

The Henry Fund

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MARATHON PETROLEUM CORPORATION (MPC)

April 5, 2026

Energy – Mid & Downstream Oil & Gas

Stock Rating

HOLD

Investment Thesis

Marathon Petroleum is a best-in-class refiner with a unique ability to process heavy, discounted crude and a growing midstream business that provides stable cash flow. The company is poised for a dramatic earnings recovery in 2026 as war-related disruptions to global oil flows drive crack spreads sharply higher. ¹ We recommend a HOLD, given 5% upside at a \$254 target price.

Drivers of Thesis

- **Sharp Rebound in Refining Earnings:** The Strait of Hormuz closure has widened crack spreads. We forecast the Blended 3-2-1 crack spread to reach \$25.50/bbl in 2026E (up from \$14.89 in 2025), driving R&M NOPLAT to \$15.7B.
- **Advantaged Crude Slate:** MPC's ability to process ~50% heavy/sour crude provides a structural margin advantage. We forecast a sour differential of -\$5.10/bbl in 2026E, widening to -\$5.97/bbl by 2035E.
- **Durable Midstream Growth (MPLX):** Management is targeting 12.5% annual distribution growth through 2027 and over \$2B in annual growth capex (90% directed to Natural Gas & NGL services). The segment is expected to deliver mid-single-digit EBITDA growth, stabilizing MPC's cash flows.²

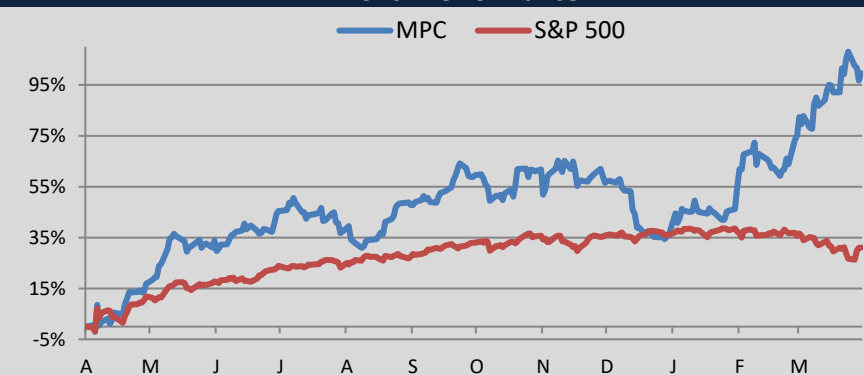
Risks to Thesis

- **Protracted Crude Price Spike:** If the Middle East conflict persists, crude could remain above \$100/bbl. Refiners face the risk that product prices will not keep pace, compressing crack spreads at the moment of peak forecasted earnings.
- **Margin Normalization:** Our thesis is built on a temporary spike in crack spreads. A rapid resolution to the Strait of Hormuz closure would cause margins to revert to mid-cycle levels faster than anticipated, eroding the 2026E earnings peak.
- **Policy & Tariff Uncertainty:** A 10% global tariff is in effect, with unpredictable impacts on energy trade flows and costs.³ Despite the Supreme Court striking down IEEPA tariffs on Canadian crude, the administration has signaled continued interest in trade action.⁴ Future tariffs on Canadian oil—a key feedstock for MPC's Mid-Continent refineries—remain a difficult-to-model risk.⁵

Earnings Estimates

Year	2023	2024	2025	2026E	2027E	2028E
EPS	\$23.63	\$9.51	\$10.70	\$19.85	\$16.99	\$15.80
HF est.				\$48.12	\$28.86	\$26.27
growth	-9.7%	-59.8%	12.5%	349.7%	-40.14%	-9.00%

12 Month Performance



Target Price

\$254

Henry Fund DCF	\$254
Henry Fund DDM	\$125
Relative Multiple	\$477

Price Data

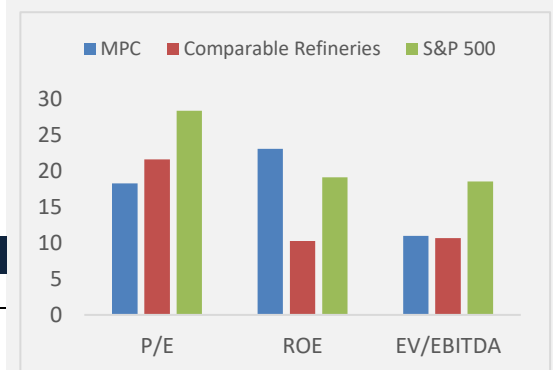
Current Price	\$241
52wk Range	\$115 – \$256
Consensus 1yr Target	\$231

Key Statistics

Market Cap (B)	\$71.2
Shares Outstanding (M)	294.7
Institutional Ownership	74.93%
Beta	0.71
Dividend Yield	1.65%
Est. 5yr Growth	10%
Price/Earnings (FY25)	18.13
Price/Earnings (FY26)	5.02

Profitability

Operating Margin	4.92%
Profit Margin	3.05%
Return on Assets (FY25)	4.87%
Return on Equity (FY25)	23.06%



Company Description

Marathon Petroleum Corporation (MPC) is the largest independent petroleum refiner in the United States, with approximately 3.0 million barrels per day (mbpd) of crude oil refining capacity across 13 refineries.¹ The company's operations are structured into two primary reportable segments: Refining & Marketing (R&M) and Midstream, which is primarily conducted through its master limited partnership, MPLX LP (64% owned). MPC's geographic footprint spans the Gulf Coast (42% of capacity), the Mid-Continent (40%), and the West Coast (18%), allowing it to optimize across regional crude differentials and product markets.

COMPANY DESCRIPTION

Marathon Petroleum Corporation, headquartered in Findlay, Ohio, is a leading integrated downstream company specializing in the refining, marketing, and transportation of petroleum products.

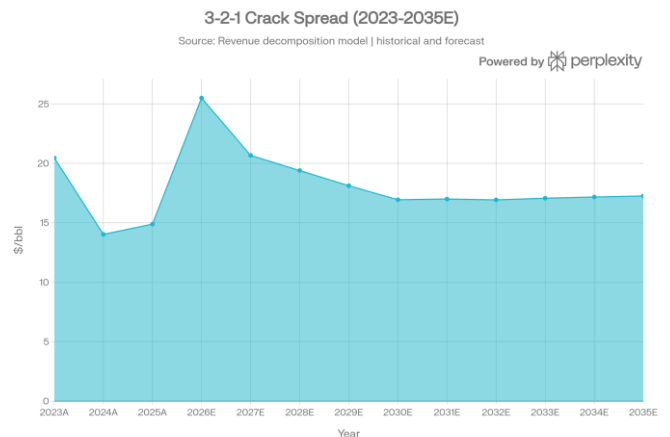
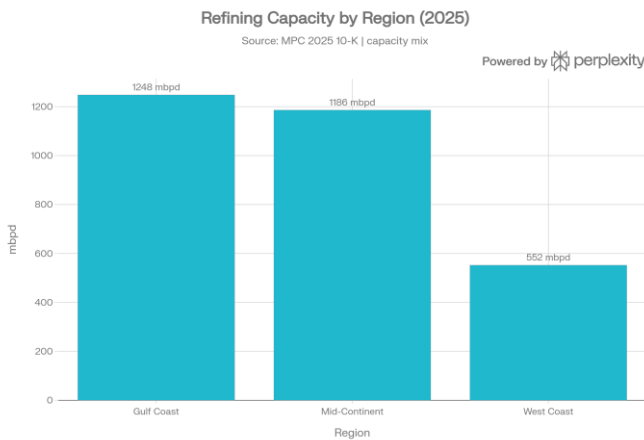
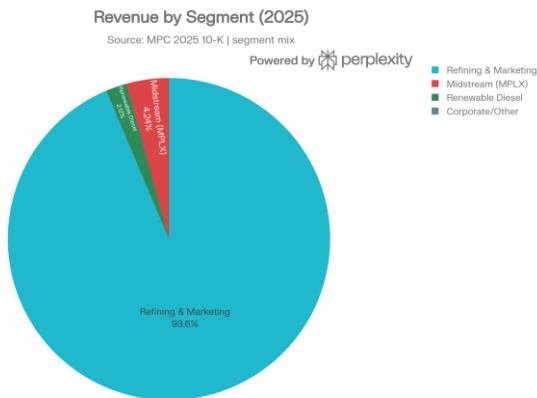
Originally part of Marathon Oil, Marathon Petroleum became an independent entity in 2011, enabling greater operational and financial efficiency. Since then, Marathon has seen tremendous success and today operates the largest refining system in the United States with a total refining capacity of 2.95 million barrels per day, in addition to 20,000 miles of pipeline ownership and control, and approximately 9,000 retail and branded marketing locations across North America. Marathon contributes approximately 17% of total United States crude refining capacity and is forecast to grow as the company invests in increasing refinery capacity and efficiency.

The company has three primary operating segments: Refining and Marketing, Midstream, and a newly established Renewable Diesel segment, previously part of the refining business.

Refining & Marketing

The Refining and Marketing segment is Marathon’s core earnings driver. The segment refines crude oil and other feedstocks into a wide range of petroleum products, including gasoline, distillates, propane, asphalt, and heavy fuel oil. Marathon’s 13 refineries are strategically located across three United States Petroleum Administration for Defense Districts: the Gulf Coast (42% of capacity), the Mid-Continent (40%), and the West Coast (18%). This geographic diversification allows the company to optimize across regional crude differentials and product markets. The segment sells refined products to wholesale customers, on the spot market, to independent entrepreneurs operating Marathon branded outlets, and through long-term supply contracts with direct dealer locations largely under the ARCO brand.

Segment profitability is driven primarily by the crack spread, which is the difference between the price of crude oil and the refined products derived from it. Marathon’s ability to process a heavy and sour crude slate provides a structural margin advantage, as these feedstocks typically trade at a discount to lighter, sweeter crudes. We forecast the Blended 3-2-1 crack spread to reach \$25.50 per barrel in 2026, up from \$14.89 in 2025, driven by war-related disruptions to global oil flows through the Strait of Hormuz. We expect total refined product sales volumes to average approximately 3,644 thousand barrels per day in 2026, with gasoline and distillates accounting for over 85% of the sales mix.



Midstream

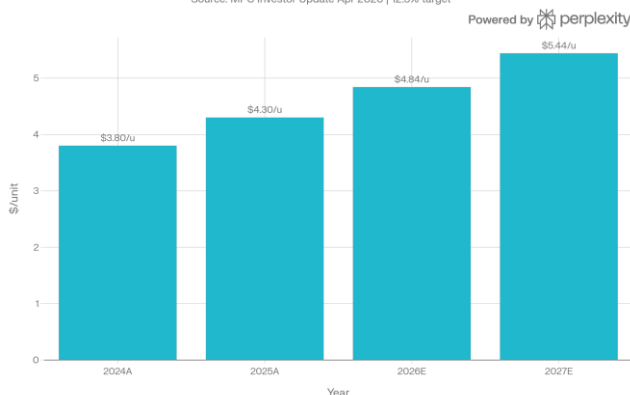
The Midstream segment is primarily conducted through Marathon Petroleum’s master limited partnership, MPLX. MPLX owns and operates a vast network of crude oil,

natural gas, and refined product pipelines, storage terminals, marine vessels, and natural gas gathering and processing facilities. The segment provides critical services to Marathon’s refining system and third-party customers, generating stable, fee-based cash flows supported by long-term, take-or-pay contracts. Marathon owns the general partner and approximately 64% of the outstanding common units of MPLX, consolidating its results.

Segment growth is driven by rising United States natural gas demand, which is expected to increase by over 15% by 2030.⁵ Key demand drivers include the expansion of liquefied natural gas export capacity, which is set to roughly double by the end of the decade, and surging power demand from artificial intelligence data centers.⁵ MPLX is a direct beneficiary of these trends, with management targeting 12.5% annual distribution growth through 2027 and over \$2 billion in annual growth capital expenditures, 90% of which is directed to Natural Gas and NGL services. We expect the segment to deliver mid-single-digit EBITDA growth over the forecast period.

