MPLX LP
Form 10-K
February 27, 2015
Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-K
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended December 31, 2014
Commission file number 001-35714
MPLX LP
(Exact name of registrant as specified in its charter)

Delaware	45-5010536
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

200 E. Hardin Street, Findlay, Ohio 45840
(Address of principal executive offices)
(419) 672-6500
(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Units Representing Limited Partnership Interests	New York Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes x No ¨
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No x
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files.) Yes x No ¨
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer þ Accelerated filer ¨ Non-accelerated filer ¨ Smaller reporting company ¨
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes ¨ No x
The aggregate market value of Common Units held by non-affiliates as of June 30, 2014 was approximately $1.3 billion. Common Units held by executive officers and directors of the registrant and its affiliates are not included in

the computation. The registrant, solely for the purpose of this required presentation, has deemed its directors and executive officers and those of its affiliates to be affiliates.

MPLX LP had 43,341,098 common units, 36,951,515 subordinated units and 1,638,625 general partner units outstanding at February 13, 2015.

DOCUMENTS INCORPORATED BY REFERENCE:

None

Table of Contents

MPLX LP

Unless the context otherwise requires, references in this report to the "Predecessor," "we," "our," "us," or like terms, when used in periods prior to October 31, 2012, refer to MPLX LP Predecessor, our predecessor for accounting purposes. References in this report to "MPLX LP," "the Partnership," "we," "our," "us," or like terms used in the present tense or periods starting on or after October 31, 2012, refer to MPLX LP and its subsidiaries, including MPLX Operations LLC ("MPLX Operations") and MPLX Terminal and Storage LLC ("MPLX Terminal and Storage"), both wholly-owned subsidiaries, and MPLX Pipe Line Holdings LP ("Pipe Line Holdings"), of which as of December 31, 2014 MPLX LP owned a 99.5 percent general partner interest. Pipe Line Holdings owns 100 percent of Marathon Pipe Line LLC ("MPL") and Ohio River Pipe Line LLC ("ORPL"). References to "MPC" refer collectively to Marathon Petroleum Corporation and its subsidiaries, other than the Partnership.

Table of Contents

Table of Contents

Disclosures Regarding Forward-Looking Statements

This Annual Report on Form 10-K, particularly Item 1. Business, Item 1A. Risk Factors, Item 3. Legal Proceedings, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and Item 7A. Quantitative and Qualitative Disclosures about Market Risk, includes forward-looking statements. You can identify our forward-looking statements by words such as "anticipate," "believe," "estimate," "objective," "expect," "forecast," "goal," "plan," "predict," "project," "potential," "seek," "target," "could," "may," "should," "would," "will" or other similar expressio the uncertainty of future events or outcomes. In accordance with "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, these statements are accompanied by cautionary language identifying important factors, though not necessarily all such factors, that could cause future outcomes to differ materially from those set forth in the forward-looking statements.

Forward-looking statements include, but are not limited to, statements that relate to, or statements that are subject to risks, contingencies or uncertainties that relate to:

- future levels of revenues and other income, income from operations, net income attributable to MPLX LP, earnings per unit, Adjusted EBITDA or Distributable Cash Flow (please read Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Financial Information for the definitions of Adjusted EBITDA and Distributable Cash Flow);
- anticipated volumes of throughput of crude oil, refined products or other hydrocarbon-based products;
- anticipated levels of regional, national and worldwide prices of crude oil and refined products;
- future levels of capital, environmental or maintenance expenditures, general and administrative and other expenses;
- changes in maintenance capital expenditure requirements or changes in costs of planned capital projects;
- the success or timing of completion of ongoing or anticipated capital or maintenance projects;
- expectations regarding the acquisition or divestiture of assets;
- the effect of restructuring or reorganization of business components;
- the potential effects of judicial or other proceedings on our business, financial condition, results of operations and cash flows;
- the potential effects of changes in tariff rates on our business, financial condition, results of operations and cash flows;
- the adequacy of our capital resources and liquidity, including, but not limited to, availability of sufficient cash flow to pay distributions and execute our business plan;
- our ability to successfully implement our growth strategy, whether through organic growth or acquisitions;
- capital market conditions and our ability to raise adequate capital to execute our business plan and implement our growth strategy; and
- the anticipated effects of actions of third parties such as competitors, or federal, foreign, state or local regulatory authorities, or plaintiffs in litigation.

We have based our forward-looking statements on our current expectations, estimates and projections about our industry and our partnership. We caution that these statements are not guarantees of future performance and you should not rely unduly on them, as they involve risks, uncertainties, and assumptions that we cannot predict. In addition, we have based many of these forward-looking statements on assumptions about future events that may prove to be inaccurate. While our management considers these assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. Accordingly, our actual results may differ materially from the future performance that we have expressed or forecast in our forward-looking statements. Differences between actual results and any future performance suggested in our forward-looking statements could result from a variety of factors, including the following:

Table of Contents

- changes in general economic, market or business conditions;
- domestic and foreign supplies of crude oil and other feedstocks;
- domestic and foreign supplies of refined products such as gasoline, diesel fuel, jet fuel, home heating oil and petrochemicals;
- foreign imports of refined products;
- refining industry overcapacity or undercapacity;
- changes in the cost or availability of third-party vessels, pipelines and other means of transportation for crude oil, feedstocks and refined products;
- the price, availability and acceptance of alternative fuels and alternative-fuel vehicles and laws mandating such fuels or vehicles;
- fluctuations in consumer demand for refined products, including seasonal fluctuations;
- political and economic conditions in nations that consume refined products, including the United States, and in crude oil producing regions, including the Middle East, Africa, Canada and South America;
- actions taken by our competitors and the expansion and retirement of pipeline capacity in response to market conditions;
- changes in fuel and utility costs for our facilities;
- failure to realize the benefits projected for capital projects, or cost overruns associated with such projects;
- the ability to successfully implement growth strategies, whether through organic growth or acquisitions;
- accidents or other unscheduled shutdowns affecting our pipelines or equipment, or those of our suppliers or customers;
- unusual weather conditions and natural disasters;
- disruptions due to equipment interruption or failure;
- acts of war, terrorism or civil unrest that could impair our ability to transport crude oil or refined products;
- legislative or regulatory action, which may adversely affect our business or operations;
- rulings, judgments or settlements in litigation or other legal, tax or regulatory matters, including unexpected environmental remediation costs, in excess of any reserves or insurance coverage;
- political pressure and influence of environmental groups upon policy decisions related to the production, refining, transportation and marketing of carbon-based fuels;
- labor and material shortages;

- the ability and willingness of parties with whom we have material relationships to perform their obligations to us;

- changes in the availability of unsecured credit and changes affecting the credit markets generally; and

- the other factors described in Item 1A. Risk Factors.

We undertake no obligation to update any forward-looking statements except to the extent required by applicable law.

