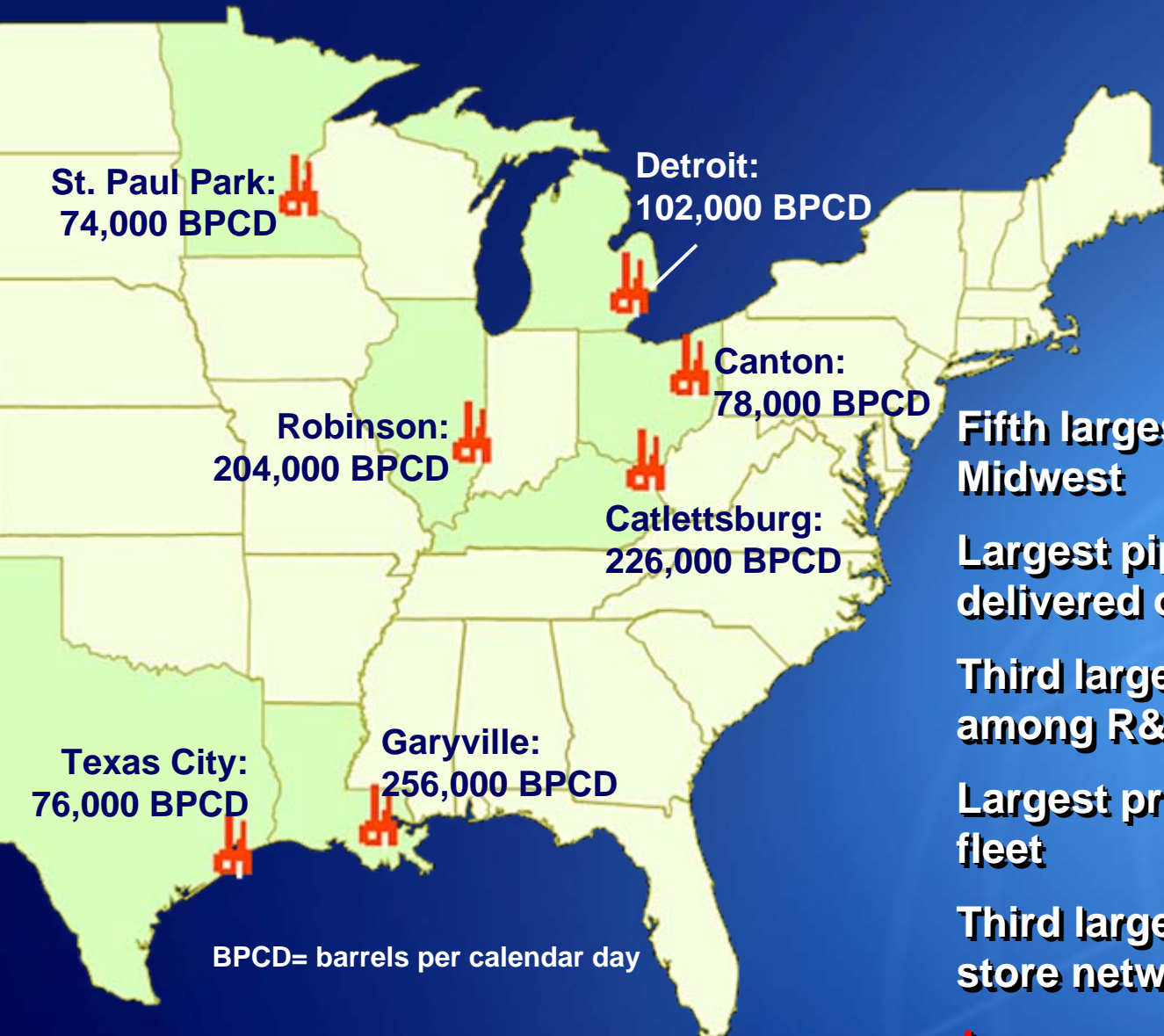


Marathon Midwest Product Supply



- ◆ Marathon Supply System
- ◆ Midwest Fuel Balance
- ◆ Marathon Approach to Supply Disruptions
- ◆ Challenges / Opportunities

