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Elliott Management Sends Letter to the Board of Marathon Petroleum Corporation

Calls for Marathon to Separate into Three Independent Businesses

Sees \$22 Billion Potential Value Unlock, a Total Potential Upside of Approximately 61%

Full Letter and Presentation available at www.remakingMPC.com

NEW YORK (September 25, 2019) – Elliott Management Corporation (“Elliott”), which manages funds that collectively own common stock and economic equivalents representing approximately a 2.5% economic interest in Marathon Petroleum Corporation (the “Company” or “Marathon”), today sent a letter and presentation to the Board of Directors of Marathon. According to the letter, the purpose of the materials is to outline a path forward for Marathon to remedy the Company’s chronic underperformance, to improve its businesses and to unlock significant and sustainable value for its shareholders.

Elliott previously engaged with the current management extensively regarding ideas to create value, which concluded with promises from management and the Board that certain steps would be taken to improve performance. Those promises have not been kept, and Elliott continues to believe that Marathon is severely undervalued, the letter said.

To unlock the value currently trapped in Marathon’s conglomerate structure, Elliott believes the Company must immediately initiate a separation into three independent entities, which will create three strong, independent companies – each a leader in its sector.

- **RetailCo** would become stand-alone Speedway, which upon separation would be the largest US-listed convenience store operator;
- **MidstreamCo** would become stand-alone MPLX, which upon separation would be a top-five US midstream operator by enterprise value; and
- **RefiningCo** would become New Marathon, which following the transactions, would be the largest independent merchant refiner by US throughput.

Elliott believes that the Board can unlock more than \$22 billion in value for shareholders with no change in the operating assumptions – an increase to today’s stock price of ~61%. Further, the board can unlock an incremental \$17 billion in value through achieving the operating full potential of Marathon’s world-class asset base – a total potential upside of over 100%.

The letter and presentation can be downloaded at www.remakingMPC.com.

The full text of the letter follows:

September 25, 2019

The Board of Directors
Marathon Petroleum Corp.
539 South Main Street
Findlay, OH 45840
Attn: Chairman Gary R. Heminger
Attn: Lead Independent Director James E. Rohr

Dear Gary and Members of the Board:

We are writing to you on behalf of Elliott Associates, L.P. and Elliott International, L.P. (together, “Elliott” or “we”), which collectively own common stock and economic equivalents representing approximately a 2.5% economic interest in Marathon Petroleum Corporation (the “Company” or “Marathon”), making us one of your largest investors. Elliott is a multi-strategy investment firm that was founded in 1977 and has more than \$38 billion in assets under management today. We have a strong track record of investing in the energy sector and working with companies to create long-term, fundamental value.

The purpose of today’s letter and accompanying presentation is to outline a path forward for Marathon to remedy the Company’s chronic underperformance, to improve its businesses and to unlock significant, sustainable value for its shareholders. We are no strangers to Marathon, having followed the Company for years and engaged with the current management extensively regarding our ideas to create value. Unfortunately, while our previous engagement concluded with promises from management and the Board that certain steps would be taken to improve performance, those promises have not been kept. Shareholders continue to suffer, prompting our letter and presentation today.

Marathon’s Unfulfilled Promises

Elliott previously engaged with the Company regarding its strategic course in late 2016, making the case that shareholders would be best served by separating the three component businesses within Marathon into three stand-alone entities. In addition, we argued that the Company should streamline its midstream operations by accelerating the drop-down of remaining midstream assets from the parent company to MPLX and exchanging the incentive distribution rights held by the parent for MPLX common units.

After extensive private and public dialogue with the Company, and to avoid the distraction of prolonged public engagement, we accepted a compromise in which the Company agreed to the immediate simplification of the midstream business and a strategic review of the Speedway assets, including a potential separation or sale. The Speedway review fell short of a full commitment to separate Speedway, but we viewed it as an acceptable outcome at the time based on assurances that the Company would evaluate a separation in good faith.

Upon completion of the Speedway review in September 2017, the Company announced that it would retain the Speedway business and not pursue a separation. To deliver this message, the Company held a call and published a lengthy presentation justifying its decision. While the published materials went to great lengths to argue the challenges of separation, we found the analysis presented by the Company to be deeply flawed and inconsistent with the Company's commitment to pursue a "thorough review." It has now become clear that while the Company assured shareholders that it was pursuing a full review of the Speedway business, it had a different agenda entirely.