Table of Contents

Part I

Item 1. Business

OVERVIEW

We are a fee-based, growth-oriented master limited partnership (the "MLP") formed by MPC to own, operate, develop and acquire pipelines and other midstream assets related to the transportation and storage of crude oil, refined products and other hydrocarbon-based products. At December 31, 2014, our assets primarily consisted of a 99.5 percent indirect interest in a network of common carrier crude oil and product pipeline systems and associated storage assets in the Midwest and Gulf Coast regions of the United States. We believe our network of petroleum pipelines is one of the largest in the United States, based on total annual volumes delivered. We also own a 100 percent interest in a butane cavern in Neal, West Virginia with approximately one million barrels of natural gas liquids storage capacity. Our assets are integral to the success of MPC's operations.

We generate revenue primarily by charging tariffs for transporting crude oil, refined products and other hydrocarbon-based products through our pipelines and at our barge dock and fees for storing crude oil and products at our storage facilities. We are also the operator of additional crude oil and product pipelines owned by MPC and third parties for which we are paid operating fees. We do not take ownership of the crude oil or products that we transport and store for our customers, and we do not engage in the trading of any commodities. However, we could be required to purchase crude oil volumes in the open market to make up negative imbalances. See Item 7A. Quantitative and Qualitative Disclosures about Market Risk for information on imbalances.

MPC historically has been the source of the majority of our revenues. In connection with our initial public offering (the "Initial Offering") completed on October 31, 2012, we entered into multiple transportation and storage services agreements with MPC. These agreements are long-term, fee-based agreements with minimum volume commitments under which MPC will continue to be the source of the substantial majority of our revenues for the foreseeable future. We believe these transportation and storage services agreements will promote stable and predictable cash flows.

MPC owns a significant interest in us through its ownership of our general partner, a 69.5 percent limited partner interest in us and all of our incentive distribution rights. Given MPC's significant ownership interest in us and its stated intent to use us to grow its midstream business, we believe MPC will continue to offer us the opportunity to acquire MLP-qualifying assets from its substantial portfolio of midstream assets. We also may pursue acquisitions cooperatively with MPC, or independently. MPC is under no obligation, however, to offer to sell us additional assets or to pursue acquisitions cooperatively with us, and we are under no obligation to buy any such additional assets or pursue any such cooperative acquisitions. We also intend to grow our business by constructing new assets and increasing the utilization of, and revenue generated by, our existing assets.

Our operations consist of one reportable segment. All of our operations and assets are located in the United States. See Item 8. Financial Statements and Supplementary Data for financial information on our operations and assets, which is incorporated herein by reference.

RECENT DEVELOPMENTS

On February 12, 2015, we completed an initial underwritten public offering of $500.0 million aggregate principal amount of four percent unsecured senior notes due February 15, 2025 (the "Senior Notes"). The Senior Notes were offered at a price to the public of 99.64 percent of par. The net proceeds of this offering were used to repay the amounts outstanding under our bank revolving credit facility, as well as for general partnership purposes.

During the fourth quarter of 2014, we announced plans to substantially accelerate our growth and our intent to evolve into a large cap, diversified MLP. We expect this increased scale to provide us with greater flexibility to fund organic projects and to pursue acquisition opportunities independently from our sponsor, MPC. This anticipated growth in earnings will also help to support an average annual distribution growth rate percentage in the mid-20s over the next five years.

Effective December 1, 2014, we took an important first step in the execution of our strategy to accelerate our growth with the acquisition of a 30.5 percent interest in Pipe Line Holdings from subsidiaries of MPC for consideration of $800.0 million, increasing our general partner interest in Pipe Line Holdings to 99.5 percent. This transaction was financed with $600.0 million in borrowings under our bank revolving credit facility and the issuance of common units to MPC valued at $200.0 million. On December 8, 2014, we closed a public offering of 3,450,000 common units representing limited partner interests. We used the net proceeds of $221.3 million to repay borrowings incurred under our bank revolving credit facility. In addition, as a result of

Table of Contents

this acquisition and the December 2014 common unit offering, MPLX GP LLC, our general partner, contributed $8.8 million in exchange for 130,084 general partner units to maintain its two percent general partnership interest.

On November 20, 2014, we entered into a credit agreement with a syndicate of lenders that provides for a five-year, $1 billion bank revolving credit facility and a $250 million term loan facility. In connection with the entry into the credit agreement, we paid off outstanding borrowings and terminated our previously existing $500 million five-year MPLX Operations revolving credit agreement.

On March 1, 2014, we acquired a 13 percent interest in Pipe Line Holdings from MPC for consideration of $310.0 million, which was funded with $40.0 million of cash on hand and $270.0 million of borrowings under our bank revolving credit facility.

BUSINESS STRATEGIES

Our primary business objectives are to generate stable cash flows and increase our quarterly cash distribution per unit over an extended period of time. We intend to accomplish these objectives by executing the following strategies:

Focus on Fee-Based Businesses. We are focused on generating stable cash flows by providing fee-based midstream services to MPC and third parties. As we do not take ownership of the crude oil or products that we transport and store for our customers, and we do not engage in the trading of any commodities, we have minimal direct exposure to risks associated with fluctuating commodity prices allowing us to mitigate volatility in cash flows. We have long-term transportation and storage services agreements with MPC, which mitigate volatility in cash flows if our assets are under utilized.

Increase Revenue and Pursue Organic Growth Opportunities. We intend to increase revenue on our network of pipeline systems by evaluating and capitalizing on organic investment opportunities that may arise from the growth of MPC's operations and from increased third-party activity in our areas of operations. We will evaluate organic growth projects, such as the Cornerstone Pipeline Project, within our geographic footprint, as well as in new areas, that provide attractive returns and cash flow characteristics.

Grow through Acquisitions. We plan to pursue acquisitions of complementary assets from MPC as well as third parties. We believe MPC will offer us the opportunity to acquire MLP-qualifying assets from its substantial portfolio of midstream assets. We also may pursue acquisitions cooperatively with MPC or independently. Our third-party acquisition strategy may include midstream assets both within our existing geographic footprint and in new areas.

Sustain Long-Term Growth. Our goal is to maintain an attractive distribution growth profile over the long term. Since our Initial Offering we have increased our distribution for eight consecutive quarters, which represents a compound annual growth rate of 20.7 percent over the minimum quarterly distribution. In the fourth quarter of 2014, we announced plans to substantially accelerate the growth of the partnership in order to build meaningful scale more quickly and provide us with greater flexibility to fund organic projects and pursue acquisitions, including potential acquisitions and/or contributions from our sponsor's significant portfolio of midstream assets. We believe our growth plans for the partnership along with the support of our strong sponsor provide multiple avenues to support our distribution growth profile over the long-term.

Maintain Safe and Reliable Operations. We believe that providing safe, reliable and efficient services is a key component in generating stable cash flows, and we are committed to maintaining and improving the safety, reliability and efficiency of our operations. As part of MPC's broader corporate programs, we have adopted, and intend to continue to participate in, the Responsible Care® initiative, which promotes a higher standard for safety and environmental stewardship. In December 2009, we received third-party certification from Det Norske Veritas of our

Responsible Care Management System® and we obtained recertification in December 2012.

