, 2014.

See Notes 14 and 15 to the unaudited consolidated financial statements for more information about the fair value measurement of our derivatives, as well as the amounts recorded in our consolidated balance sheets and statements of income. We do not designate any of our commodity derivative instruments as hedges for accounting purposes. Sensitivity analysis of the effects on income from operations (“IFO”) of hypothetical 10 percent and 25 percent increases and decreases in commodity prices for open commodity derivative instruments as of March 31, 2015 is provided in the following table.

(In millions)	Change in IFO from a Hypothetical Price Increase of		Change in IFO from a Hypothetical Price Decrease of	
	10%	25%	10%	25%
As of March 31, 2015				
Crude	\$ (55)	\$ (135)	\$ 57	\$ 143
Refined products	10	28	(9)	(23)

We remain at risk for possible changes in the market value of commodity derivative instruments; however, such risk should be mitigated by price changes in the underlying physical commodity. Effects of these offsets are not reflected in the above sensitivity analysis.

We evaluate our portfolio of commodity derivative instruments on an ongoing basis and add or revise strategies in anticipation of changes in market conditions and in risk profiles. Changes to the portfolio after March 31, 2015 would cause future IFO effects to differ from those presented above.

Sensitivity analysis of the effect of a hypothetical 100-basis-point change in interest rates on long-term debt, including the portion classified as current and excluding capital leases, as of March 31, 2015 is provided in the following table.

Fair value of cash and cash equivalents, receivables, accounts payable and accrued interest approximate carrying value and are relatively insensitive to changes in interest rates due to the short-term maturity of the instruments.

Accordingly, these instruments are excluded from the table.

(In millions)	Fair Value as of March 31, 2015 ^(a)	Change in Fair Value ^(b)	Change in Net Income for the Three Months Ended March 31, 2015 ^(c)
Long-term debt			
Fixed-rate	\$5,893	\$629	n/a
Variable-rate	950	n/a	3

^(a) Fair value was based on market prices, where available, or current borrowing rates for financings with similar terms and maturities.

^(b) Assumes a 100-basis-point decrease in the weighted average yield-to-maturity at March 31, 2015.

^(c) Assumes a 100-basis-point change in interest rates. The change to net income was based on the weighted average balance of debt outstanding for the three months ended March 31, 2015.

At March 31, 2015, our portfolio of long-term debt was comprised of fixed-rate instruments and variable-rate borrowings under the Term Loan Agreement and the MPLX term loan agreement. There were no borrowings under the MPLX Credit Agreement as of March 31, 2015. The fair value of our fixed-rate debt is relatively sensitive to interest rate fluctuations. Our sensitivity to interest rate declines and corresponding increases in the fair value of our debt portfolio unfavorably affects our results of operations and cash flows only when we elect to repurchase or otherwise retire fixed-rate debt at prices above carrying value. Interest rate fluctuations generally do not impact the fair value of borrowings under the Term Loan Agreement and the MPLX Credit Agreement, but may affect our results

of operations and cash flows.

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Item 4. Controls and Procedures

Disclosure Controls and Procedures

An evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13(a)-15(e) and 15(d)-15(e) under the Securities Exchange Act of 1934, as amended) was carried out under the supervision and with the participation of our management, including our chief executive officer and chief financial officer. Based upon that evaluation, the chief executive officer and chief financial officer concluded that the design and operation of these disclosure controls and procedures were effective as of March 31, 2015, the end of the period covered by this report.

Internal Control over Financial Reporting and Changes in Internal Control over Financial Reporting

During the quarter ended March 31, 2015, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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Supplementary Statistics (Unaudited)

(In millions)	Three Months Ended	
	March 31,	
	2015	2014
Income from Operations by segment		
Refining & Marketing	\$1,316	\$362
Speedway	168	58
Pipeline Transportation ^(a)	67	72
Items not allocated to segments:		
Corporate and other unallocated items ^(a)	(80	) (67
Pension settlement expenses	(1	) (64
Income from operations	\$1,470	\$361
Capital Expenditures and Investments ^(b)		
Refining & Marketing	\$229	\$178
Speedway	45	32
Pipeline Transportation	81	130
Corporate and Other ^(c)	29	31
Total	\$384	\$371

^(a) Corporate overhead expenses attributable to MPLX are included in the Pipeline Transportation segment. Corporate overhead expenses are not allocated to the Refining & Marketing and Speedway segments.