MPLX Distribution Growth (2024A-2027E)

Source: MPC Investor Update Apr 2026 | 12.5% target



Renewable Diesel

The Renewable Diesel segment is a newly separated operating division that was previously part of the Refining and Marketing segment. Marathon converted two of its petroleum refineries—the Dickinson, North Dakota facility and the Martinez, California facility—into renewable fuel production facilities. The Martinez facility, a 50/50 joint venture with Neste Corporation, has the capacity to produce 730 million gallons per year of renewable diesel. The Dickinson facility has the capacity to produce 184 million gallons per year. The segment generates revenue from renewable diesel sales and from the sale of

Renewable Identification Numbers and Low Carbon Fuel Standard credits.

Segment profitability is heavily influenced by regulatory policies, including the Renewable Fuel Standard and the 45Z Clean Fuel Production Credit. While policy uncertainty remains a risk, demand for renewable diesel is expected to reach record levels in 2026. We expect the Martinez facility to operate at high utilization rates, with the segment providing a modest but growing contribution to Marathon’s overall EBITDA. Any expansion or clarification of low-carbon fuel incentives would present material upside to our forecasts.

Cost Structure Analysis

Marathon Petroleum's cost structure is dominated by crude oil and other feedstock purchases, which typically account for approximately 85% to 90% of total revenues. This high proportion means that even small changes in crude prices or refining margins have an outsized impact on profitability. In our forecast, we assume cost of revenues as a percentage of sales increases from 86.5% in 2026 to 89.5% by 2035. This gradual increase reflects our expectation that crack spreads will normalize from their 2026 peak, meaning a larger share of revenue will be consumed by crude costs over time. Marathon's advantage lies not in sourcing cheaper crude, but in its ability to process discounted heavy and sour grades, which we forecast will maintain a differential of approximately -\$5 to -\$6 per barrel through the forecast period.

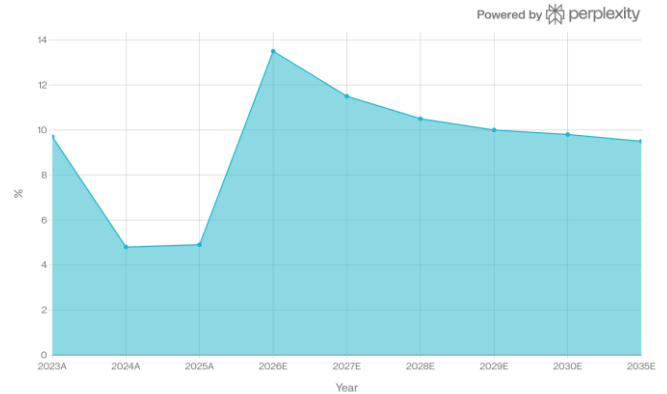
Beyond crude costs, refining operating expenses—including energy, maintenance, and labor—averaged \$5.59 per barrel in 2025.¹ We forecast these costs to increase modestly to approximately \$6.00 per barrel by the end of the decade, driven by inflationary pressures on labor and materials. Distribution costs, which include fees paid to MPLX for pipeline transportation and terminaling, have risen in recent years due to greater investment in Marathon's branded retail footprint. We expect these costs to remain range-bound between \$5.65 and \$5.75 per barrel through the forecast period, consistent with the long-term, fee-based nature of the MPLX contracts.

Marathon's gross margin is highly cyclical, and our model forecasts it to peak in 2026 at approximately 13.5% of revenue, driven by the war-related spike in crack spreads. This is a dramatic improvement from the 5% gross margin reported in 2024 and 2025. However, we forecast gross

margins to gradually decline after 2026, falling to approximately 10.5% of revenue by 2030 and further to 9.5% by 2035 as crack spreads normalize to mid-cycle levels. Importantly, while absolute margins decline, Marathon's midstream segment provides a stabilizing floor. The fee-based nature of MPLX's cash flows means that even in years of weak refining margins, the company generates positive operating cash flow, a key differentiator from pure-play refining peers.

The sharp improvement in gross margin in 2026 drives our peak NOPLAT forecast of \$15.7 billion, while the subsequent normalization of margins explains the decline in NOPLAT to \$6.5 billion by 2035. Our rating is not based on any deterioration in Marathon's operational efficiency—which we believe remains best-in-class—but rather on our expectation that current peak margins are unsustainable over the long term. Investors should view 2026 as a cyclical peak, not a new baseline for profitability.

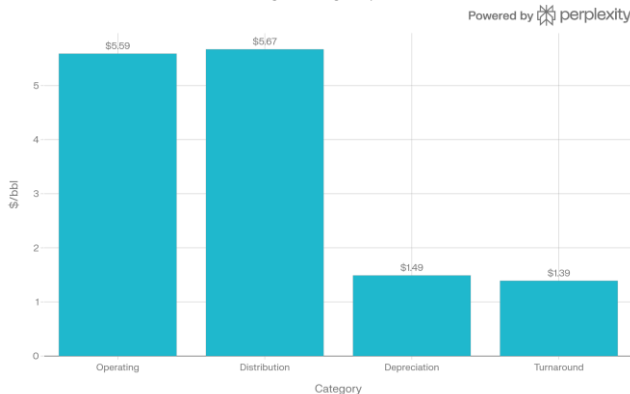
Gross Margin % (2023A-2035E)
Source: Income statement model | margin forecast



Additional Company Analysis

Marathon Petroleum makes money by purchasing crude oil, refining it into transportation fuels, and selling those products at a margin. Gasoline and distillates (diesel and jet fuel) together account for roughly 85% of refined product sales volumes, making them the company's most critical products. Marathon sells through three primary channels: wholesale marketing to large resellers, spot market sales, and branded sales to independent entrepreneurs operating Marathon and ARCO outlets. The company's Midstream segment, operated through MPLX, provides a critical second revenue stream by charging fees for pipeline transportation, storage, and processing services to both Marathon's own refineries and third-party customers. We forecast total refined product sales volumes to average approximately 3.6 million barrels per day in 2026, with the average realized sales price peaking at \$3.04 per gallon before declining as crack spreads normalize later in the decade.

R&M Cost per Barrel (2025)
Source: Refining & Marketing table | cost structure



Marathon differentiates itself from peers through three distinct competitive advantages. First, the company operates the largest refining system in the United States, with approximately 3.0 million barrels per day of capacity, providing purchasing power and distribution efficiencies that smaller competitors cannot match. Second, Marathon's refineries are among the most complex in the industry, with the ability to process approximately 50% heavy and sour crude—a percentage roughly 10% higher than its closest peer. This capability translates directly into higher margins when sour differentials widen, as we forecast they will through 2035. Third, Marathon's ownership of MPLX provides a unique advantage over pure-play refiners: stable, fee-based cash flow regardless of refining margins. The long-term, take-or-pay contracts

between Marathon and MPLX create a floor on earnings that independent refiners simply do not have.

The viability of Marathon's business model rests on its ability to weather the inherent cyclicality of refining margins. The company's complexity advantage means it earns higher margins than simple refiners during periods of wide differentials. Its midstream integration provides cash flow stability during refining downturns. And its disciplined capital allocation—prioritizing share repurchases and dividends over growth for growth's sake—has earned a reputation for shareholder-friendly management. Looking longer term, Marathon faces the same existential risk as all fossil fuel companies, but the energy transition is likely to be slower than many forecast. Fossil fuels are still expected to account for 41% to 55% of global energy consumption in 2050.⁴ Marathon is positioning for this future by investing in renewable diesel while maintaining its core refining business. We believe the business model remains viable, though investors should expect continued earnings volatility tied to the global refining cycle.

Debt Maturity Analysis

Marathon manages a consolidated debt portfolio of approximately \$33.3 billion as of year-end 2025, of which roughly \$26 billion resides at the MPLX subsidiary level and is non-recourse to the parent company. The near-term maturity profile is manageable, with \$2.37 billion due within one year. Based on our forecasted operating cash flow of approximately \$19 billion in 2026, the company has more than sufficient liquidity to service these obligations without refinancing. However, given the current interest rate environment and Marathon's investment-grade credit rating (Baa2 from Moody's, BBB from S&P and Fitch), we expect management will likely refinance upcoming maturities with new debt issuances rather than use operating cash flow to retire them entirely. This approach preserves cash for shareholder returns and aligns with management's stated priority of returning capital to shareholders. Marathon does not publicly disclose a specific target capital structure, but the company has consistently operated with a net debt-to-capital ratio of approximately 25% when excluding MPLX, suggesting a comfortable tolerance for leverage. The MPLX subsidiary, which holds the majority of the debt, operates with higher leverage but generates stable, fee-based cash flows that easily cover its interest obligations. We do not view debt as a near-term credit concern.

Five-Year Debt Maturity Schedule

Fiscal Year	Coupon (%)	Payment (\$mil)
2026	4.85%	\$2,263
2027	4.92%	\$2,014
2028	4.75%	\$1,764
2029	4.60%	\$764
2030	5.10%	\$2,614
Thereafter	5.25%	\$22,100
Total		\$31,519

Source: 10-K 2025¹

ESG Analysis

Marathon Petroleum's ESG profile is mixed, with notable governance strengths but environmental concerns typical of a large independent refiner. On governance, the company scores well: 91% of the board is independent, 36% of board members are female, and 57% of the management team is female.⁸ However, the company maintains a dual board and chair structure, which some investors view as a concentration of power. Shareholder proposals to eliminate supermajority voting requirements have been a recurring theme, passing in 2017, 2020, and 2023 but failing more recently in 2025.⁸ Marathon does not have a standalone anti-bribery policy, workplace accident prevention policy, or human rights policy, though the company states it has no known violations of UNGC or OECD guidelines.

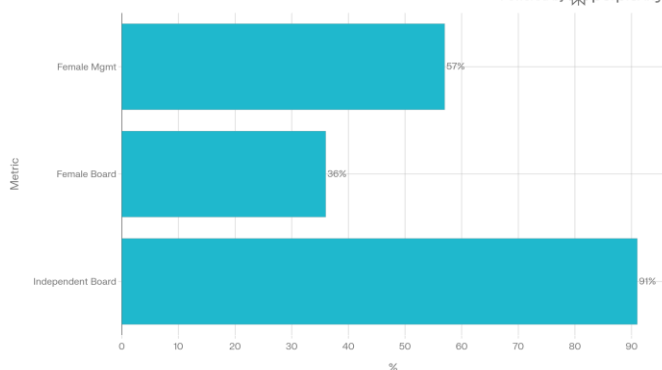
Environmentally, Marathon is actively involved in the fossil fuel sector and does not have carbon emission reduction initiatives explicitly aligned with the Paris Agreement. Scope 1 and Scope 2 emissions intensity data is available, but the company lags some peers in setting aggressive decarbonization targets. On a positive note, Marathon has made progress on renewable diesel investments and energy efficiency improvements at its refineries. Socially, the company lacks formal accident prevention policies, though its OSHA recordable injury rate has improved in recent years. While ESG factors are not a primary screening criterion for the Henry Fund, investors increasingly focused on governance and climate risk should note Marathon's moderate governance strengths and its exposure to long-term carbon transition risk.

relative to more diversified energy peers.

Board Diversity Metrics (2026)

Source: FactSet ESG report | governance profile

Powered by perplexity



to \$104 per barrel by early March, representing a rapid and dramatic shift in the global oil market.³

For Marathon Petroleum, this conflict presents both opportunity and risk. Our model assumes shut-in production will peak in early April 2026 and then gradually ease, leading to a sharp but temporary spike in crack spreads. However, any prolongation of the conflict would keep crude prices elevated. Refiners face the risk that product prices—gasoline and diesel—will not keep pace with the sharp rise in input costs, compressing crack spreads at the very moment of peak forecasted earnings. This dynamic is the single largest variable in our 2026 outlook.