COMPETITIVE STRENGTHS

We believe we are well positioned to execute our business strategies based on the following competitive strengths:

Multiple Growth Opportunities. We have organic growth prospects associated with the anticipated growth of MPC's operations and third-party activity in our areas of operation that will augment expected revenue growth from annual tariff increases under Federal Energy Regulatory Commission ("FERC") indexing methodology and market-based rates and increased throughput volumes on our pipelines. We also plan to pursue acquisitions of other midstream assets from or cooperatively with MPC. We believe MPC will continue to offer us the opportunity to acquire MLP-qualifying assets from its substantial portfolio of

Table of Contents

midstream assets. We also believe with the anticipated larger earnings base and enhanced access to capital, we will have greater capacity to take on projects, investments or acquisitions independently from our sponsor.

Strategic Relationship with MPC. We have a strategic relationship with MPC, which we believe to be the fourth-largest petroleum products refiner in the United States and the largest petroleum products refiner in the Midwest region of the United States based on crude oil refining capacity. MPC is well-capitalized, with an investment grade credit rating, and owns our general partner, a 69.5 percent limited partner interest in us and all of our incentive distribution rights. MPC has identified eligible midstream assets and growth projects that are broadly estimated to generate annual earnings before interest, tax, depreciation and amortization of $1.6 billion. We believe that our relationship with MPC will provide us with significant growth opportunities, as well as a stable base of cash flows.

Stable and Predictable Cash Flows. Our assets primarily consist of common carrier pipeline systems that generate stable revenue from FERC-based tariffs. We generate the substantial majority of our revenue under long-term, fee-based transportation and storage services agreements with MPC that include minimum volume commitments. We believe these agreements enhance cash flow stability and predictability. We also expect that, based on MPC's historical shipping patterns, MPC will ship volumes on the majority of our pipelines in excess of its minimum volume commitments. For those pipeline systems where MPC does not ship the minimum quarterly volume commitments, we will receive quarterly deficiency payments that support our cash flows.

Strategically Located Assets. Our assets are primarily located in the Midwest and Gulf Coast regions of the United States, which collectively comprised approximately 72 percent of total U.S. crude distillation capacity and approximately 53 percent of total U.S. finished products demand for the year ended December 31, 2014, according to the U.S. Energy Information Administration ("EIA"). MPC owns and operates seven refineries in the Midwest and Gulf Coast regions of the United States, which have an aggregate crude oil refining capacity of approximately 1.7 million barrels per calendar day. Our assets are integral to the success of MPC's operations. Our assets are located near several emerging shale plays including the Marcellus, Utica, New Albany, Antrim and Illinois Basin in Pennsylvania, Ohio, Indiana, Michigan and Illinois, respectively. MPC is currently transporting crude oil and condensate from the Utica shale play and is actively evaluating similar growth opportunities in other emerging shale plays.

High-Quality, Well-Maintained Asset Base. We continually invest in the maintenance and integrity of our assets and have developed various programs to help us efficiently monitor and maintain them. For example, we utilize MPC's patented integrity management program that employs state-of-the-art mechanical integrity inspection and repair programs to enhance the safety of our pipelines.

Financial Flexibility. As of December 31, 2014, we had $27.3 million of cash and $665.0 million available on our revolving credit facilities. We believe that we will have the financial flexibility to execute our growth strategy through our cash reserves, borrowing capacity under our revolving credit facilities and access to the debt and equity capital markets.

Experienced Management Team. Our management team has substantial experience in the management and operation of pipelines, barge docks, storage facilities and other midstream assets. Our management team also has expertise in acquiring and integrating assets as well as executing growth strategies in the midstream sector.

Table of Contents

ORGANIZATIONAL STRUCTURE

The following diagram depicts our organizational structure and MPC’s ownership interests in us as of February 13, 2015.

Table of Contents

OUR ASSETS AND OPERATIONS

As of December 31, 2014, our primary assets consisted of:

- a 99.5 percent interest in Pipe Line Holdings, an entity that owns a 100 percent interest in MPL and ORPL, which in turn collectively own:
  - a network of pipeline systems that includes approximately 1,004 miles of common carrier crude oil pipelines and approximately 1,902 miles of common carrier product pipelines extending across nine states. This network includes approximately 230 miles of common carrier crude oil and product pipelines that we operate under long-term leases with third parties;
- a barge dock located on the Mississippi River near Wood River, Illinois with 78 thousand barrels per day ("mbpd") of crude oil and product throughput capacity; and
- crude oil and product tank farms located in Patoka, Wood River and Martinsville, Illinois and Lebanon, Indiana.

- a 100 percent interest in a butane cavern located in Neal, West Virginia with approximately one million barrels of natural gas liquids storage capacity that serves MPC's Catlettsburg, Kentucky refinery.

Table of Contents

Crude Oil Pipeline Systems

The following table sets forth certain information regarding our crude oil pipeline systems, each of which has an associated transportation services agreement with MPC (other than the inactive pipelines):
Crude Oil Pipeline Systems

System name	Diameter (inches)	Length (miles)	Capacity (mbpd)[(1)]	Associated MPC refineries
Patoka to Lima crude system				
Patoka, IL to Lima, OH	20”/22”	302	249	Detroit, MI; Canton, OH
Catlettsburg and Robinson crude system				
Patoka, IL to Robinson, IL	20”	78	225	Robinson, IL
Patoka, IL to Catlettsburg, KY	24”/20”	406	270	Catlettsburg, KY
Subtotal		484	495	
Detroit crude system				
Samaria, MI to Detroit, MI	16”	44	117	Detroit, MI
Romulus, MI to Detroit, MI[(2)]	16”	17	80	Detroit, MI
Subtotal		61	197	
Wood River to Patoka crude system				
Wood River, IL to Patoka, IL	22”	57	215	All Midwest refineries
Roxanna, IL to Patoka, IL[(3)]	12”	58	99	All Midwest refineries
Subtotal		115	314	
Inactive pipelines		42	n/a	
Total crude oil pipelines		1,004	1,255	

(1) Capacity shown is 100 percent of the capacity of these pipeline systems and based on physical barrels. At December 31, 2014, we owned a 99.5 percent indirect interest in these pipeline systems through Pipe Line Holdings.
(2) Includes approximately 16 miles of pipeline leased from a third party.
(3) This pipeline is leased from a third party.

Our crude oil pipeline systems and related assets are strategically positioned to support diverse and flexible crude oil supply options for MPC’s Midwest refineries, which receive imported and domestic crude oil through a variety of sources. Imported and domestic crude oil is transported to supply hubs in Wood River and Patoka, Illinois from a variety of regions, including: Cushing, Oklahoma on the Ozark pipeline system; Western Canada, Wyoming and North Dakota on the Keystone, Platte, Mustang and Enbridge pipeline systems; and the Gulf Coast on the Capline crude oil pipeline system. Our major crude oil pipeline systems are connected to these supply hubs and transport crude oil to refineries owned by MPC and third parties.