Marathon Supply Capabilities



Fifth largest U.S. refiner, largest in Midwest

Largest pipeline carrier in volumes delivered of crude oil plus product

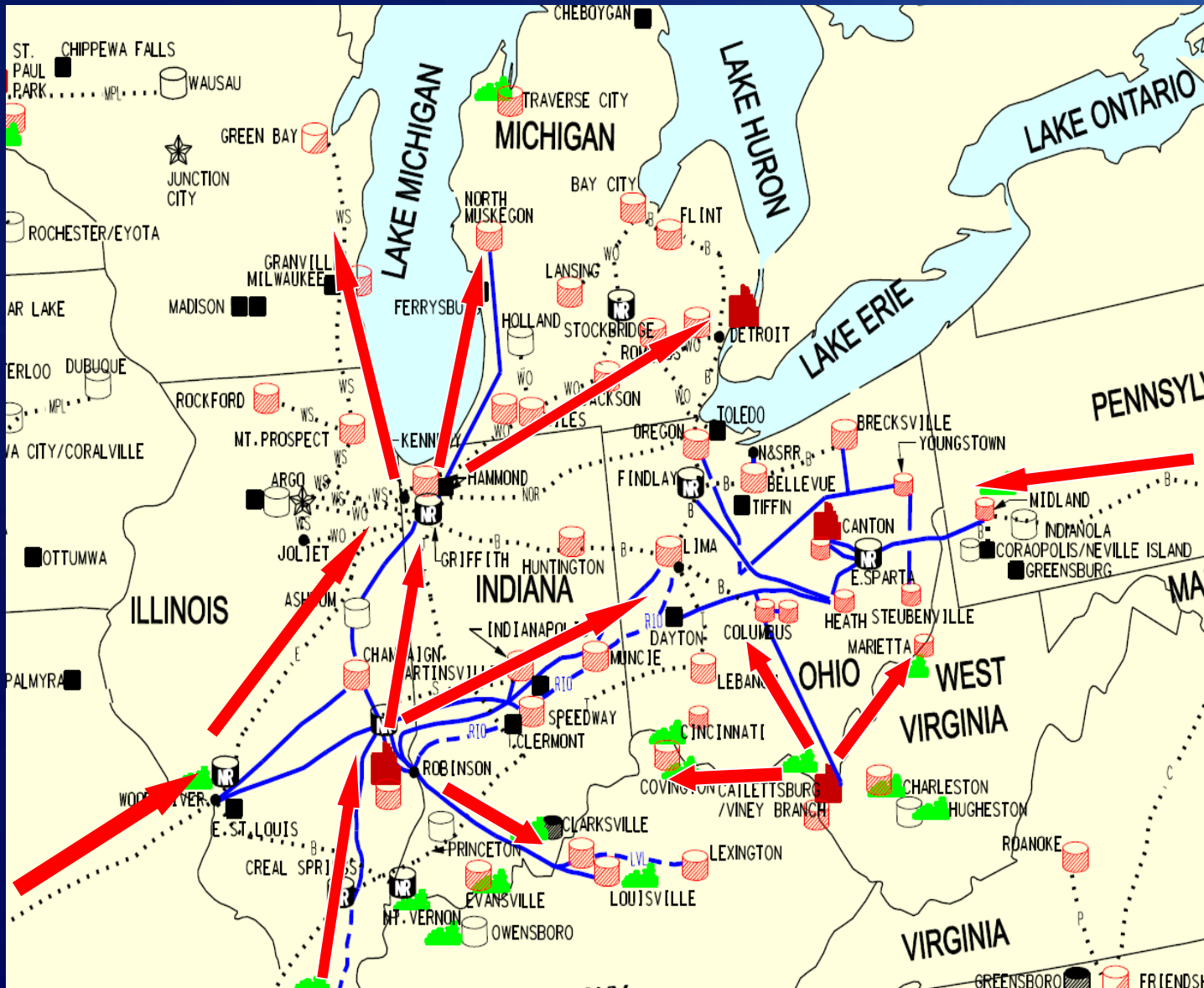
Third largest terminal system among R&M companies

Largest private inland liquid barge fleet

Third largest company-operated C-store network, largest in Midwest

Leverages entire value chain

Marathon Midwest Logistics



- ◆ Good asset coverage with refineries spread over the marketing area
- ◆ Pipeline networks connect refineries to markets
- ◆ Complimentary supply chains
- ◆ Contingency supply coverage
- ◆ Incremental / Alternative supply from the Gulf Coast by pipeline and barge and the East Coast by pipeline
- ◆ Regional importer of product

PADD 2 Relies on USGC for Incremental Product and Crude Supply



PADD 2 - 2007 Balance (MMBD)

	Gasoline	Distillate
Demand	2.6	1.6
Production	1.8	1.1
Ethanol	0.2	-
Required Imports	0.7	0.4
% of Demand	26%	28%

Basis: EIA data

Crude Imports from USGC: 1.0-1.5 MMBD

Marathon's Philosophy for dealing with Supply Disruptions



- ◆ **Business Recover Team**
 - Multi-organizational group designed to manage business disruptions
 - Can be activated <2 hours

- ◆ **Work closely with Federal & State groups**
 - Dedicated individuals responsible for each State where we operate
 - Maintain regular contact with State energy, supply, and emergency planning groups
 - Provide education on general and Marathon specific supply logistics
 - Involve key State and Federal groups in Emergency Response Exercises
 - Be as proactive as possible, even with potential supply disruptions
 - Pre-warn key State and Federal groups, when appropriate
 - Once problem has been quantified, notify key State and Federal groups
 - Recommend appropriate actions
 - Maintain communications throughout the supply disruption

Marathon's Philosophy for dealing with Supply Disruptions



Fuel Allocation Process

- ◆ **Contract Customers get highest priority**
 - Discretionary volume shifted away from better supplied markets to meet contractual demand
 - If supply insufficient to meet contractual demand, all contract customers (including exchange partners) allocated equally
- ◆ **Discretionary Wholesale Customers get remaining volume**
 - Volume shifted based on market signals (price)
- ◆ **Established mechanism to meet emergency needs**
- ◆ **Government emergency initiatives can make resupply less efficient**
 - Emergency Pricing Restrictions, Set-Aside Programs and the Threat of inventory Confiscation can all have the unintended consequence of inhibiting fuel supply and extending recovery time

Challenges / Opportunities



- ◆ **Industry solution to providing overall supply position**
- ◆ **Single State point of contact**
- ◆ **Coordination between States, EPA, DOE, and DHS**
- ◆ **Individual State Fuel Requirements**
 - **Fuel quality and environmental requirements, Set-aside programs, Biofuels mandates, Renewable Fuels Standards, Low Carbon Fuel Standards and other Global Warming initiatives.**
- ◆ **Supply/Supply Disruption Training Programs for EPA, DOE, DHS and States**
 - **Marathon would like to help**
- ◆ **Emergency pricing orders and other state intervention can hinder supply system efficiency**



Marathon Petroleum Company LLC