RECENT DEVELOPMENTS

Q4 2025 Earnings & 2026 Guidance

Marathon delivered a strong fourth quarter to close out 2025. The company reported adjusted earnings per share of \$4.07, significantly surpassing consensus expectations.² The beat was driven by exceptional refining performance, with the segment achieving 95% utilization and an impressive 114% margin capture rate.² Full-year adjusted EBITDA reached nearly \$12 billion, while cash flow from operations, excluding working capital changes, totaled \$8.7 billion.²

Management used the earnings call to provide constructive guidance for 2026. The company reaffirmed its commitment to returning capital to shareholders, intending to match 2025's \$4.5 billion total through share repurchases and dividends.² Importantly, Marathon announced a 20% reduction in refining capital spending for 2026, signaling a strategic shift toward free cash flow generation and shareholder returns in what we expect to be a peak margin year.²

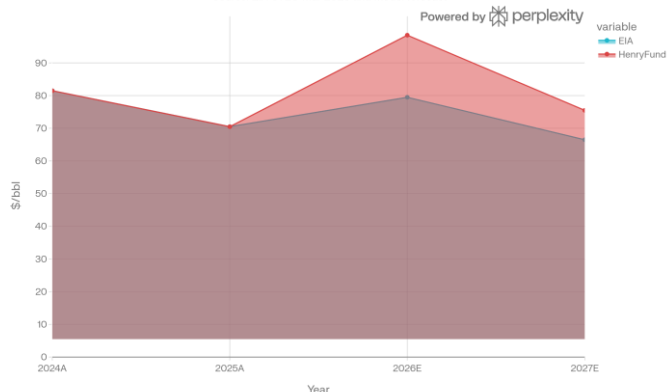
Geopolitical Risk: The Iran Conflict

The escalating military conflict in the Middle East is the most significant near-term driver of our 2026 forecasts. The effective closure of the Strait of Hormuz, through which approximately 20% of global oil supply transits, has added a substantial risk premium to crude prices.³ The Energy Information Administration estimates that Brent crude oil prices rose from \$71 per barrel in late February

WTI Crude Oil Forecast (2024A-2027E)

Source: EIA STEO Mar 2026 and model forecast

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Midstream Expansion Projects

Throughout 2025, Marathon Petroleum advanced its strategic "wellhead-to-water" natural gas liquids strategy. The company announced several key midstream projects, including the Secretariat II processing plant and two new Gulf Coast fractionation facilities, referred to as Frac I and Frac II. These facilities are expected to come online in 2028 and 2029, respectively, and are designed to capture growing demand for natural gas liquids from both domestic petrochemical markets and international exports.

These investments are backed by strong secular tailwinds. United States natural gas demand is expected to grow by over 15% by 2030, driven by liquefied natural gas export capacity additions and surging power demand from artificial intelligence data centers. Marathon's management has committed over \$2 billion in annual growth capital expenditures to this effort, with 90% directed to Natural Gas and NGL services. The company

has also targeted 12.5% annual distribution growth for MPLX through 2027, underscoring its confidence in the long-term fundamentals of the midstream business.

INDUSTRY TRENDS

Consolidation Through M&A

The energy industry is becoming more concentrated as large companies buy smaller rivals. In 2024 and 2025, major deals reshaped both the refining and midstream landscapes. Diamondback Energy's acquisition of Endeavor Energy for \$26 billion and ONEOK's purchases of EnLink Midstream and Medallion Midstream for over \$15 billion demonstrate this trend. The total value of midstream deals announced in North America reached \$25.4 billion in 2025, with the largest being Brookfield Infrastructure Partners' \$9 billion acquisition of Colonial Enterprises.⁶

For Marathon Petroleum, this consolidation means fewer but larger competitors, which can lead to more rational pricing and less destructive competition during downturns. Scale advantages become even more important in this environment. Marathon's position as the largest independent refiner in the United States gives it a natural edge, but the company must continue to optimize its asset base to stay ahead. We expect this consolidation trend to continue, as larger players seek cost efficiencies and smaller operators look for exits. Marathon has participated in this trend as well, acquiring Northwind Midstream for \$2.4 billion in August 2025 and expanding its Permian Basin gas processing footprint. **Industry Surge in U.S. Energy Exports**

The United States has become a dominant force in global energy markets. U.S. crude oil production averaged 13.6 million barrels per day in 2025, the highest in the world.³ Liquefied natural gas exports have grown even faster, reaching 15 billion cubic feet per day in 2025, with the Energy Information Administration expecting exports to reach 16.4 Bcf/d in 2026 and 18.1 Bcf/d in 2027.³ The closure of the Strait of Hormuz due to the Iran conflict has only accelerated this trend, as customers in Europe and Asia seek reliable supplies outside the conflict zone.

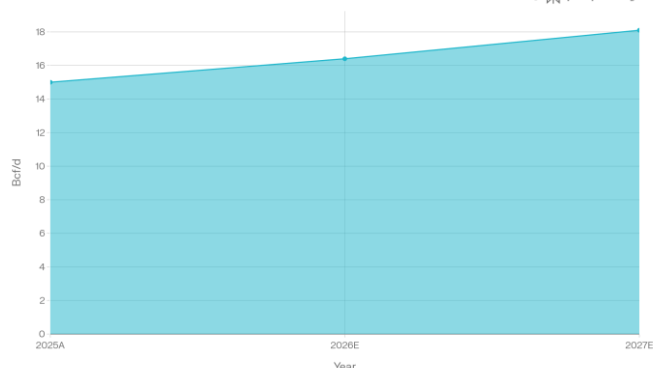
For Marathon Petroleum, this export boom is a major opportunity. The company's Gulf Coast refineries in Garyville, Louisiana, and Galveston Bay, Texas, are strategically positioned to load refined products onto

vessels for international markets. In 2025, Marathon exported approximately 401,000 barrels per day of gasoline, distillates, and other products.¹ We expect export volumes to remain strong through 2026 and 2027 as global customers diversify away from Middle Eastern supplies. The company's investment in export-grade premium gasoline production at Garyville, expected online by the end of 2027, is directly aimed at capturing this growing international demand.

U.S. LNG Exports Forecast (2025A-2027E)

Source: EIA STEO Mar 2026 | export outlook

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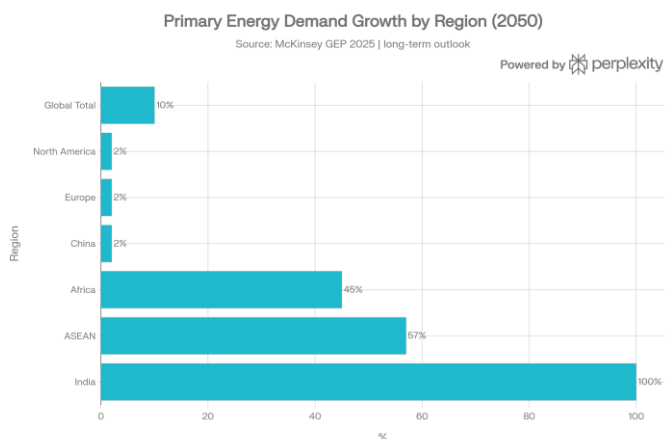


Rising Global Energy Demand

Global energy demand is growing faster than many expected. Global primary energy demand is projected to grow by approximately 10% by 2050.⁴ This represents a significant shift from the previous decade, when energy demand growth was largely flat in developed economies. The key drivers are twofold. First, emerging markets like India, Southeast Asian nations, and Africa are experiencing rapid economic growth and rising energy consumption per person. India alone is expected to become the third-largest energy consumer in the world by 2050.⁴

Second, the artificial intelligence boom is creating entirely new sources of electricity demand. Data centers require massive amounts of reliable power, and natural gas is emerging as the primary solution because it can provide dispatchable energy when solar and wind are not available. Data center-related power demand in the United States alone could add 3 to 5 billion cubic feet per day of new natural gas demand by the end of the decade.⁵ For Marathon Petroleum, this means stronger demand for both refined products and natural gas. The company's MPLX subsidiary is directly positioned to benefit from rising natural gas consumption, while Marathon's

refineries will continue to supply the transportation fuels that keep the broader economy moving.



MARKETS AND COMPETITION

The U.S. refining industry is dominated by a handful of large players. Marathon Petroleum is the largest independent refiner with approximately 2.95 million barrels per day of capacity across 13 refineries. Valero Energy is second with 3.2 million barrels per day, followed by Phillips 66 and ExxonMobil. The top five refining companies control nearly half of total U.S. operable capacity. Geographically, refining is heavily concentrated along the Gulf Coast, which handles about half of all U.S. capacity. The Midwest and West Coast account for most of the remainder. This geographic concentration creates natural pricing differences between regions, which sophisticated refiners like Marathon exploit by moving products to the highest-priced markets.

The industry structure is stable but highly competitive. Building a new refinery is nearly impossible due to costs exceeding \$10 billion and regulatory hurdles that can take a decade to clear. As a result, competition plays out on efficiency, complexity, and asset location rather than on building new capacity. Refiners do not fight hostile battles for market share because the product is largely interchangeable. Instead, they compete on margin capture—who can buy crude the cheapest and sell refined products at the highest prices. This favors refiners with complex units that can process heavy, sour crude, which typically trades at a discount to lighter, sweeter grades.

The industry reached its current state through decades of consolidation. Major mergers include Marathon's acquisition of Andeavor in 2018 for \$23 billion and Phillips

66's integration of various midstream assets. Refining capacity has actually declined in recent years, with several older, less efficient plants closing permanently. The Energy Information Administration expects U.S. refinery capacity to decline another 1.3% in 2026.³ This means remaining players benefit from tighter supply even as demand remains stable. The industry is in a mature life cycle stage. Domestic gasoline demand has been flat for years, but exports and diesel demand provide growth. Future growth will come from midstream integration, renewable fuels, and international markets rather than from new U.S. customers.

What separates winners from losers in this industry is complexity and integration. Marathon's ability to process approximately 50% heavy and sour crude gives it a cost advantage over simpler refiners. The company's ownership of MPLX provides fee-based income that cushions refining downturns. Competitors without midstream assets are more exposed to volatile crack spreads. The biggest risk to the industry is the energy transition. Electric vehicle adoption could reduce gasoline demand over time. Renewable diesel is already competing with petroleum-based diesel. However, most experts agree that fossil fuels will remain dominant for at least two to three decades, and Marathon is positioning itself for this future by investing in renewable diesel while maintaining its core refining business.

Peer Comparisons

Valero Energy (VLO)

The second-largest independent refiner with 15 refineries and approximately 3.2 million barrels per day of capacity across the United States, Canada, and the United Kingdom. Valero also operates 12 ethanol plants and holds a 50% stake in Diamond Green Diesel, North America's largest renewable diesel manufacturer. The company is known for its high complexity refining system, particularly its ability to process heavy Canadian and Latin American crudes.

Phillips 66 (PSX)

A diversified energy company operating 11 refineries with approximately 1.6 million barrels per day of capacity across the United States and Europe. Phillips 66 also has significant midstream, chemicals, and renewables businesses, providing earnings stability beyond refining. The company has consistently raised its dividend for over

a decade and recently began directly sourcing Venezuelan crude to capture heavier differentials.

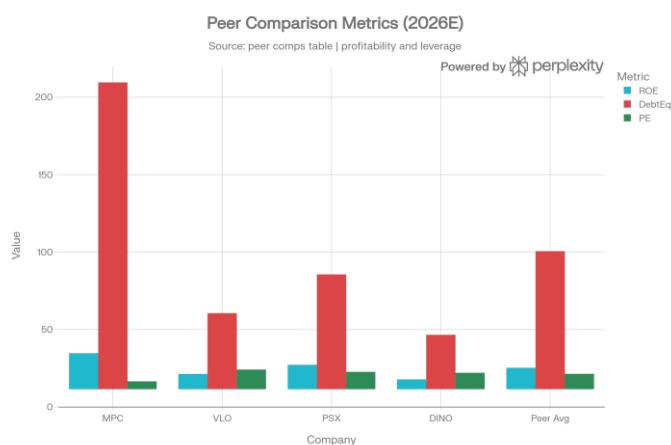
HF Sinclair (DINO)

An independent refiner operating seven refineries with approximately 678,000 barrels per day of capacity across the Mid-Continent, Rocky Mountain, Southwest, and Pacific Northwest regions. Unlike pure-play refiners, HF Sinclair also operates midstream, marketing, and lubricants businesses, giving its earnings profile more dimensionality. The company has posted sharp margin gains in the tight West Coast market and is expanding into renewable diesel and sustainable aviation fuel through joint ventures.

GDP to grow 4.5% in 2026 and 4.0% in 2027, both below historical averages. If these forecasts prove too optimistic, Marathon's export volumes and margins would face headwinds.