Table of Contents

Product Pipeline Systems
The following table sets forth certain information regarding our product pipeline systems, each of which has an associated transportation services agreement with MPC (other than our Louisville Airport products system, which currently transports only third-party volumes, and the inactive pipelines):

Product Pipeline Systems

System name	Diameter (inches)	Length (miles)	Capacity (mbpd)[1]	Associated MPC refineries
Garyville products system				
Garyville, LA to Zachary, LA	20”	70	389	Garyville, LA
Zachary, LA to connecting pipelines[2]	36”	2	—	Garyville, LA
Subtotal		72	389	
Texas City products system				
Texas City, TX to Pasadena, TX	16”	39	215	Texas City, TX; Galveston Bay, TX
Pasadena, TX to connecting pipelines[2]	36”/30”	3	—	Texas City, TX; Galveston Bay, TX
Subtotal		42	215	
ORPL products system				
Kenova, WV to Columbus, OH	14”	150	68	Catlettsburg, KY
Canton, OH to East Sparta, OH[3,4]	6”	17	73	Canton, OH
East Sparta, OH to Heath, OH[4]	8”	81	29	Canton, OH
East Sparta, OH to Midland, PA[4]	8”	62	32	Canton, OH
Heath, OH to Dayton, OH	6”	108	24	Catlettsburg, KY; Canton, OH
Heath, OH to Findlay, OH	10”/8”	100	18	Catlettsburg, KY; Canton, OH
Subtotal		518	244	
Robinson products system				
Robinson, IL to Lima, OH	10”	250	51	Robinson, IL
Robinson, IL to Louisville, KY	16”	129	92	Robinson, IL
Robinson, IL to Mt. Vernon, IN[5]	10”	79	43	Robinson, IL
Wood River, IL to Clermont, IN	10”	317	48	Robinson, IL
Dieterich, IL to Martinsville, IL	10”	40	59	Robinson, IL
Wabash Pipeline System:				
West leg—Wood River, IL to Champaign, IL	12”	130	71	Robinson, IL
East leg—Robinson, IL to Champaign, IL	12”	86	99	Robinson, IL
Champaign, IL to Hammond, IN[7]	16”/12”	140	85	Robinson, IL
Subtotal		1,171	548	
Louisville Airport products system				
Louisville, KY to Louisville International Airport	8”/6”	14	29	Robinson, IL
Inactive pipelines[6]		85	n/a	
Total product pipelines		1,902	1,425	

(1) Capacity shown is 100 percent of the capacity of these pipeline systems. At December 31, 2014, we owned a 99.5 percent indirect interest in these pipeline systems through Pipe Line Holdings.

(2) Capacity not shown, as the pipeline is designed to meet outgoing capacity for connecting third-party pipelines.

Table of Contents

(3) Consists of two separate approximately 8.5-mile pipelines.
(4) This pipeline is bi-directional.
(5) This pipeline is leased from a third party.
(6) Includes 77 miles of pipeline leased from a third party.
(7) Capacity not shown for 16 miles on this system due to complexities associated with bi-directional capability.

Our product pipeline systems are strategically positioned to transport products from six of MPC's refineries to MPC's marketing operations, as well as those of third parties. These pipeline systems also supply feedstocks to MPC's Midwest refineries. These product pipeline systems are integrated with MPC's expansive network of refined product marketing terminals, which support MPC's integrated midstream business.

Other Midstream Assets

The following table sets forth certain information regarding our other midstream assets, each of which currently has an associated transportation services agreement or storage services agreement with MPC:

Other Midstream Assets

Asset name	Capacity[1]	Associated MPC refineries
Wood River Barge Dock	78 mbpd	Garyville, LA
Neal Butane Cavern	1,000 mbbls	Catlettsburg, KY
Patoka Tank Farm	1,386 mbbls	All Midwest refineries
Wood River Tank Farm	419 mbbls	All Midwest refineries
Martinsville Tank Farm	738 mbbls	Detroit, MI; Canton, OH
Lebanon Tank Farm	750 mbbls	Detroit, MI; Canton, OH

(1) All capacity shown is for 100 percent of the available storage capacity of our butane cavern and tank farms in thousands of barrels ("mbbls") and 100 percent of the barge dock's average capacity. At December 31, 2014, we owned a 99.5 percent indirect interest in our tank farms and our barge dock through Pipe Line Holdings. We own a 100 percent interest in our butane cavern.

Volumes Transported

The following table sets forth the average aggregate daily number of barrels of crude oil transported on our pipeline systems and at our barge dock for MPC and for third parties, in physical barrels, for each of the last three years:

Crude Oil Volumes Transported

	2014	2013	2012
Crude oil transported for (mbpd)[1]:			
MPC	838	853	830
Third parties	203	222	202
Total	1,041	1,075	1,032
% MPC	80 %	79 %	80 %

(1) Volumes shown are 100 percent of the volumes transported on the pipeline systems and barge dock. At December 31, 2014, we owned a 99.5 percent indirect interest in our pipeline systems and our barge dock through Pipe Line Holdings. Volumes shown for all periods exclude volumes transported on two undivided joint interest crude oil pipeline systems not contributed to MPLX LP at the Initial Offering.

10

Table of Contents

The following table sets forth the average aggregate daily number of barrels of products transported on our pipeline systems for MPC and third parties for each of the last three years:

Product Volumes Transported

	2014		2013		2012	
Products transported for (mbpd)[1]:						
MPC [2]	852		862		909	
Third parties	26		49		71	
Total	878		911		980	
% MPC [2]	97	%	95	%	93	%

(1) Volumes shown are 100 percent of the volumes transported on the pipeline systems. At December 31, 2014, we owned a 99.5 percent indirect interest in the pipeline systems through Pipe Line Holdings.

(2) Includes volumes shipped by MPC on various pipelines under joint tariffs with third parties. For accounting purposes, revenue attributable to these volumes is classified as third-party revenue because we receive payment from those third parties with respect to volumes shipped under the joint tariffs; however, the volumes associated with this revenue are applied towards MPC's minimum quarterly volume commitments on the applicable pipelines because MPC is the shipper of record.

The volume of crude oil and refined products transported on our pipeline systems and at our barge dock and stored at our storage assets is directly affected by the level of supply and demand for crude oil and refined products in the markets served directly or indirectly by our assets. However, many effects of seasonality on our revenues will be mitigated through the use of our fee-based transportation and storage services agreements with MPC that include minimum volume commitments. We historically have spent approximately two-thirds of both our budgeted maintenance capital expenditures and budgeted pipeline integrity, repair and maintenance expenses during the third and fourth quarter of each calendar year due to our budgeting cycle, operating conditions, weather and safety concerns.