^(b) Capital expenditures include changes in capital accruals, acquisitions and investments in affiliates.

^(c) Includes capitalized interest of \$8 million and \$6 million for the three months ended March 31, 2015 and 2014, respectively.

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Supplementary Statistics (Unaudited)

	Three Months Ended	
	March 31,	
	2015	2014
MPC Consolidated Refined Product Sales Volumes (thousands of barrels per day) ^{(a)(b)}	2,246	1,964
Refining & Marketing Operating Statistics		
Refining & Marketing refined product sales volume (thousands of barrels per day) ^(c)	2,233	1,951
Refining & Marketing gross margin (dollars per barrel) ^(d)	\$16.14	\$14.46
Crude oil capacity utilization percent ^(e)	97	85
Refinery throughputs (thousands of barrels per day): ^(f)		
Crude oil refined	1,672	1,450
Other charge and blendstocks	180	200
Total	1,852	1,650
Sour crude oil throughput percent	56	49
WTI-priced crude oil throughput percent	20	21
Refined product yields (thousands of barrels per day): ^(f)		
Gasoline	911	837
Distillates	553	514
Propane	36	34
Feedstocks and special products	298	220
Heavy fuel oil	30	30
Asphalt	50	43
Total	1,878	1,678
Refinery direct operating costs (dollars per barrel): ^(g)		
Planned turnaround and major maintenance	\$0.79	\$3.15
Depreciation and amortization	1.42	1.55
Other manufacturing ^(h)	4.26	5.95
Total	\$6.47	\$10.65
Refining & Marketing Operating Statistics By Region - Gulf Coast		
Refinery throughputs (thousands of barrels per day): ⁽ⁱ⁾		
Crude oil refined	1,031	860
Other charge and blendstocks	179	211
Total	1,210	1,071
Sour crude oil throughput percent	70	60
WTI-priced crude oil throughput percent	5	3
Refined product yields (thousands of barrels per day): ⁽ⁱ⁾		
Gasoline	523	489
Distillates	342	319
Propane	25	21
Feedstocks and special products	307	245
Heavy fuel oil	15	15
Asphalt	14	7
Total	1,226	1,096
Refinery direct operating costs (dollars per barrel): ^(g)		
Planned turnaround and major maintenance	\$0.80	\$3.83
Depreciation and amortization	1.14	1.25

Other manufacturing ^(h)	3.99	5.87
Total	\$5.93	\$10.95

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Supplementary Statistics (Unaudited)

	Three Months Ended			
	March 31,			
	2015			2014
Refining & Marketing Operating Statistics By Region – Midwest				
Refinery throughputs (thousands of barrels per day):(i)				
Crude oil refined	641			590
Other charge and blendstocks	36			48
Total	677			638
Sour crude oil throughput percent	34			34
WTI-priced crude oil throughput percent	43			47
Refined product yields (thousands of barrels per day):(i)				
Gasoline	388			348
Distillates	211			195
Propane	13			13
Feedstocks and special products	23			33
Heavy fuel oil	16			16
Asphalt	36			36
Total	687			641
Refinery direct operating costs (dollars per barrel):(g)				
Planned turnaround and major maintenance	\$0.73			\$1.71
Depreciation and amortization	1.85			1.91
Other manufacturing ^(h)	4.51			5.54
Total	\$7.09			\$9.16
Speedway Operating Statistics ^(b)				
Convenience stores at period-end	2,753			1,482
Gasoline and distillate sales (millions of gallons)	1,432			773
Gasoline and distillate gross margin (dollars per gallon) ^(j)	\$0.1970			\$0.1156
Merchandise sales (in millions)	\$1,111			\$722
Merchandise gross margin (in millions)	\$311			\$192
Merchandise gross margin percent	28.0	%	26.5	%
Same store gasoline sales volume (period over period) ^(k)	(1.2	%)	(0.7	%)
Same store merchandise sales (period over period) ^{(k)(l)}	6.2	%	5.3	%
Pipeline Transportation Operating Statistics				
Pipeline throughputs (thousands of barrels per day):(m)				
Crude oil pipelines	1,221			1,171
Refined products pipelines	886			819
Total	2,107			1,990

(a) Total average daily volumes of refined product sales to wholesale, branded and retail (Speedway segment) customers.