Crude Oil Prices

Crude oil prices directly impact Marathon's cost structure and refining margins. The war in Iran has pushed West Texas Intermediate crude from approximately \$65 per barrel in early 2025 to over \$90 per barrel in early 2026. The Energy Information Administration forecasts WTI to average \$74 per barrel in 2026 and \$61 per barrel in 2027, assuming the conflict eases. The Henry Fund is slightly more conservative, expecting prices to remain elevated through 2026 before gradually declining to approximately \$70 per barrel in 2027.



For Marathon, higher crude prices are not automatically good news. The company makes money on the spread between what it pays for crude and what it sells refined products for. If crude prices rise faster than gasoline and diesel prices, that spread shrinks. Marathon's advantage is its ability to process heavy, sour crude, which typically trades at a discount to benchmark WTI. We expect this discount to widen during the conflict, partially offsetting the margin pressure. Marathon's sensitivity analysis shows that a \$1.00 per barrel change in sour differentials impacts annual EBITDA by approximately \$520 million.¹

ECONOMIC OUTLOOK

Real GDP Growth

Global economic growth is the single most important driver of energy demand. When economies grow, factories run, trucks deliver goods, and people drive more. When they contract, fuel demand falls. The Henry Fund consensus expects U.S. real GDP growth of approximately 2.2% in 2026, slowing to around 2.0% in 2027. This modest but positive growth supports stable demand for gasoline, diesel, and jet fuel. For Marathon Petroleum, this means refinery utilization rates should remain healthy, likely in the 90-93% range through our forecast period.

Any significant slowdown in China or Europe would directly pressure Marathon's export volumes from its Gulf Coast refineries, which are a critical outlet for its production. China's manufacturing activity has contracted in 25 of the last 34 months, a risk we are monitoring closely. The International Monetary Fund expects China's

Interest Rates & Inflation

The Federal Reserve cut interest rates in the second half of 2025, bringing the target range to 3.5% to 3.75%. Market pricing suggests further cuts to approximately 3.25% by the end of 2026. Lower interest rates reduce Marathon's borrowing costs and make its dividend yield more attractive to income-focused investors. The company's current dividend yield of approximately 1.5% becomes more competitive when bond yields are falling. This supports Marathon's strategy of returning capital to shareholders through dividends and buybacks.

Inflation, however, remains a concern. Steel tariffs have increased the cost of pipeline and refinery equipment, while labor costs continue to rise.⁷ Marathon's refining operating costs averaged \$5.59 per barrel in 2025, and we expect this to increase modestly to approximately \$6.00 per barrel by the end of the decade. The company's ability to pass these higher costs through to customers depends

on the strength of refining margins, which we expect to remain healthy in 2026 before gradually normalizing. Marathon's distribution costs, which include fees paid to MPLX, have also risen due to greater investment in the company's branded retail footprint. We expect these costs to remain range-bound between \$5.65 and \$5.75 per barrel through the forecast period, consistent with the long-term, fee-based nature of the MPLX contracts.

VALUATION

Revenue

Our revenue forecast begins with crude oil prices. We use the mid-year futures curve for 2026 WTI, which prices crude at approximately \$93 per barrel, reflecting the ongoing Iran conflict and closure of the Strait of Hormuz. Unlike most street analysts who assume the conflict will resolve quickly, we believe the situation will persist through 2026, similar to how Russian supply disruptions kept energy prices elevated for years following the Ukraine invasion. For 2027 through 2035, we rely on the Energy Information Administration's low-production, high-price forecast, which assumes structural supply constraints. From these crude price anchors, we derive all other pricing inputs. Our crude differentials, refined product benchmark prices, and crack spreads are calculated using regression-based formulas with decades of historical data, all of which show high statistical significance. We forecast the Blended 3-2-1 crack spread to reach \$25.50 per barrel in 2026, up from \$14.89 in 2025. Revenue is then calculated as total sales volume (in barrels per day, multiplied by 365 days and 42 gallons per barrel) multiplied by our average realized refined product sales price, which we derive from regional benchmark prices.

COGS & SG&A

COGS is dominated by crude oil purchases, which we forecast as a percentage of revenue. We assume cost of revenues increases from 86.5% of sales in 2026 to 89.5% by 2035, reflecting our expectation that crack spreads will normalize from their 2026 peak, meaning a larger share of revenue will be consumed by crude costs over time. This gradual increase is not a sign of operational deterioration but rather a mathematical reflection of margin normalization. Selling, general and administrative expenses are forecast to grow at approximately 3-4%

annually, slightly above inflation, as Marathon continues to invest in its branded retail network and digital capabilities. We do not assume any significant operating leverage in SG&A, as the company already operates efficiently relative to peers.

CapEx

We forecast capital expenditures to peak in 2026 at approximately \$4.2 billion before gradually declining to \$3.5 billion by 2035. This reflects management's guidance from the Q4 2025 earnings call, where the company announced a 20% reduction in refining capital spending for 2026 and indicated further reductions in 2027 and 2028. The majority of 2026 capex is directed toward MPLX, with \$2.7 billion allocated to midstream growth projects, including the Secretariat II processing plant and two new Gulf Coast fractionation facilities. Refining capital is focused on high-return projects at Garyville, Galveston Bay, Robinson, and El Paso, all targeting returns of 25% or more. Our forecast assumes Marathon will not pursue major acquisitions in refining but will continue small tuck-in midstream purchases.

Payouts & Repurchases

We assume Marathon will continue its aggressive share repurchase program, with approximately \$2.18 billion in buybacks in 2026. This is consistent with management's stated priority of returning capital to shareholders, as discussed on the Q4 2025 earnings call. The company has a multi-year history of reducing shares outstanding, and we forecast shares to decline from 305 million in 2025 to 296 million in 2026 and further to 261 million by 2035. We also assume Marathon maintains its 10% annual dividend growth policy, with dividends per share increasing from \$3.73 in 2025 to \$4.10 in 2026 and reaching \$9.67 by 2035. These assumptions are supported by Marathon's strong free cash flow generation, which we forecast at approximately \$16.4 billion in 2026.

WACC

Our WACC of 6.43% is derived from a risk-free rate of 4.32% (the 10-year Treasury yield as of March 31, 2026), a beta of 0.71 (5-year weekly raw beta), and an equity risk premium of 5.0% (Henry Fund consensus). The resulting cost of equity is 7.87%. For cost of debt, we use a pre-tax rate of 4.75%, which is Marathon's weighted average cost of fixed debt, and a marginal tax rate of 28%, yielding an

after-tax cost of debt of 3.42%. Our market value weights are 67.6% equity and 32.4% debt, based on current market capitalization of approximately \$71.6 billion and total debt of \$34.4 billion (including short-term debt, long-term debt, and operating lease liabilities). This WACC is lower than many street estimates because we use a lower beta and a lower pre-tax cost of debt, reflecting Marathon's investment-grade credit rating and the defensive nature of its midstream-integrated business model.

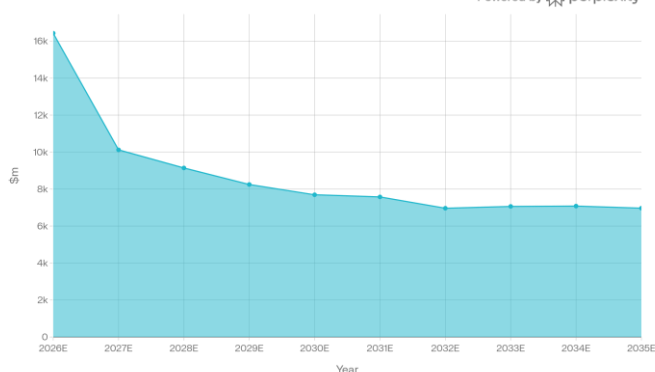
DCF & EP

Our DCF model yields a target price of \$254, which serves as the primary basis for our valuation. The model uses our forecasted free cash flows from 2026 through 2035, a terminal growth rate of -2.0%, and our WACC of 6.43%. The negative terminal growth rate reflects our view that the refining industry faces long-term structural headwinds from energy transition, and we do not believe Marathon can grow earnings indefinitely in a mature, declining-demand environment. Our EP model produces the same target price of \$254, serving as a useful cross-check. The DCF is our primary model because it better captures the cyclical nature of refining margins and the company's ability to generate cash flow during peak years. We place less weight on the DDM because dividend growth is tied to volatile earnings.

Free Cash Flow Forecast (2026E-2035E)

Source: DCF/EP model | cash flow outlook

Powered by perplexity



DDM

Our DDM yields a far more conservative target of \$122. This model assumes dividend growth is tied to earnings, which our forecast shows as highly volatile. The wide disparity between the DCF (\$254) and DDM (\$122) highlights the market's skepticism about the sustainability of Marathon's current earnings power. The DDM assumes

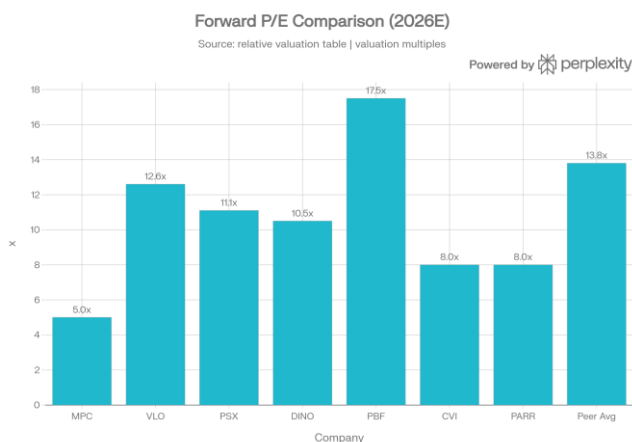
that dividends will grow at a stable, long-term rate, but refining earnings are inherently cyclical and unpredictable. A company cannot sustain 10% annual dividend growth if its earnings swing from \$48 per share to \$20 per share. We place less weight on this model because it is poorly suited for cyclical industries. Investors who rely on the DDM for refining stocks are likely to undervalue the companies during peak cycles and overvalue them during troughs.

Relative Valuation

Our relative valuation model compares Marathon to its closest independent refining peers: Valero, Phillips 66, HF Sinclair, PBF Energy, CVR Energy, and Par Pacific. Based on the peer group average forward P/E of 13.8x for 2026E and 14.4x for 2027E, and average EV/EBITDA of 6.3x, our model produces an implied relative value of approximately \$477 per share. This is substantially higher than our DCF target of \$254 and far above the current stock price. The reason for this massive disparity is simple: Marathon's forecasted EPS of \$48.12 for 2026E is more than double the next closest peer. The market is correctly skeptical that Marathon can sustain this level of earnings, which is why the stock trades at a forward P/E of just 5.0x based on our estimates, compared to the peer average of 13.8x. Our relative valuation model is useful for showing how undervalued Marathon appears if one assumes its peak earnings are sustainable. However, we do not believe they are. The refining cycle will normalize, and Marathon's earnings will decline. Therefore, we place less weight on

this model and rely primarily on our DCF, which accounts for the full earnings cycle rather than just the peak year.

broader market volatility as key drivers of Marathon's stock price, independent of refining margins.



	Risk-Free Rate						
	4.17%	4.22%	4.27%	4.32%	4.37%	4.42%	4.47%
254.24	291.67	289.96	288.27	286.59	284.93	283.28	281.65
0.50	279.94	278.34	276.75	275.17	273.60	272.05	270.51
0.57	268.91	267.39	265.89	264.40	262.93	261.46	260.01
0.64	258.49	257.06	255.64	254.24	252.84	251.46	250.09
0.71	248.64	247.29	245.95	244.62	243.30	241.99	240.70
0.78	239.32	238.05	236.78	235.52	234.27	233.02	231.79
0.85	230.49	229.28	228.07	226.88	225.69	224.51	223.34
0.92							

Source: Henry Fund MPC Valuation Model

Henry Fund VS Street

The average street price target for Marathon is approximately \$235. Our target of \$254 is above consensus. We differ from the street in three key ways. First, we believe the Iran conflict will persist longer than most analysts assume, keeping crude prices and crack spreads elevated through 2026. Second, we place a higher value on MPLX, recognizing that its fee-based cash flows provide stability that pure refining earnings do not. Third, we are more optimistic about Marathon's ability to maintain capital discipline and return cash to shareholders through buybacks, which we have explicitly modeled. What the street is not pricing in is the possibility that refining margins remain above mid-cycle levels for several years, not just one, as supply constraints from the conflict coincide with already-tight global refining capacity.