OUR TRANSPORTATION AND STORAGE SERVICES AGREEMENTS WITH MPC

Our assets are strategically located within, and integral to, MPC's operations. We have entered into multiple transportation and storage services agreements with MPC. Under these long-term, fee-based agreements, we provide transportation and storage services to MPC, and MPC has committed to provide us with minimum quarterly throughput volumes on crude oil and products systems and minimum storage volumes of crude oil, products and butane. This committed revenue represents 71 percent of total revenue and other income for 2014. All of our transportation services agreements for our crude oil and product pipeline systems (other than our Wood River to Patoka crude system) include a 10-year term and automatically renew for up to two additional five-year terms unless terminated by either party no later than six months prior to the end of the term. The transportation services agreements for our Wood River to Patoka crude system and our barge dock each include a five-year term and automatically renew for up to four additional two-year terms unless terminated by either party no later than six months prior to the end of the term. Our butane cavern storage services agreement includes a 10-year term but does not automatically renew. Our storage services agreements for our tank farms include a three-year term and automatically renew for additional one-year terms unless terminated by either party no later than six months prior to the end of the term.

Table of Contents

The following table sets forth additional information regarding our transportation and storage services agreements:
Transportation and Storage Services Agreements

Agreement	Initiation Date	Term (years)	Weighted average tariff/storage fee ($ per bbl)[1]	MPC minimum commitment[2]
Transportation Services (mbpd)				
Crude Systems				
Patoka to Lima crude system[3]	October 31, 2012	10	$ 0.54	40
Catlettsburg and Robinson crude system	October 31, 2012	10	0.77	380
Detroit crude system	October 31, 2012	10	0.28	155
Wood River to Patoka crude system[3]	October 31, 2012	5	0.24	130
Wood River Barge Dock[3][4]	October 31, 2012	5	1.37	40
Total				745
Products Systems				
Garyville products system	October 31, 2012	10		
Garyville to Zachary[5]			$ 0.60	300
Zachary to connecting pipelines			0.08	80
Texas City products system	October 31, 2012	10		
Texas City to Pasadena[5]			0.30	81
Pasadena to connecting pipelines			0.07	61
ORPL products system	October 31, 2012	10	1.19	129
Robinson products system[5]	October 31, 2012	10	0.75	209
Total				860
Storage Services (mbbls)				
Neal Butane Cavern	October 1, 2012	10	$ 1.25	1,000
Patoka Tank Farm	October 1, 2012	3	0.48	1,386
Wood River Tank Farm	October 1, 2012	3	0.48	419
Martinsville Tank Farm	October 1, 2012	3	0.48	738
Lebanon Tank Farm	October 1, 2012	3	0.48	750
Total				4,293

(1) Based on actual volumes transported or stored for 2014 and applicable tariffs or fees during the period, including general tariff increases on the majority of our pipeline systems in July 2014. Weighted average tariffs shown for transportation services agreements are presented on a per-barrel of throughput basis. Storage fees for our butane cavern and tank farms are shown per barrel of capacity per month.

(2) Quarterly commitment for our transportation services agreements in thousands of barrels per day and committed storage capacity for our storage services agreements in thousands of barrels. Volumes shown for crude oil transportation services agreements are adjusted for crude viscosities.

(3) MPC's minimum commitment represents the lesser of (1) a base commitment and (2) a lesser amount reflecting increased third-party utilization of the applicable asset.

(4) Historically, we have shipped primarily crude oil volumes; however, our barge dock can handle products as well as crude oil.

(5) Includes revenue from volumes shipped by MPC on various pipelines under joint tariffs with third parties. For accounting purposes, this revenue is classified as third-party revenue because we receive payment from those third parties with respect to volumes shipped under the joint tariffs; however, the volumes associated with this revenue are applied towards MPC's minimum volume commitments on the applicable pipelines because MPC is the shipper of record.

Table of Contents

Under our transportation services agreements, if MPC fails to transport its minimum throughput volumes during any quarter, then MPC will pay us a deficiency payment equal to the volume of the deficiency multiplied by the tariff rate then in effect (the "Quarterly Deficiency Payment"). Under each of our transportation services agreements, other than the agreements covering our Wood River to Patoka crude system and our barge dock, the amount of any Quarterly Deficiency Payment paid by MPC may be applied as a credit for any volumes transported on the applicable pipeline system in excess of MPC's minimum volume commitment during any of the succeeding four quarters, or eight quarters for the transportation services agreements covering our Wood River to Patoka crude system and our barge dock, after which time any unused credits will expire. Upon the expiration or termination of a transportation services agreement, MPC will have the opportunity to apply any such remaining credit amounts until the completion of any such four-quarter or eight-quarter period, as applicable. Unlike during the term of the agreement, any such remaining credits may be used against any volumes shipped by MPC on the applicable pipeline system, without regard to any minimum volume commitment that may have been in place during the term of the agreement.

In order to enable MPC to transport its minimum throughput commitment each quarter, we are obligated to maintain the stated minimum capacity of the pipeline systems. If the minimum capacity of the pipeline falls below the level of MPC's commitment at any time or if capacity on the pipeline is required to be allocated among shippers because volume nominations exceed available capacity, depending on the cause of the reduction in capacity, MPC's commitment may be reduced or MPC will receive a credit for its minimum volume commitment for that period.

Generally, under our transportation services agreements, we may elect to adjust our tariff rates annually. MPC has agreed not to directly or indirectly take any action that indicates a lack of support for our tariffs for the term of the agreement. In addition to MPC's minimum volume commitment, MPC is also responsible for any loading, handling, transfer and other charges with respect to volumes we transport for MPC.

Under our transportation services agreements, if we agree to make any capital expenditures at MPC's request, MPC will reimburse us for, or we will have the right in certain circumstances to file for an increased tariff rate to recover, the actual cost of such capital expenditures. In addition, if new laws or regulations that affect the services that we provide to MPC under these agreements are enacted or promulgated that require us to make substantial and unanticipated capital expenditures, MPC will reimburse us for, or we will have the right to file for an increased tariff rate to cover, MPC's proportionate share of the costs of complying with these laws or regulations, after we have made efforts to mitigate their effect. We and MPC will negotiate in good faith to agree on the level of the increased tariff rate which shall be sufficient to allow us to recover the costs of the substantial and unanticipated capital expenditures consistent with FERC ratemaking methodology. MPC will also reimburse us for, or we will also have the right to file for an increased tariff rate to recover, the amounts of any taxes (other than income taxes, gross receipt taxes, ad valorem taxes, property taxes and similar taxes) that we incur on MPC's behalf for the services we provide to MPC under these agreements to the extent permitted by law.

MPC's obligations under these transportation and storage services agreements will not terminate if MPC no longer controls our general partner.

Our transportation services agreements include provisions that permit MPC to suspend, reduce or terminate its obligations under the applicable agreement if certain events occur. These events include MPC deciding to permanently or indefinitely suspend refining operations at one or more of its refineries for at least twelve consecutive months and certain force majeure events that would prevent us or MPC from performing required services under the applicable agreement. As defined in our transportation and storage services agreements, force majeure events include any acts or occurrences that prevent services from being performed under the applicable agreement, such as:

- acts of God, fires, floods or storms;
- compliance with orders of courts or any governmental authority;
- explosions, wars, terrorist acts, riots, strikes, lockouts or other industrial disturbances;
- accidental disruption of service;
- breakdown of machinery, storage tanks or pipelines and inability to obtain or unavoidable delays in obtaining material or equipment to repair or replace those assets; and
- similar events or circumstances, so long as such events or circumstances are beyond the party's reasonable control and could not have been prevented by the service provider's reasonable due diligence.