Unbeknownst to us at the time, while the Company's management team was purportedly giving a Speedway separation a "full and thorough review," it was in fact already far along in discussions to acquire Andeavor, another integrated refining conglomerate. Thus, while Marathon executives were telling investors that they were taking a critical look at their structure, they were in fact already contemplating and in the process of executing a massive recommitment to their failed conglomerate model, as detailed in the merger proxy for the Andeavor transaction. Furthermore, they paid a high price to do so, using Marathon's own chronically undervalued stock as a currency to acquire Andeavor at a full sum-of-the-parts value.

This disingenuous set of actions has seriously undermined the Company's credibility with shareholders, who now have reason to doubt that promises made by the Board and management will in fact be kept. The Andeavor transaction created a new, larger and even more complex Marathon structure, which we believe compounded the Company's historical valuation issues. Since the announcement of the Andeavor transaction in April 2018, Marathon shares have dramatically underperformed peers (-23% vs refining peers, and -95% vs retail peers).¹

Marathon Today

Elliott continued to monitor the Marathon situation through the Andeavor merger and the subsequent stumbles. As the stock collapsed back to 2016 levels, we again reviewed the case for structural change. We have spent considerable time working to understand the challenges facing Marathon's business and potential solutions, including by conducting detailed research and analysis by leading consulting and law firms.

Based on this extensive analysis of the business and our engagement with Marathon over a significant period of time, we continue to believe Marathon is severely undervalued. Fortunately, there are readily achievable steps by which **the Board can unlock more than \$22 billion in value for shareholders with no change in the operating assumptions – an increase to today's stock price of ~61%**. Further, we believe that the Board can unlock **an incremental \$17 billion in value**

¹ Relative share price performance figures as of August 14, prior to release of Elliott form 13-F showing ownership of Marathon shares.

through achieving the operating full potential of Marathon’s world-class asset base – a total potential upside of over 100%.²

To unlock the value currently trapped in Marathon’s conglomerate structure, we believe **the Company must immediately initiate a separation into three independent entities, which will create three strong, independent companies – each a leader in its sector.**

- **RetailCo** would become stand-alone Speedway, which upon separation would be the largest US-listed convenience store operator;
- **MidstreamCo** would become stand-alone MPLX, which upon separation would be a top-five US midstream operator by enterprise value; and
- **RefiningCo** would become New Marathon, which, following the transactions, would be the largest independent merchant refiner by US throughput.

Our perspective on the right structure for Marathon is based on five conclusions of our analysis:

1. The current structure will trade at a **perpetual discount** to the intrinsic value of its parts;
2. There is **little to no “synergy” value** to retaining the three businesses in Marathon;
3. Each business has the potential for **significant upside** with independent management;
4. The businesses can be separated and distributed to Marathon shareholders **tax efficiently**;
5. The modest costs of separation pale in comparison to the **billions of value that would be unlocked as a result of the transactions.**

In addition to the separation, we believe the Company should conduct a **comprehensive review of its existing governance policies, board and management structure** to ensure the right leadership and governance is in place for each business to achieve its full potential.

We recently shared our perspectives with management in hopes of engaging privately with the Board, but received no response to our request. In light of that, we are making today’s letter and accompanying presentation public in order to facilitate a full discussion of these ideas and to provide transparency to all Marathon stakeholders regarding our views. Our materials can be downloaded at www.remakingMPC.com.

We thank the Board for considering our thoughts and look forward to working together constructively to create the right structure for Marathon’s three world-class businesses. In doing so, we believe there is the potential to unlock the full, long-term value of these assets for shareholders in a sustainable manner. The Board can realize this value through a straightforward series of separation transactions, which do not present the uncertainty associated with a sale process. **This path requires only an acknowledgement of Marathon’s history of unacceptable underperformance and a willingness to change course and realize the tremendous opportunity at hand.**

As a next step, we respectfully request the opportunity to meet with the Board in the near term to begin a dialogue on the perspectives outlined in this letter.

² Estimated value upside as of September 24, 2019.

Best regards,

John Pike
Senior Portfolio Manager

Phillip Zeigler
Associate Portfolio Manager

About Elliott

Elliott Management Corporation manages two multi-strategy investment funds which combined have approximately \$38.2 billion of assets under management. Its flagship fund, Elliott Associates, L.P., was founded in 1977, making it one of the oldest funds under continuous management. The Elliott funds' investors include pension plans, sovereign wealth funds, endowments, foundations, funds-of-funds, high net worth individuals and families, and employees of the firm.

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