Sensitivity Analysis

Our sensitivity analysis shows that the DCF target price is most sensitive to changes in the risk-free rate and beta, which together determine the cost of equity and WACC. In our base case, we assume a risk-free rate of 4.32% and a beta of 0.71, yielding a target of \$254. If the risk-free rate rises to 4.47% and beta increases to 0.92, our target falls to \$223. If the risk-free rate falls to 4.17% and beta decreases to 0.50, our target rises to \$292. This range demonstrates that macro assumptions about interest rates and market volatility have a larger impact on our valuation than company-specific operational assumptions. Investors should monitor Federal Reserve policy and

Conclusion

Our DCF target of \$254 exceeds the street consensus of \$235, and our 2026E EPS of \$48.12 is far above consensus of roughly \$12.03. We have explicitly priced in a prolonged Iran conflict that keeps crack spreads wide through 2026, while most analysts assume a quick resolution. However, our HOLD rating reflects that this peak earnings year is already reflected in the stock price. What we cannot price is the timing of the conflict's resolution. If the Strait reopens tomorrow, our forecast collapses. If crude spikes above \$120 without product prices following, margins compress. These binary outcomes are impossible to model, which is why we recommend HOLD rather than BUY.

KEYS TO MONITOR

Investors should monitor four highly volatile variables that could materially impact our thesis. First, the duration of the Strait of Hormuz closure—every month the conflict persists adds approximately \$2-3 per barrel to our crack spread forecast. Second, quarterly capture rates; Marathon has averaged 105% capture over the past year, and any sustained drop below 95% would signal commercial underperformance. Third, MPLX distribution growth; management has targeted 12.5% annual increases through 2027, and a reduction would indicate midstream headwinds. Fourth, regulatory developments around the 45Z clean fuel credit; repeal would pressure renewable diesel margins. Each of these variables is publicly available in weekly EIA reports, quarterly earnings releases, and regulatory filings.

Our HOLD rating reflects a balanced view of Marathon Petroleum's near-term earnings power and long-term cyclical risks. The company is positioned for a peak earnings year in 2026 driven by war-induced supply

disruptions, but this peak is already reflected in the stock price. Investors should watch for changes in the four variables above to determine whether the thesis shifts toward sustained strength or rapid normalization. Without a clear catalyst in either direction, we believe patience is the appropriate strategy.

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Marathon Petroleum Corporation
Key Assumptions of Valuation Model

Ticker Symbol	NYSE:MPC
Current Share Price	222.07
Current Model Date	3/1/2025
FY End (month/day)	Dec. 31
Last FYE Date	12/31/2024
Next FYE Date	12/31/2025
Pre-Tax Cost of Debt	4.75%
Beta	0.71
Risk-Free Rate	4.32%
Equity Risk Premium	5.00%
CV Growth of NOPLAT	1.00%
CV Growth of EPS	1.00%
Current Dividend Yield	1.68%
Forecasted Marginal Tax Rate	28.00%
Forecasted Effective Tax Rate	25.00%
Cost of Equity	7.87%
WACC	6.34%
Normal Cash Estimate (% sales)	2.00%
Avg Effective Tax Rate	16.52%
A/R % of Sales	7.98%
Depreciation Rate	5.01%
A/P % of Sales	9.70%
LT Debt % NCA	119.80%
ST Debt % of NCA	10.40%
CV Year ROE	8.87%
PPE Growth %	4.01%

Marathon Petroleum Corporation
Sensitivity Tables

		Risk-Free Rate							
		295.95	4.17%	4.22%	4.27%	4.32%	4.37%	4.42%	4.47%
Beta	0.50	288.77	287.18	285.61	284.05	282.50	280.97	279.45	
	0.57	277.78	276.28	274.80	273.33	271.88	270.43	269.00	
	0.64	267.42	266.01	264.62	263.23	261.86	260.50	259.15	
	0.71	257.65	256.32	255.00	253.69	252.40	251.11	249.84	
	0.78	248.41	247.15	245.90	244.67	243.44	242.23	241.02	
	0.85	239.66	238.47	237.29	236.12	234.96	233.81	232.66	
	0.92	231.36	230.24	229.12	228.01	226.91	225.81	224.73	

		Pre-Tax Cost of Debt							
		295.95	4.45%	4.55%	4.65%	4.75%	4.85%	4.95%	5.05%
Equity Risk Premium	4.55%	265.85	264.69	263.53	262.38	261.24	260.10	258.97	
	4.70%	262.85	261.70	260.57	259.43	258.31	257.19	256.08	
	4.85%	259.90	258.77	257.65	256.54	255.43	254.33	253.24	
	5.00%	257.00	255.89	254.79	253.69	252.60	251.52	250.44	
	5.15%	254.15	253.06	251.97	250.89	249.82	248.75	247.69	
	5.30%	251.35	250.27	249.20	248.14	247.09	246.04	244.99	
	5.45%	248.59	247.53	246.48	245.44	244.40	243.36	242.33	

		CV Growth NOPLAT							
		295.95	-3.50%	-2.75%	-2.00%	-1.25%	-0.50%	0.25%	1.00%
WACC	5.43%	280.03	288.01	297.61	309.36	324.08	343.07	368.49	
	5.93%	259.51	265.93	273.55	282.77	294.14	308.52	327.27	
	6.43%	241.11	246.27	252.36	259.63	268.47	279.47	293.50	
	6.93%	224.52	228.68	233.54	239.29	246.21	254.68	265.28	
	7.43%	209.49	212.84	216.73	221.29	226.71	233.26	241.34	
	7.93%	195.81	198.51	201.61	205.22	209.48	214.56	220.75	
	8.43%	183.31	185.48	187.95	190.80	194.14	198.09	202.83	

		Cost of Equity							
		157.89	6.37%	6.87%	7.37%	7.87%	8.37%	8.87%	9.37%
CV ROE	6.07%	207.32	188.84	172.83	158.84	146.55	135.68	126.01	
	7.07%	203.97	185.85	170.14	156.41	144.35	133.68	124.19	
	8.07%	201.45	183.60	168.11	154.59	142.69	132.17	122.82	
	9.07%	199.49	181.84	166.53	153.16	141.40	131.00	121.75	
	10.07%	197.92	180.43	165.27	152.02	140.37	130.06	120.90	
	11.07%	196.63	179.28	164.23	151.09	139.52	129.29	120.20	
	12.07%	195.56	178.32	163.37	150.31	138.82	128.65	119.61	

		Depreciation Rate							
		295.95	4.86%	4.91%	4.96%	5.01%	5.06%	5.11%	5.16%
PPE Growth Rate	2.51%	277.24	275.48	273.73	271.98	270.22	268.47	266.72	
	3.01%	271.52	269.71	267.90	266.09	264.28	262.47	260.66	
	3.51%	265.61	263.74	261.87	260.00	258.13	256.26	254.39	
	4.01%	259.49	257.56	255.62	253.69	251.76	249.83	247.90	
	4.51%	253.15	251.16	249.16	247.17	245.17	243.18	241.18	
	5.01%	246.60	244.54	242.48	240.42	238.36	236.30	234.24	
	5.51%	239.82	237.69	235.56	233.44	231.31	229.18	227.05	

		A/R % of Sales							
		295.95	5.98%	6.98%	7.98%	8.98%	9.98%	10.98%	11.98%
A/P % of Sales	6.70%	249.32	244.95	240.58	236.21	231.84	227.46	223.09	
	7.70%	253.69	249.32	244.95	240.58	236.21	231.84	227.46	
	8.70%	258.06	253.69	249.32	244.95	240.58	236.21	231.84	
	9.70%	262.44	258.06	253.69	249.32	244.95	240.58	236.21	
	10.70%	266.81	262.44	258.06	253.69	249.32	244.95	240.58	
	11.70%	271.18	266.81	262.44	258.06	253.69	249.32	244.95	
	12.70%	275.55	271.18	266.81	262.44	258.06	253.69	249.32	