Under our crude oil transportation services agreements, if MPC experiences a force majeure at one of its refineries that reduces such refinery's crude oil throughput capacity by at least 50 percent for 30 days or more, MPC's minimum volume commitment under the associated agreement will be reduced by 50 percent until such time that capacity is restored at the refinery.

Table of Contents

Under our storage services agreements, we are obligated to make available to MPC on a firm basis the available storage capacity at our tank farms and butane cavern, and MPC has agreed to pay us a per-barrel fee for such storage capacity, regardless of whether MPC fully utilizes the available capacity. If the available capacity of our storage assets is reduced as a result of testing, repair or maintenance activities, a force majeure event or in order to comply with applicable law, rule or regulation, then MPC is entitled to a proportionate reduction in the amounts payable by MPC under the applicable agreement. We may adjust the per-barrel fees in our storage services agreements annually based on changes in the Producer Price Index for Finished Goods ("PPI").

Under our transportation and storage services agreements, each party has agreed to indemnify the other party from any losses or liabilities incurred as a result of, among other things, the indemnifying party's breach of the applicable transportation and storage services agreement. Additionally, we have agreed to indemnify MPC from any losses or liabilities, including third-party claims, incurred by MPC as a result of our gross negligence, willful misconduct or bad faith in the performance of the applicable transportation and storage services agreement. MPC has agreed to indemnify us from any losses or liabilities incurred for any third-party claims except to the extent resulting from our gross negligence, willful misconduct or bad faith in the provision of services under the applicable transportation and storage services agreement. There is no limit on the amount of the indemnification obligations under the transportation and storage services agreements.

None of these agreements may be assigned by us or MPC without the other party's prior written consent, except that we or MPC may assign an agreement without the other party's prior written consent to a successor in interest resulting from any merger, reorganization, consolidation or as part of a sale of all or substantially all of the assigning party's assets. Upon termination of a transportation services agreement, if not due to a default by MPC or initiated by MPC for reasons of force majeure or the suspension of a refinery's operations, (i) MPC has the right to require us to enter into a new transportation services agreement on commercial terms that are equal or more favorable to us than terms that would be agreed to with a third party at arm's length and, (ii) if we propose to enter into a transportation services agreement with a third party, we must provide MPC with a right of first offer to enter into a transportation services agreement with us on terms no less favorable than those offered by the third party, provided that in either case the term of any such new agreement will not extend beyond December 31, 2032 (except with respect to our Wood River barge dock and Wood River to Patoka crude system, the terms of which will not extend beyond December 31, 2017 and December 31, 2025, respectively).

OPERATING AND MANAGEMENT SERVICES AGREEMENTS WITH MPC AND THIRD PARTIES

Operating Agreements

Through MPL, we operate various pipeline systems owned by MPC and third parties under existing operating services agreements that MPL has entered into with MPC and third parties. Under these operating services agreements, MPL receives an operating fee for operating the assets, which include certain MPC wholly-owned or partially-owned crude oil and product pipelines, and for providing various operational services with respect to those assets. MPL is generally reimbursed for all direct and indirect costs associated with operating the assets and providing such operational services. These agreements generally range from one to five years in length and automatically renew. Most of the agreements are indexed for inflation.

MPL receives an annual fee for operating certain Marathon Petroleum Company LP pipeline systems. This fee is currently $12.8 million and will be adjusted annually for inflation. Marathon Petroleum Company LP has agreed to indemnify MPL against any and all damages arising out of the operation of Marathon Petroleum Company LP's pipeline systems unless such occurrence is due to the gross negligence or willful misconduct of MPL. MPL has agreed to indemnify Marathon Petroleum Company LP against any and all damages arising out of MPL's gross negligence or willful misconduct in the operation of the pipeline systems. The initial term of this agreement was for one year and automatically renews from year-to-year unless terminated by either party at least six months prior to the end of the term.

Our existing operating services agreements include an operating agreement with Red Butte Pipe Line Company, which is owned by a third party. Under this agreement, MPL received $3.3 million in operating fees for operating certain pipelines in Wyoming and Montana in 2014. The term of this agreement is through December 2018.

Effective February 1, 2013, we entered into an operating agreement with Blanchard Pipe Line Company LLC ("Blanchard Pipe Line"), a wholly-owned subsidiary of MPC, under which we operate various pipeline systems in Texas owned by Blanchard Pipe Line. We received $1.1 million in fees under this agreement in 2014. This agreement is subject to adjustment for inflation, and in addition, we are reimbursed for specific costs associated with operating the pipeline systems. The term of this agreement is through December 31, 2015, and it is automatically extended from year to year thereafter unless terminated by either party at least three months prior to the end of the term.

Effective October 1, 2013, MPL entered into an operating and maintenance agreement with the owners of the Capline pipeline system. The Capline system is a 635 mile, 40-inch crude oil pipeline running from St. James, Louisiana to Patoka, Illinois.

Table of Contents

MPC owns a 32.6 percent undivided joint interest in the Capline system. We received $3.6 million in fees under this agreement in 2014. This agreement is subject to adjustment for inflation, and in addition, we are reimbursed for specific costs associated with operating the pipeline system. The initial term of this agreement is until August 31, 2018, and it is automatically extended for successive five year terms thereafter unless terminated by either party at least ten months prior to the end of the term.

Management Services Agreements

Effective September 1, 2012, we entered into a management services agreement with Hardin Street Holdings LLC, a subsidiary of MPC, under which MPL provides certain management services to MPC with respect to certain of MPC's retained assets owned by Hardin Street Holdings LLC. We receive a fixed monthly fee under the agreement for providing the required management services. The fees in 2014 were $0.6 million. These fees are indexed for inflation and subject to adjustments for changes in the scope of management services provided.

Effective October 10, 2012, we entered into a second management services agreement with MPL Louisiana Holdings LLC, a subsidiary of MPC, under which MPL will continue to provide certain management services to MPC with respect to certain of MPC's retained pipeline assets owned by MPL Louisiana Holdings LLC. We receive a fixed monthly fee under the agreement for providing the required management services. The fees in 2014 were $0.2 million. These fees are indexed for inflation and subject to adjustments for changes in the scope of management services provided.

OTHER AGREEMENTS WITH MPC

In connection with the Initial Offering, we entered into the following additional agreements with MPC:

- Omnibus Agreement. As of October 31, 2012, we entered into an omnibus agreement with MPC that addresses our payment of a fixed annual fee to MPC for the provision of executive management services by certain executive officers of our general partner and our reimbursement to MPC for the provision of certain general and administrative services to us, as well as MPC's indemnification of us for certain matters, including certain pre-closing environmental, title and tax matters. In addition, we will indemnify MPC for certain post-closing matters under this agreement.
- Employee Services Agreements. We entered into two employee services agreements with MPC, effective October 1, 2012, under which we agreed to reimburse MPC for the provision of certain operational and management services to us in support of our pipelines, barge dock, butane cavern and tank farms.