(b) Includes the impact of Hess' Retail Operations and Related Assets beginning on the September 30, 2014 acquisition date.

(c) Includes intersegment sales.

(d) Sales revenue less cost of refinery inputs and purchased products, divided by total refinery throughputs.

(e) Based on calendar day capacity, which is an annual average that includes downtime for planned maintenance and other normal operating activities.

(f) Excludes inter-refinery volumes of 35 mbpd and 59 mbpd for the three months ended March 31, 2015 and 2014, respectively.

- (g) Per barrel of total refinery throughputs.
- (h) Includes utilities, labor, routine maintenance and other operating costs.
- (i) Includes inter-refinery transfer volumes.
- (j) 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.
- (k) Same store comparison includes only locations owned at least 13 months, and therefore excludes locations acquired from Hess.
- (l) Excludes cigarettes.
- (m) On owned common-carrier pipelines, excluding equity method investments.

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Part II – Other Information

Item 1. 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. Specific matters discussed below are either new proceedings or material developments in proceedings previously reported.

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.

Environmental Proceedings

As reported in our Annual Report on Form 10-K for the year ended December 31, 2014, 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 settled with the agency in April 2015 and agreed to pay a \$95,000 civil penalty and undertake a supplemental environmental project involving the installation of ambient air monitors at the refinery.

We are involved in a number of other environmental proceedings arising in the ordinary course of business. While the 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 1A. Risk Factors

We are subject to various risks and uncertainties in the course of our business. The discussion of such risks and uncertainties may be found under Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2014.

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Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table sets forth a summary of our purchases during the quarter ended March 31, 2015, 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)
01/01/2015-01/31/2015	702,487	\$85.57	701,253	\$ 1,665,808,321
02/01/2015-02/28/2015	583,420	98.90	576,791	1,608,808,561
03/01/2015-03/31/2015	936,772	99.95	916,046	1,517,309,803
Total	2,222,679	95.13	2,194,090	

The amounts in this column include 1,234, 6,629 and 20,726 shares of our common stock delivered by employees^(a) to MPC, upon vesting of restricted stock, to satisfy tax withholding requirements in January, February and March, respectively.

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.^(b)

On July 30, 2014, we announced that our board of directors approved an additional \$2.0 billion share repurchase authorization expiring in July 31, 2016, resulting in \$8.0 billion of total share repurchase authorizations since January 1, 2012. As of March 31, 2015, we had approximately \$1.52 billion of share repurchase authorization remaining.^(c)

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Item 6. Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith	Furnished Herewith
		Form	Exhibit	Filing Date	SEC File No.		
3.1	Restated Certificate of Incorporation of Marathon Petroleum Corporation	8-K	3.1	6/22/2011	001-35054		
3.2	Amended and Restated Bylaws of Marathon Petroleum Corporation	10-Q	3.2	8/8/2012	001-35054		
31.1	Certification of President and Chief Executive Officer pursuant to Rule 13(a)-14 and 15(d)-14 under the Securities Exchange Act of 1934					X	
31.2	Certification of Senior Vice President and Chief Financial Officer pursuant to Rule 13(a)-14 and 15(d)-14 under the Securities Exchange Act of 1934					X	
32.1	Certification of President and Chief Executive Officer pursuant to 18 U.S.C. Section 1350						X
32.2	Certification of Senior Vice President and Chief Financial Officer pursuant to 18 U.S.C. Section 1350						X
101.INS	XBRL Instance Document					X	
101.SCH	XBRL Taxonomy Extension Schema					X	
101.PRE	XBRL Taxonomy Extension Presentation Linkbase					X	
101.CAL	XBRL Taxonomy Extension Calculation Linkbase					X	
101.DEF	XBRL Taxonomy Extension Definition Linkbase					X	
101.LAB	XBRL Taxonomy Extension Label Linkbase					X	

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

May 4, 2015

MARATHON PETROLEUM CORPORATION

By: /s/ John J. Quaid
John J. Quaid
Vice President and Controller

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