Marathon Petroleum Corporation
Revenue Decomposition

Fiscal Years Ending Dec. 31	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Refined Product Yields (Production)															
Gasoline (mb/d)	1,446	1,494	1,526	1,490	1,499	1,485	1,464	1,442	1,434	1,425	1,400	1,391	1,382	1,373	1,349
% of Total	51.01%	50.08%	51.85%	50.35%	49.59%	49.20%	48.90%	48.60%	48.30%	48.01%	47.68%	47.39%	47.09%	46.80%	46.49%
Distillates (mb/d)	965	1,079	1,037	1,070	1,093	1,102	1,102	1,101	1,110	1,119	1,116	1,124	1,133	1,141	1,138
% of Total	34.04%	36.17%	35.24%	36.16%	36.16%	36.51%	36.81%	37.11%	37.39%	37.70%	38.01%	38.30%	38.60%	38.89%	39.21%
Propane (mb/d)	52	70	66	67	67	66	66	65	65	65	65	65	65	65	64
% of Total	1.83%	2.35%	2.24%	2.26%	2.22%	2.19%	2.20%	2.19%	2.19%	2.19%	2.21%	2.21%	2.21%	2.22%	2.21%
NGLs and Petrochemicals (mb/d)	250	178	182	192	195	195	193	191	192	191	189	189	189	189	187
% of Total	8.82%	5.97%	6.18%	6.49%	6.45%	6.46%	6.45%	6.44%	6.47%	6.44%	6.44%	6.44%	6.44%	6.44%	6.44%
Heavy Fuel Oil (mb/d)	31	73	52	59	90	89	88	88	82	82	81	81	81	81	80
% of Total	1.09%	2.45%	1.77%	1.99%	2.98%	2.95%	2.94%	2.97%	2.76%	2.76%	2.76%	2.76%	2.76%	2.76%	2.76%
Asphalt (mb/d)	91	89	80	81	79	81	81	80	86	86	85	85	85	85	84
% of Total	3.21%	2.98%	2.72%	2.74%	2.61%	2.68%	2.71%	2.70%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.89%
Total Production	2,835	2,983	2,943	2,959	3,023	3,018	2,994	2,967	2,969	2,968	2,936	2,935	2,935	2,934	2,902
Refined Product Sales															
Gasoline (mb/d)	1,834	1,870	1,933	1,922	1,980	1,914	1,881	1,847	1,831	1,814	1,777	1,760	1,743	1,727	1,691
% of Total	53.24%	53.31%	55.07%	53.61%	53.25%	52.52%	52.09%	51.69%	51.26%	50.88%	50.44%	50.03%	49.62%	49.22%	48.79%
Distillates (mb/d)	1,089	1,169	1,128	1,187	1,237	1,225	1,228	1,229	1,242	1,254	1,253	1,265	1,277	1,289	1,288
% of Total	31.61%	33.32%	32.14%	33.11%	33.27%	33.62%	34.01%	34.40%	34.77%	35.18%	35.57%	35.96%	36.35%	36.73%	37.16%
Propane (mb/d)	76	93	90	104	97	96	96	95	95	95	95	95	95	95	93
% of Total	2.21%	2.65%	2.56%	2.90%	2.61%	2.63%	2.66%	2.66%	2.66%	2.66%	2.70%	2.70%	2.70%	2.71%	2.68%
NGLs and Petrochemicals (mb/d)	293	221	220	231	232	234	232	229	231	229	227	227	227	227	225
% of Total	8.51%	6.30%	6.27%	6.44%	6.24%	6.42%	6.42%	6.41%	6.47%	6.42%	6.44%	6.45%	6.46%	6.47%	6.49%
Heavy Fuel Oil (mb/d)	63	66	57	59	94	93	92	92	86	86	85	85	85	85	84
% of Total	1.83%	1.88%	1.62%	1.65%	2.53%	2.55%	2.55%	2.57%	2.41%	2.41%	2.41%	2.42%	2.42%	2.42%	2.42%
Asphalt (mb/d)	90	89	82	82	78	82	82	81	87	87	86	86	86	86	85
% of Total	2.61%	2.54%	2.34%	2.29%	2.10%	2.25%	2.27%	2.27%	2.44%	2.44%	2.44%	2.44%	2.45%	2.45%	2.45%
Total Sales	3,445	3,508	3,510	3,585	3,718	3,644	3,611	3,573	3,572	3,565	3,523	3,518	3,513	3,509	3,466
Refined Product Export Sales															
Gasoline (mb/d)	115	105	119	116	114	114	111	109	107	106	103	102	100	99	96
% of Total	34.64%	33.33%	32.78%	28.86%	28.43%	28.86%	28.10%	27.59%	26.88%	26.37%	25.69%	25.25%	24.57%	24.09%	23.41%
Distillates (mb/d)	162	158	156	199	195	191	193	194	198	202	203	206	210	214	215
% of Total	48.80%	50.16%	42.98%	49.50%	48.63%	48.35%	48.86%	49.11%	49.75%	50.25%	50.62%	50.99%	51.60%	52.07%	52.44%
Asphalt, NGLs and Other (mb/d)	55	52	88	87	92	90	91	92	93	94	95	96	97	98	99
% of Total	16.57%	16.51%	24.24%	21.64%	22.94%	22.78%	23.04%	23.29%	23.37%	23.38%	23.69%	23.76%	23.83%	23.84%	24.15%
Total Exports	332	315	363	402	401	395	395	395	398	402	401	404	407	411	410
Crude Oil Benchmark Prices (\$/bbl)															
WTI	68.11	94.33	77.6	75.76	64.73	86.90	71.79	75.13	75.77	78.22	79.56	78.00	80.91	83.10	84.86
MEH	69.01	96.19	79.08	77.35	65.87	88.61	73.06	76.50	77.16	79.68	81.06	79.45	82.45	84.70	86.51
ANS	70.56	98.98	82.41	80.31	69.72	91.47	75.96	79.39	80.05	82.56	83.94	82.34	85.33	87.57	89.38
Henry Hub	3.89	6.45	2.53	2.19	3.52	3.70	3.62	2.31	2.43	2.60	2.78	3.15	3.31	3.43	3.55
Crude Oil Differentials (\$/bbl)															
Sweet Differential	-0.47	0.21	0.48	1.09	0.73	0.40	0.41	0.41	0.41	0.41	0.41	0.41	0.40	0.40	0.40
Sour Differential	-4.05	-6.81	-5.35	-5.2	-5.25	-4.61	-4.22	-4.86	-5.11	-5.49	-5.58	-5.47	-5.68	-5.84	-5.97
Refined Products Benchmark Prices (\$/gal)															
Chicago CBOB Unleaded Gasoline	2.02	2.87	2.33	2.14	1.92	2.55	2.14	2.23	2.25	2.31	2.35	2.31	2.39	2.44	2.49
Chicago Ultra-Low Sulfur Diesel	2.06	3.43	2.61	2.32	2.17	2.84	2.36	2.46	2.48	2.56	2.61	2.56	2.65	2.72	2.78
USGC CBOB Unleaded Gasoline	2.01	2.76	2.34	2.13	1.91	2.52	2.11	2.20	2.22	2.29	2.32	2.28	2.36	2.42	2.47
USGC Ultra-Low Sulfur Diesel	2.01	3.46	2.72	2.36	2.22	2.76	2.28	2.38	2.40	2.48	2.53	2.48	2.57	2.64	2.70
LA CARBOB	2.2	3.29	2.81	2.46	2.31	2.91	2.50	2.59	2.61	2.67	2.71	2.67	2.74	2.80	2.85
LA CARB Diesel	2.1	3.51	2.91	2.44	2.36	2.84	2.36	2.47	2.49	2.56	2.61	2.56	2.65	2.72	2.77
Average Refined Product Sales Price (\$/g)	2.04	3	2.8	2.56	2.38	2.77	2.28	2.39	2.41	2.49	2.53	2.48	2.58	2.65	2.70
Crack Spread by Crude Oil (3-2-1)															
Mid-Continent WTI 3-2-1	10.95	26.93	18.61	14.09	13.92	24.59	20.07	18.94	17.70	16.54	16.60	16.53	16.67	16.77	16.85
USGC MEH 3-2-1	8.89	22.17	17.49	11.75	12.7	21.19	17.29	16.33	15.25	14.26	14.31	14.25	14.36	14.45	14.52
West Coast ANS 3-2-1	13.8	34.91	30.11	19.03	22.13	34.82	28.41	26.82	25.06	23.42	23.51	23.41	23.60	23.75	23.86
Blended 3-2-1	10.7	26.62	20.46	14.03	14.89	25.18	20.54	19.39	18.12	16.93	17.00	16.92	17.06	17.17	17.25

Marathon Petroleum Corporation
Income Statement

Fiscal Years Ending Dec. 31	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Revenues															
Sales and other operating revenues	119,983	177,453	148,379	138,864	132,699	171,497	140,234	145,442	146,769	151,453	152,405	149,309	154,860	159,095	160,675
Income from equity method investments	458	655	742	1,048	1,622	850	870	890	911	933	955	977	1,000	1,024	1,048
Other income	468	783	969	472	728	728	728	728	728	728	728	728	728	728	728
Total revenues and other income	120,930	179,952	150,307	140,412	135,222	173,075	141,832	147,061	148,408	153,113	154,088	151,014	156,588	160,847	162,450
Expenses															
Cost of revenues	110,008	151,671	128,566	126,240	119,446	148,344	123,406	128,716	130,624	135,550	136,402	133,632	138,600	142,390	143,804
Depreciation and amortization	3,364	3,215	3,307	3,337	3,251	3,844	3,998	4,159	4,326	4,499	4,679	4,867	5,062	5,265	5,476
Selling, general and administrative expenses	2,537	2,772	3,039	3,221	3,349	3,490	3,630	3,775	3,930	4,085	4,250	4,420	4,595	4,780	4,970
Other taxes	721	825	881	818	885	900	920	940	960	980	1,000	1,020	1,040	1,060	1,080
Interest Expense	1,483	1,000	525	839	1,276	1,616	1,612	1,608	1,554	1,655	1,601	1,600	1,598	1,597	1,596
Pretax Income	2,817	20,469	13,989	5,957	7,015	14,880	8,266	7,862	7,014	6,344	6,155	5,476	5,693	5,754	5,524
Income Taxes	264	4,491	2,817	890	1,137	2,458	1,365	1,299	1,159	1,048	1,017	905	940	951	913
Net income	11,001	16,050	11,172	5,067	5,878	12,422	6,900	6,564	5,855	5,296	5,138	4,571	4,753	4,804	4,612
Per share data															
Basic:															
Net income per share	15.34	28.31	23.73	10.11	13.24	42	24	23	21	20	19	17	18	19	18
Dividends per share	2.32	2.49	3.08	3.39	3.73	4.10	4.51	4.96	5.46	6.01	6.61	7.27	8.00	8.80	9.67
Total dividends paid	1,484	1,279	1,261	1,154	1,140	1,211	1,298	1,396	1,506	1,628	1,763	1,911	2,073	2,250	2,444
Weighted average shares outstanding:															
Basic (millions)	634	512	407	340	305	295	288	281	276	271	267	263	259	256	253

Marathon Petroleum Corporation
Balance Sheet

Fiscal Years Ending Dec. 31	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Assets															
Cash & Short-Term Investments	10839	11770	10224	3210	3672	3,672	3,672	3,672	3,672	3,672	3,672	3,672	3,672	3,672	3,672
Accounts Receivables, Net	11034	13477	11619	11145	10317	13815	11321	11739	11846	12222	12299	12054	12499	12839	12967
Inventories	8055	8827	9317	9568	10129	10112	10032	9941	9948	9945	9837	9834	9834	9831	9724
Other Current Assets	568	1168	971	524	662	662	662	662	662	662	662	662	662	662	662
Total Current Assets	30496	35242	32131	24447	24780	28261	25687	26014	26128	26500	26471	26222	26667	27004	27025
Net Property, Plant & Equipment															
Property, Plant & Equipment - Gross	62005	62715	64981	67617	72502	76702	79778	82977	86304	89764	93364	97108	101001	105051	109264
Operating Lease Right-of-Use Assets	1372	1214	1233	1300	1493	1,579	1,643	1,709	1,777	1,848	1,923	2,000	2,080	2,163	2,250
Accumulated Depreciation	23193	25844	28636	31289	33612	37,456	41,455	45,614	49,939	54,438	59,118	63,985	69,047	74,312	79,788
Total Long-Term Investments	5409	6466	6260	6857	6795	7088	7395	7714	8047	8395	8757	9136	9530	9942	10371
Goodwill	8256	8244	8244	8244	9354	9354	9354	9354	9354	9354	9354	9354	9354	9354	9354
Other Intangible Assets	2135	1876	1765	1703	2714	2464	2214	1964	1714	1464	1214	964	714	464	250
Deferred Tax Assets	2	1	1426	1497	1608	1640	1673	1706	1741	1775	1811	1847	1884	1922	1960
Tangible Other Assets	263	1204	1241	1277	1419	1447	1476	1506	1536	1567	1598	1630	1663	1696	1730
TOTAL ASSETS	85373	89904	87412	80353	85560	89501	86122	85621	84885	84382	83451	82276	81767	81120	80165
Liabilities															
ST Debt & Curr. Portion LT Debt	1009	1434	2408	3466	2860	2263	2014	1764	764	2614	1500	1500	1500	1500	1500
Accounts Payable	13700	15312	13761	13906	12974	16785	13755	14262	14393	14849	14944	14646	15186	15599	15755
Income Tax Payable	1231	1140	1221	1204	1484	1499	1514	1529	1544	1560	1575	1591	1607	1623	1639
Accrued Payroll	911	967	1115	1096	1107	1140	1174	1210	1246	1283	1322	1361	1402	1444	1488
Miscellaneous Current Liabilities	1047	1167	1645	1155	1253	1253	1253	1253	1253	1253	1253	1253	1253	1253	1253
Total Current Liabilities	17898	20020	20150	20827	19678	22940	19711	20018	19200	21559	20594	20351	20949	21420	21635
Long-Term Debt excl Lease Obligations	24443	25183	24928	23802	29915	30200	30400	30600	30500	30800	30800	30800	30800	30800	30800
Capital and Operating Lease Obligations	1452	1292	1165	1490	1583	1551	1520	1490	1460	1431	1402	1374	1347	1320	1293
Provision for Risks & Charges	1202	1300	1320	1367	1398	1412	1426	1440	1455	1469	1484	1499	1514	1529	1544
Deferred Tax Liabilities	5638	5904	7259	7266	7589	7817	8051	8293	8541	8798	9062	9334	9614	9902	10199
Other Liabilities (excl. Deferred Income)	1159	1118	1191	1095	1311	1311	1311	1311	1311	1311	1311	1311	1311	1311	1311
TOTAL LIABILITIES	51792	54817	56013	55847	61474	65231	62419	63152	62468	65368	64653	64669	65534	66282	66783
Equity															
Common Stock Par/Carry Value	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10
Additional Paid-In Capital/Capital Surplu	33262	33402	33465	33624	33685	33687	33688	33690	33690	33690	33690	33690	33690	33690	33690
Retained Earnings	12905	26142	34562	36848	39751	50962	56564	61731	66080	69748	73123	75783	78462	81016	83184
Other Appropriated Reserves	-67	2	-131	-114	-105	-105	-105	-105	-105	-105	-105	-105	-105	-105	-105
Treasury Stock	-19904	-31841	-43502	-52623	-56027	-58207	-60007	-61607	-63077	-64427	-65667	-66907	-68147	-69387	-70627
Accumulated Minority Interest	7375	7372	6995	6761	6772	6772	6772	6772	6772	6772	6772	6772	6772	6772	6772
TOTAL EQUITY	33581	35087	31399	24506	24086	33118	36922	40491	43370	45688	47823	49243	50682	51996	52924
TOTAL L&SE	85373	89904	87412	80353	85560	98349	99341	103642	105837	111056	112476	113912	116216	118277	119706