OUR RELATIONSHIP WITH MPC

One of our principal strengths is our relationship with MPC, which we believe to be the fourth-largest petroleum products refiner in the United States and the largest petroleum products refiner in the Midwest region of the United States based on crude oil refining capacity. MPC owns and operates seven refineries and associated midstream transportation and logistics assets in Petroleum Administration for Defense District ("PADD") II and PADD III, which consist of states in the Midwest and Gulf Coast regions of the United States, along with an extensive wholesale and retail refined product marketing operation that serves markets primarily in the Midwest, Gulf Coast and Southeast regions of the United States. MPC markets refined products under the Marathon brand through an extensive network of retail locations owned by independent entrepreneurs, and under the Speedway brand through its wholly-owned subsidiary, Speedway LLC, which operates what we believe to be the nation's second-largest chain of company-owned and operated retail gasoline and convenience stores. In addition, MPC sells refined products in the wholesale markets. MPC had consolidated revenues of approximately $98.1 billion in 2014. Marathon Petroleum Corporation's common stock trades on the New York Stock Exchange ("NYSE") under the symbol "MPC."

MPC's operations necessitate large-scale movements of crude oil and feedstocks to and among its refineries, as well as large-scale movements of refined products from its refineries to various markets. To this end, MPC has an extensive, integrated network of midstream assets. As of December 31, 2014, MPC continued to own, lease or have ownership interests in a substantial portfolio of midstream assets, including:

- approximately 5,400 miles of additional crude oil and product pipelines;
- 19 owned or leased inland towboats and 211 owned or leased inland barges;
- 63 owned and operated light product terminals with approximately 20 million barrels of storage capacity and 192 loading lanes;
-

18 owned and operated asphalt terminals with approximately five million barrels of storage capacity and 65 loading lanes;

- one leased and two non-operated, partially-owned light product terminals;
- 2,210 owned or leased rail cars;
- 59 million barrels of tank and cavern storage capacity at its refineries;

Table of Contents

- 25 rail and 24 truck loading racks at its refineries;
- seven owned and 11 non-owned docks at its refineries;
- a condensate splitter at its Canton refinery; and
- approximately 20 billion gallons of fuel distribution based on 2014 volumes.

MPC continues to focus resources on growing this portfolio of assets, including investments in the Sandpiper and Southern Access Extension pipeline projects and a condensate splitter project at its Catlettsburg refinery.

MPC retains a significant interest in us through its ownership of our general partner, a 69.5 percent limited partner interest in us and all of our incentive distribution rights. We believe MPC will promote and support the successful execution of our business strategies given its significant ownership in us and its stated intention to use us to grow its midstream business. As a result, we believe MPC will continue to offer us the opportunity to acquire MLP-qualifying assets from its substantial portfolio of midstream assets. We also may pursue acquisitions cooperatively with MPC. However, MPC is under no obligation to offer to sell us additional assets or to pursue acquisitions cooperatively with us, and we are under no obligation to buy any such additional assets or pursue any such cooperative acquisitions.

COMPETITION

As a result of our contractual relationship with MPC under our transportation and storage services agreements, and our connections to MPC’s refineries, we believe that our crude oil and product pipelines will not face significant competition from other pipelines for MPC’s crude oil or products transportation requirements.

If MPC’s customers reduced their purchases of products from MPC due to the increased availability of less expensive products from other suppliers or for other reasons, MPC may only ship the minimum volumes through our pipelines (or pay the shortfall payment if it does not ship the minimum volumes), which would cause a decrease in our revenues. MPC competes with integrated petroleum companies, which have their own crude oil supplies and distribution and marketing systems, as well as with independent refiners, many of which also have their own distribution and marketing systems. MPC also competes with other suppliers that purchase refined products for resale. Competition in any particular geographic area is affected significantly by the volume of products produced by refineries in that area and by the availability of products and the cost of transportation to that area from distant refineries.

In addition, we compete for customers, potential acquisitions and new infrastructure opportunities with other master limited partnerships (“MLPs”), energy companies and investors. During the last several years, the number of MLPs and the pace of acquisitions has increased substantially.

INSURANCE

Our assets may experience physical damage as a result of an accident or natural disaster. These hazards can also cause personal injury and loss of life, severe damage to and destruction of property and equipment, pollution or environmental damage and suspension of operations. We are insured under MPC’s corporate property and liability insurance policies and subject to the shared deductibles and limits under those policies. We also maintain our own property, business interruption and pollution liability insurance policies separately from MPC and at varying levels of deductibles and limits that we believe are reasonable and prudent under the circumstances to cover our operations and assets. As we continue to grow, we will continue to evaluate our policy limits and retentions as they relate to the overall cost and scope of our insurance program.

PIPELINE CONTROL OPERATIONS

Our pipeline systems are operated from a central control room located in Findlay, Ohio. The control center operates with a SCADA (supervisory control and data acquisition) system equipped with computer systems designed to continuously monitor operational data. Monitored data includes pressures, temperatures, gravities, flow rates and alarm conditions. A “state-of-the-art” real-time transient leak detection system monitors throughput and alarms if pre-established operating parameters are exceeded. The control center operates remote pumps, motors and valves associated with the receipt and delivery of crude oil and products, and provides for the remote-controlled shutdown of pump stations on the pipeline system. A fully functional back-up operations center is also maintained and routinely operated throughout the year to ensure safe and reliable operations.

Table of Contents

RATE AND OTHER REGULATION

Tariff Rates

Our pipeline systems are common carriers subject to regulation by various federal, state and local agencies. The FERC regulates interstate transportation on our common carrier pipeline systems under the Interstate Commerce Act ("ICA"), Energy Policy Act of 1992 ("EPAct 1992") and the rules and regulations promulgated under those laws. The ICA and its implementing regulations require that tariff rates for interstate service on oil pipelines, including interstate pipelines that transport crude oil and products (collectively referred to as "petroleum pipelines"), be just and reasonable and must not be unduly discriminatory or confer any undue preference upon any shipper. The FERC regulations require that interstate petroleum pipeline transportation rates and terms and conditions of service be filed with the FERC and publicly posted. Under the ICA, interested persons may challenge new or changed rates or services. The FERC is authorized to investigate such charges and may suspend the effectiveness of a challenged rate for up to seven months. A successful rate challenge could result in a petroleum pipeline paying refunds together with interest for the period that the rate was in effect. The FERC may also investigate, upon complaint or on its own motion, existing rates and related rules and may order a pipeline to change them prospectively. A shipper may obtain reparations for damages sustained for a period up to two years prior to the filing of a complaint.