Marathon Petroleum Corporation
Common Size Balance Sheet

<i>Fiscal Years Ending Dec. 31</i>	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Assets															
Cash & Short-Term Investments	13%	13%	12%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	5%	5%
Accounts Receivables, Net	13%	15%	13%	14%	12%	15%	13%	14%	14%	14%	15%	15%	15%	16%	16%
Inventories	9%	10%	11%	12%	12%	11%	12%	12%	12%	12%	12%	12%	12%	12%	12%
Other Current Assets	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Total Current Assets	36%	39%	37%	30%	29%	32%	30%	30%	31%	31%	32%	32%	33%	33%	34%
Net Property, Plant & Equipmer	45%	41%	42%	45%	45%	44%	44%	44%	43%	42%	41%	40%	39%	38%	37%
Total Long-Term Investments	6%	7%	7%	9%	8%	8%	9%	9%	9%	10%	10%	11%	12%	12%	13%
Goodwill	10%	9%	9%	10%	11%	10%	11%	11%	11%	11%	11%	11%	11%	12%	12%
Other Intangible Assets	3%	2%	2%	2%	3%	3%	3%	2%	2%	2%	1%	1%	1%	1%	0%
Deferred Tax Assets	0%	0%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Tangible Other Assets	0%	1%	1%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Liabilities															
ST Debt & Curr. Portion LT Debt	1%	2%	3%	4%	3%	3%	2%	2%	1%	3%	2%	2%	2%	2%	2%
Accounts Payable	16%	17%	16%	17%	15%	19%	16%	17%	17%	18%	18%	18%	19%	19%	20%
Income Tax Payable	1%	1%	1%	1%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Accrued Payroll	1%	1%	1%	1%	1%	1%	1%	1%	1%	2%	2%	2%	2%	2%	2%
Miscellaneous Current Liabilities	1%	1%	2%	1%	1%	1%	1%	1%	1%	1%	2%	2%	2%	2%	2%
Total Current Liabilities	21%	22%	23%	26%	23%	26%	23%	23%	23%	26%	25%	25%	26%	26%	27%
Long-Term Debt excl Lease Oblig	29%	28%	29%	30%	35%	34%	35%	36%	36%	37%	37%	37%	38%	38%	38%
Capital and Operating Lease Obl	2%	1%	1%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Provision for Risks & Charges	1%	1%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Deferred Tax Liabilities	7%	7%	8%	9%	9%	9%	9%	10%	10%	10%	11%	11%	12%	12%	13%
Other Liabilities (excl. Deferred I	1%	1%	1%	1%	2%	1%	2%	2%	2%	2%	2%	2%	2%	2%	2%
TOTAL LIABILITIES	61%	61%	64%	70%	72%	73%	72%	74%	74%	77%	77%	79%	80%	82%	83%
Equity															
Common Stock Par/Carry Value	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Additional Paid-In Capital/Capita	39%	37%	38%	42%	39%	38%	39%	39%	40%	40%	40%	41%	41%	42%	42%
Retained Earnings	15%	29%	40%	46%	46%	57%	66%	72%	78%	83%	88%	92%	96%	100%	104%
Other Appropriated Reserves	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Treasury Stock	-23%	-35%	-50%	-65%	-65%	-65%	-70%	-72%	-74%	-76%	-79%	-81%	-83%	-86%	-88%
Accumulated Minority Interest	9%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
TOTAL EQUITY	39%	39%	36%	30%	28%	37%	43%	47%	51%	54%	57%	60%	62%	64%	66%
TOTAL L&SE	100%	100%	100%	100%	100%	110%	115%	121%	125%	132%	135%	138%	142%	146%	149%

Marathon Petroleum Corporation
Historical Cash Flow Statement

Fiscal Years Ending Dec. 31	2021	2022	2023	2024	2025
Net Income	11001	16050	11172	5067	5878
Amortization of deferred financing costs and debt discount	79	50	-78	-31	39
DD&A	3364	3215	3307	3337	3251
Pension and other postretirement benefits, net	-499	172	-191	59	16
Deferred income taxes	-169	290	-28	-124	282
Net gain on disposal of assets	-21	-1061	-217	-28	-173
Equity method investments, net	194	117	199	167	-367
Income from discontinued operations	-8448	-72	0	0	-
Changes in income tax receivable	2089	-555	135	-	-
Changes in the fair value of derivative instruments	16	-147	70	71	-16
Changes in:					
Current receivables	-5299	-2315	1972	1117	890
Inventories	-33	-787	-489	-270	-596
Current accounts payable and accrued liabilities	6260	1909	-1316	-438	-776
Right of use assets / operating leases	3	0	-7	-10	13
All other, net	-153	-547	-412	-252	-188
Net cash provided by / used in operating activities	4360	16361	14117	8665	8253
Additions to property, plant and equipment	-1464	-2420	-1890	-2533	-3486
Acquisitions, net of cash acquired	0	-413	-246	-688	-3316
All other, net excluding acquisitions, net of cash acquired	513	824	702	196	273
Disposal of assets	153	90	36	35	1005
Investments - acquisitions, loans and contributions	-210	-405	-480	-509	-1064
Investments-redemptions, repayments and return of capital	39	515	275	161	721
Purchases of short-term investments	-12498	-6023	-8622	-2949	0
Sales of short-term investments	1544	1296	2082	3295	0
Maturities of short-term investments	5406	7159	5048	4526	0
Net cash used in / provided by investing activities	14797	623	-3095	1534	-5867
Commercial paper - issued	7414	0	0	-	5055
Commercial paper - repayments	-8437	0	0	-	-5055
Long-term debt - borrowings	12150	3379	1589	1631	11166
Long-term debt - repayments	-17400	-2280	-1079	-1984	-6463
Debt issuance costs	0	-39	-15	-15	-80
Issuance of common stock	106	243	62	25	24
Common stock repurchased	-4654	-11922	-11572	-9189	-3488
Dividends paid	-1484	-1279	-1261	-1154	-1140
Distributions to noncontrolling interests	-1449	-1214	-1281	-1377	-1513
Repurchases of noncontrolling interests	-630	-491	0	-326	-400
Redemption of noncontrolling interests - preferred units	-	-	-600	0	0
All other, net	-35	-44	-50	-45	-30
Net cash used in / provided by financing activities	-14419	-13647	-14207	-12434	-1924
Net decrease / increase in cash and cash equivalents	4738	3337	-3185	-2235	462
Cash and cash equivalents at beginning of period	556	5294	8631	5446	3211
Cash and cash equivalents at end of period	5294	8631	5446	3211	3673

Marathon Petroleum Corporation
Forecasted Cash Flow Statement

<i>Fiscal Years Ending Dec. 31</i>	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Op Activities										
Net Income	12,422	6,900	6,564	5,855	5,296	5,138	4,571	4,753	4,804	4,612
Depreciation	3,844	3,998	4,159	4,326	4,499	4,679	4,867	5,062	5,265	5,476
Def Taxes	196	202	208	215	221	228	236	243	251	259
Provision for Risks	14	14	14	14	15	15	15	15	15	15
Change in:										
<i>A/R</i>	-3498	2494	-417	-108	-376	-78	245	-445	-340	-128
<i>Inventories</i>	17	80	90	-7	3	107	3	0	3	107
<i>Oth Curr Assets</i>	0	0	0	0	0	0	0	0	0	0
<i>A/P</i>	3811	-3030	507	131	456	94	-298	541	413	156
<i>Inc Tax Oayable</i>	15	15	15	15	15	16	16	16	16	16
<i>AcC Payroll</i>	33	34	35	36	37	38	40	41	42	43
<i>Misc Curr Liab</i>	0	0	0	0	0	0	0	0	0	0
<i>Oth Liab</i>	0	0	0	0	0	0	0	0	0	0
CFO	16,854	10,708	11,175	10,478	10,168	10,239	9,695	10,225	10,469	10,556
CapEx	-4200	-3075.6207	-3198.9479	-3327.22	-3460.64	-3599.4	-3743.73	-3893.85	-4049.99	-4212.38
Change in LT Inv	-293	-306	-319	-333	-348	-363	-378	-395	-412	-429
Change in Tang Oth Ass	-28	-29	-30	-30	-31	-31	-32	-33	-33	-34
Goodwill Acquisition	0	0	0	0	0	0	0	0	0	0
Change in Intangibles	250	250	250	250	250	250	250	250	250	214
CFI	-4,272	-3,161	-3,298	-3,441	-3,589	-3,743	-3,904	-4,071	-4,245	-4,462
Financing Activities										
Change in ST Debt	-597	-249	-250	-1000	1850	-1114	0	0	0	0
Change in LT Debt	285	200	200	-100	300	0	0	0	0	0
Change in Capital Leases	-32	-31	-30	-30	-29	-29	-28	-27	-27	-26
Dividends Paid	-1,211	-1,298	-1,396	-1,506	-1,628	-1,763	-1,911	-2,073	-2,250	-2,444
ESOP Exercises	2	2	2	0	-	-	-	-	-	-
Share Repurchases	-2180	-1800	-1600	-1470	-1350	-1240	-1240	-1240	-1240	-1240
CFF	-3,733	-3,177	-3,075	-4,106	-857	-4,146	-3,179	-3,341	-3,517	-3,710
Net Change in Cash	8,848	4,371	4,802	2,932	5,722	2,349	2,612	2,813	2,707	2,385

Marathon Petroleum Corporation
Value Driver Estimation

Fiscal Years Ending Dec. 31	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
NOPLAT:														
Net Revenues	179,952	150,307	140,412	135,222	173,075	141,832	147,061	148,408	153,113	154,088	151,014	156,588	160,847	162,450
-Total Expenses	158,483	135,793	133,616	126,931	156,579	131,955	137,590	139,840	145,114	146,332	143,939	149,297	153,495	155,330
EBIT	21,469	14,514	6,796	8,291	16,496	9,878	9,470	8,568	7,999	7,756	7,076	7,291	7,351	7,120
Income Tax	4,491	2,817	890	1,137	2,458	1,365	1,299	1,159	1,048	1,017	905	940	951	913
+ Tax Shield on Interest Expense	250	131.25	209.75	319	404	403	402	389	414	400	400	400	399	399
-Tax Shield on Equity Method Income	-163.75	-185.5	-262	-405.5	-213	-217	-223	-228	-233	-239	-244	-250	-256	-262
- Tax Shield on Other income	-195.75	-242.25	-118	-182	-182	-182	-182	-182	-182	-182	-182	-182	-182	-182
Total Adjusted Taxes	4381.5	2520.5	719.75	868.5	2,468	1,369	1,296	1,137	1,047	996	878	908	912	868
Change in Deferred Taxes	267	-70	-64	212	196	202	208	215	221	228	236	243	251	259
NOPLAT	16,821	12,064	6,140	7,211	13,833	8,307	7,966	7,216	6,731	6,531	5,962	6,140	6,189	5,994
Invested Capital (IC):														
Normal Cash	3599.04	3006.14	2808.24	2704.44	3,461	2,837	2,941	2,968	3,062	3,082	3,020	3,132	3,217	3,249
A/R	13477	11619	11145	10317	13,815	11,321	11,739	11,846	12,222	12,299	12,054	12,499	12,839	12,967
Inventories	8827	9317	9568	10129	10,112	10,032	9,941	9,948	9,945	9,837	9,834	9,834	9,831	9,724
Other Current Assets	1168	971	524	662	662	662	662	662	662	662	662	662	662	662
Total Op. Cur Assets	27071.04	24913.14	24045.24	23812.44	28,051	24,852	25,283	25,424	25,891	25,881	25,571	26,127	26,549	26,602
Accounts Payable	15312	13761	13906	12974	16,785	13,755	14,262	14,393	14,849	14,944	14,646	15,186	15,599	15,755
Payroll	967	1115	1096	1107	1,140	1,174	1,210	1,246	1,283	1,322	1,361	1,402	1,444	1,488
Accrued Taxes	1140	1221	1204	1484	1,499	1,514	1,529	1,544	1,560	1,575	1,591	1,607	1,623	1,639
Oth Cur Liab	1118	1191	1095	1311	1,311	1,311	1,311	1,311	1,311	1,311	1,311	1,311	1,311	1,311
Total Op Curr Liab	18537	17288	17301	16876	20,735	17,755	18,312	18,494	19,003	19,152	18,909	19,507	19,978	20,193
Operating Working Capital	8534.04	7625.14	6744.24	6936.44	7,316	7,097	6,971	6,930	6,887	6,729	6,661	6,620	6,571	6,409
PPE	36871	36345	36328	38890	37,666	37,394	37,109	36,809	36,494	36,164	35,817	35,452	35,069	34,667
ROUA	1214	1233	1300	1493	1,579	1,643	1,709	1,777	1,848	1,923	2,000	2,080	2,163	2,250
Invested Capital	46619.04	45203.14	44372.24	47319.44	46,561	46,134	45,789	45,516	45,230	44,815	44,478	44,152	43,803	43,326
Free Cash Flow (FCF):														
NOPLAT	16,821	12,064	6,140	7,211	13,833	8,307	7,966	7,216	6,731	6,531	5,962	6,140	6,189	5,994
Change in IC	1360	-1416	-831	2947	-758	-427	-346	-272	-286	-415	-338	-325	-349	-477
FCF	15460	13479	6971	4263	14591	8734	8312	7489	7018	6946	6299	6465	6538	6471
Return on Invested Capital (ROIC):														
NOPLAT	16,821	12,064	6,140	7,211	13,833	8,307	7,966	7,216	6,731	6,531	5,962	6,140	6,189	5,994
Beginning IC	45258.6	46619.04	45203.14	44372.24	47319.44	46,561	46,134	45,789	45,516	45,230	44,815	44,478	44,152	43,803
ROIC	37.17%	25.88%	13.58%	16.25%	29.23%	17.84%	17.27%	15.76%	14.79%	14.44%	13.30%	13.81%	14.02%	13.68%
Economic Profit (EP):														
Beginning IC	45258.6	46619.04	45203.14	44372.24	47319.44	46,561	46,134	45,789	45,516	45,230	44,815	44,478	44,152	43,803
x (ROIC - WACC)	30.83%	19.54%	7.24%	9.91%	22.89%	11.50%	10.93%	9.42%	8.45%	8.10%	6.96%	7.47%	7.68%	7.34%
EP	13951	9108	3275	4398	10833	5355	5042	4314	3846	3664	3121	3321	3390	3217

Marathon Petroleum Corporation

Weighted Average Cost of Capital (WACC) Estimation

Cost of Equity:

Risk-Free Rate	4.32%
Beta	0.71
Equity Risk Premium	5.00%
Cost of Equity	7.87%

ASSUMPTIONS:

10 Year Treasury Yield, 3/31/2026

5y weekly Raw Beta

Henry Fund ERP

Cost of Debt:

Risk-Free Rate	4.32%
Implied Default Premium	0.43%
Pre-Tax Cost of Debt	4.75%
Marginal Tax Rate	28%
After-Tax Cost of Debt	3.42%

10 Year Treasury Yield, 3/31/2026

Weighted Average Cost of Fixed Debt

Market Value of Common Equity:

Total Shares Outstanding	295
Current Stock Price	\$222.07
MV of Equity	65,559.36

MV Weights

65.61%

Market Value of Debt:

Short-Term Debt	2860
Current Portion of LTD	
Long-Term Debt	29915
PV of Operating Leases	1583
MV of Total Debt	34,358.00

34.39%

Market Value of the Firm

99,917.36

100.00%

Estimated WACC

6.34%

Marathon Petroleum Corporation

Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models

Key Inputs:

CV Growth of NOPLAT	1.00%
CV Year ROIC	13.68%
WACC	6.34%
Cost of Equity	7.87%

Fiscal Years Ending Dec. 31	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
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DCF Model:

Free Cash Flow (FCF)	14590.9	8733.8	8311.7	7488.6	7017.6	6946.1	6299.2	6465.4	6537.5	6471.4
Continuing Value (CV)										104059.3
PV of FCF	13721.1	7723.5	6912.1	5856.3	5160.9	4803.7	4096.7	3954.1	3759.9	59847.0

Value of Operating Assets:	115835.4
Non-Operating Adjustments:	

+ Excess Cash	3461
+ LT Investments	7088
+ Net Tax Assets(Liabilities)	-6177
- Total Debt	-32463
- Total Leases	-1551
- Minority Interest	-6772
+ Other Assets	7088.5

Value of Equity	86511.0
Shares Outstanding	295.2
Intrinsic Value of Last FYE	\$ 293.04
Implied Price as of Today	\$ 295.95

EP Model:

Economic Profit (EP)	10833.0	5355.4	5041.6	4313.7	3845.9	3663.8	3120.8	3320.6	3389.8	3217.1
Continuing Value (CV)										60255.8
PV of EP	10187.2	4735.9	4192.7	3373.4	2828.3	2533.8	2029.6	2030.8	1949.6	34654.5

Total PV of EP	68516.0
Invested Capital (last FYE)	47319.4
Value of Operating Assets:	115835.4
Non-Operating Adjustments	

+ Excess Cash	3461
+ LT Investments	7088
+ Net Tax Assets(Liabilities)	-6177
- Total Debt	-32463
- Total Leases	-1551
- Minority Interest	-6772
+ Other Assets	7088.5

Value of Equity	86511.0
Shares Outstanding	295.2
Intrinsic Value of Last FYE	\$ 293.04
Implied Price as of Today	\$ 295.95

Marathon Petroleum Corporation

Relative Valuation Models

Ticker	Company	Price	EPS		P/E		EBITDA EV/EBITDA	
			2026E	2027E	26	27	2026	2026
MPC	Marathon Petroleum	\$241.73	\$19.85	\$16.99	13.15	14.89	14342.9	7.07
VLO	Valero Energy	\$244.09	\$18.56	\$16.39	12.62	12.35	10223.1	7.72
PSX	Phillips 66	\$176.21	\$13.97	\$14.26	11.14	12.04	10560.7	7.54
DINO	HF Sinclair	\$60.72	\$5.45	\$5.04	10.49	12.14	2275.0	5.57
PBF	PBF Energy A	\$45.39	\$4.33	\$3.74	17.55	12.25	1516.0	4.26
IEP	Icahn Enterprises	\$7.72	\$0.44	\$0.63	29.40	29.73	-	-
CVI	CVR Energy	\$31.65	\$1.08	\$1.06	7.97	10.90	783.7	5.85
PARR	Par Pacific Holdings	\$64.89	\$8.14	\$5.95	7.97	10.91	646.6	5.98
Average					13.79	14.40		6.29

🏠 MAR Marathon Petroleum Co \$222.07 \$ 42.08 \$ 23.99 5.3 9.3 20,340.0 4.7

Implied Relative Value:

P/E (EPS25)	\$	580.07
P/E (EPS26)	\$	345.53
EV/EBITDA	\$	309.69
Average	\$	411.76

Marathon Petroleum Corporation

Dividend Discount Model (DDM) or Fundamental P/E Valuation Model

Fiscal Years Ending	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
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EPS	\$ 42.08	\$ 23.99	\$ 23.34	\$ 21.23	\$ 19.54	\$ 19.25	\$ 17.38	\$ 18.33	\$ 18.78	\$ 18.26
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Key Assumptions

CV growth of EPS	1.00%
CV Year ROE	8.87%
Cost of Equity	7.87%

Future Cash Flows

P/E Multiple (CV Year)										12.92
EPS (CV Year)										\$ 18.26
Future Stock Price										\$ 235.84
Dividends Per Share	4.10	4.51	4.96	5.46	6.01	6.61	7.27	8.00	8.80	
Discounted Cash Flows	3.8036878	3.878831	3.955459	4.033601	4.113287	4.194547	4.277412	4.361914	4.448085	\$ 119.27

Intrinsic Value as of Last FYE \$ 156.34

Implied Price as of Today \$ 157.89

Marathon Petroleum Corporation*Key Management Ratios*

Fiscal Years Ending Dec. 31	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Liquidity Ratios:										
Current Ratio (Cur As/Cur Liab)	1.23	1.30	1.30	1.36	1.23	1.29	1.29	1.27	1.26	1.25
Quick Ratio (Cash &CE + Marketable Sec + AR / Cur Liab)	0.76	0.76	0.77	0.81	0.74	0.78	0.77	0.77	0.77	0.77
Cash Ratio (Cash/Cur Liab)	0.16	0.19	0.18	0.19	0.17	0.18	0.18	0.18	0.17	0.17
Asset-Management Ratios:										
Asset Turnover (Rev/TA)	1.93	1.65	1.72	1.75	1.81	1.85	1.84	1.92	1.98	2.03
Inventory Turnover (COGS/Avg Inventory)	14.67	12.30	12.95	13.13	13.63	13.87	13.59	14.09	14.48	14.79
Receivables Turnover (Rev/Avg Receivables)	12.53	12.53	12.53	12.53	12.53	12.53	12.53	12.53	12.53	12.53
Financial Leverage Ratios:										
D/E	1.97	1.69	1.56	1.44	1.43	1.35	1.31	1.29	1.27	1.26
D/A	0.73	0.72	0.74	0.74	0.77	0.77	0.79	0.80	0.82	0.83
Interest Coverage	10.21	6.13	5.89	5.51	4.83	4.84	4.42	4.56	4.60	4.46
Profitability Ratios:										
Return on Equity (NI/Beg TSE)	0.52	0.21	0.18	0.14	0.12	0.11	0.10	0.10	0.09	0.09
Return on Assets (NI/TA)	0.15	0.08	0.08	0.07	0.06	0.06	0.05	0.06	0.06	0.06
Gross Margin (Gross Profit / Rev)	0.14	0.13	0.12	0.12	0.11	0.11	0.12	0.11	0.11	0.11
Payout Policy Ratios:										
Dividend Payout Ratio (Dividend/EPS)	0.10	0.19	0.21	0.26	0.31	0.34	0.42	0.44	0.47	0.53
Total Payout Ratio ((Divs. + Repurchases)/NI)	0.27	0.45	0.46	0.51	0.56	0.58	0.69	0.70	0.73	0.80

Marathon Petroleum Corporation

Valuation of Options Granted under ESOP

Current Stock Price	\$222.07
Risk Free Rate	4.32%
Current Dividend Yield	1.68%
Annualized St. Dev. of Stock Returns	40.00%

Range of Outstanding Options	Number of Shares	Average Exercise Price	Average Remaining Life (yrs)	B-S Option Price	Value of Options Granted
Range 1	0.02	30.50	2.10	\$ 186.52	\$ 3
Range 2	0.03	36.00	2.80	\$ 180.00	\$ 5
Range 3	0.04	42.17	3.50	\$ 173.34	\$ 7
Range 4	0.03	48.00	4.00	\$ 167.77	\$ 5
Range 5	0.02	56.00	4.80	\$ 160.74	\$ 2
Range 6				\$	-
Range 7				\$	-
Range 8				\$	-
Range 9				\$	-
Total	0	\$ 42.46	3.46	\$ 185.66	\$ 22

Marathon Petroleum Corporation

Effects of ESOP Exercise and Share Repurchases on Common Stock Account and Number of Shares Outstanding

Number of Options Outstanding (shares):	0.12
Average Time to Maturity (years):	3.46
Expected Annual Number of Options Exercised:	0.04

Current Average Strike Price:	\$ 42.46
Cost of Equity:	7.87%
Current Stock Price:	\$222.07

Fiscal Years Ending Dec. 31	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Increase in Shares Outstanding:	0.04	0.04	0.04	0.04						
Average Strike Price:	\$ 42.46	\$ 42.46	\$ 42.46	\$ 42.46	\$ 42.46	\$ 42.46	\$ 42.46	\$ 42.46	\$ 42.46	\$ 42.46
Increase in Common Stock Account:	2	2	2	0.02						
Share Repurchases (\$)	2,180.0	1,800.0	1,600.0	1,470.0	1,350.0	1,240.0	1,240.0	1,240.0	1,240.0	1,240.0
Expected Price of Repurchased Shares:	\$ 222.07	\$ 235.81	\$ 250.41	\$ 265.91	\$ 282.37	\$ 299.84	\$ 318.40	\$ 338.11	\$ 359.04	\$ 381.26
Number of Shares Repurchased:	9.82	7.63	6.39	5.53	4.78	4.14	3.89	3.67	3.45	3.25
Shares Outstanding (beginning of the year)	305	295	288	281	276	271	267	263	259	256
Plus: Shares Issued Through ESOP	0.04	0.04	0.04	0.04	0.00	0.00	0.00	0.00	0.00	0.00
Less: Shares Repurchased in Treasury	9.82	7.63	6.39	5.53	4.78	4.14	3.89	3.67	3.45	3.25
Shares Outstanding (end of the year)	295	288	281	276	271	267	263	259	256	253