EPAct 1992 deemed certain interstate petroleum pipeline rates then in effect to be just and reasonable under the ICA. These rates are commonly referred to as "grandfathered rates." Our rates in effect at the time of the passage of EPAct 1992 for interstate transportation service were deemed just and reasonable and therefore are grandfathered. New rates have since been established after EPAct 1992 for certain pipeline systems, and many of our products rates have subsequently been approved as market-based rates. The FERC may change grandfathered rates upon complaint only after it is shown that:

- a substantial change has occurred since enactment in either the economic circumstances or the nature of the services that were a basis for the rate;
- the complainant was contractually barred from challenging the rate prior to enactment of EPAct 1992 and filed the complaint within 30 days of the expiration of the contractual bar; or
- a provision of the tariff is unduly discriminatory or preferential.

EPAct 1992 required the FERC to establish a simplified and generally applicable ratemaking methodology for interstate petroleum pipelines. As a result, the FERC adopted an indexing rate methodology which, as currently in effect, allows petroleum pipelines to change their rates within prescribed ceiling levels that are tied to changes in the PPI. The FERC's indexing methodology is subject to review every five years. During the five-year period commencing July 1, 2011 and ending June 30, 2016, petroleum pipelines charging indexed rates are permitted to adjust their indexed ceilings annually by PPI plus 2.65 percent. The indexing methodology is applicable to existing rates, including grandfathered rates, with the exclusion of market-based rates. A pipeline is not required to raise its rates up to the index ceiling, but it is permitted to do so and rate increases made under the index are presumed to be just and reasonable unless a protesting party can demonstrate that the portion of the rate increase resulting from application of the index is substantially in excess of the pipeline's increase in costs. Under the indexing rate methodology, in any year in which the index is negative, pipelines must file to lower their rates if those rates would otherwise be above the rate ceiling.

While petroleum pipelines often use the indexing methodology to change their rates, petroleum pipelines may elect to support proposed rates by using other methodologies such as cost-of-service ratemaking, market-based rates and settlement rates. A pipeline can follow a cost-of-service approach when seeking to increase its rates above the rate ceiling (or when seeking to avoid lowering rates to the reduced rate ceiling), provided that the pipeline can establish that there is a substantial divergence between the actual costs experienced by the pipeline and the rate resulting from application of the index. A pipeline can charge market-based rates if it establishes that it lacks significant market power in the affected markets. In addition, a pipeline can establish rates under settlement if agreed upon by all current non-affiliated shippers. We have used index rates, settlement rates and market-based rates for our different pipeline systems. The FERC issued a policy statement in May 2005 stating that it would permit interstate oil pipelines, among others, to include an income tax allowance in cost-of-service rates to reflect actual or potential tax liability attributable to a regulated entity's operating income, regardless of the form of ownership. Under the FERC's policy, a tax pass-through entity seeking such an income tax allowance must establish that its partners or members have an actual or potential income tax liability on the regulated entity's income. Whether a pipeline's owners have such actual or potential income tax liability is subject to review by the FERC on a case-by-case basis. Although this policy is generally favorable for pipelines that are organized as pass-through entities, it still entails rate risk due to the case-by-case review requirement.

Intrastate services provided by certain of our pipeline systems are subject to regulation by state regulatory authorities, such as the Illinois Commerce Commission and the Michigan Public Service Commission. This state regulation uses a complaint-based system, both as to rates and priority of access. The Illinois Commerce Commission and the Michigan Public Service

Table of Contents

Commission could limit our ability to increase our rates or to set rates based on our costs or could order us to reduce our rates and could require the payment of refunds to shippers.

The FERC and state regulatory agencies generally have not investigated rates on their own initiative when those rates, like ours, have not been the subject of a protest or a complaint by a shipper. MPC has agreed not to contest our tariff rates for the term of our transportation and storage services agreements with MPC. However, the FERC or a state commission could investigate our rates on its own initiative or at the urging of a third party if the third party is either a current shipper or is able to show that it has a substantial economic interest in our tariff rate level.

If our rate levels were investigated, the inquiry could result in a comparison of our rates to those charged by others or to an investigation of our costs, including:

- the overall cost of service, including operating costs and overhead;
- the allocation of overhead and other administrative and general expenses to the regulated entity;
- the appropriate capital structure to be utilized in calculating rates;
- the appropriate rate of return on equity and interest rates on debt;
- the rate base, including the proper starting rate base;
- the throughput underlying the rate; and
- the proper allowance for federal and state income taxes.

If the FERC or a state commission were to determine that our rates were or had become unjust and unreasonable, we could be ordered to reduce rates prospectively and pay refunds and reparations to shippers.

Because our pipelines are common carrier pipelines, we may be required to accept new shippers who wish to transport on our pipelines. It is possible that new shippers, current shippers or other interested parties may decide to challenge our tariff rates and any related proration rules.

Pipeline Safety

Our assets are subject to increasingly strict safety laws and regulations. The transportation and storage of crude oil and products involve a risk that hazardous liquids may be released into the environment, potentially causing harm to the public or the environment. In turn, such incidents may result in substantial expenditures for response actions, significant government penalties, liability to government agencies for natural resources damages and significant business interruption. The U.S. Department of Transportation ("DOT") has adopted safety regulations with respect to the design, construction, operation, maintenance, inspection and management of our assets. These regulations contain requirements for the development and implementation of pipeline integrity management programs, which include the inspection and testing of pipelines and the correction of anomalies. These regulations also require that pipeline operation and maintenance personnel meet certain qualifications and that pipeline operators develop comprehensive spill response plans.

We are subject to regulation by the DOT under the Hazardous Liquid Pipeline Safety Act of 1979, also known as the HLPSA. The HLPSA delegated to the DOT the authority to develop, prescribe and enforce minimum federal safety standards for the transportation of hazardous liquids by pipeline. Congress also enacted the Pipeline Safety Act of 1992, also known as the PSA, which added the environment to the list of statutory factors that must be considered in establishing safety standards for hazardous liquid pipelines, required regulations be issued to define the term "gathering line" and establish safety standards for certain "regulated gathering lines," and mandated that regulations be issued to establish criteria for operators to use in identifying and inspecting pipelines located in High Consequence Areas ("HCAs"), defined as those areas that are unusually sensitive to environmental damage, that cross a navigable waterway, or that have a high population density. In 1996, Congress enacted the Accountable Pipeline Safety and Partnership Act, also known as the APSPA, which limited the operator identification requirement mandate to pipelines that cross a waterway where a substantial likelihood of commercial navigation exists, required that certain areas where a pipeline rupture would likely cause permanent or long-term environmental damage be considered in determining whether an area is unusually sensitive to environmental damage, and mandated that regulations be issued for the qualification and testing of certain pipeline personnel. In the Pipeline Inspection, Protection, Enforcement, and Safety Act of 2006, also known as the PIPES Act, Congress required mandatory inspections for certain U.S. crude oil and natural gas transmission pipelines in HCAs and mandated that regulations be issued for low-stress hazardous liquid pipelines and pipeline control room management. We are also subject to the Pipeline Safety, Regulatory Certainty and Job Creation

Act of 2011, which reauthorized funding for federal pipeline safety programs through 2015, increased penalties for safety violations, established additional safety requirements for newly constructed pipelines and required studies of certain safety issues that could result in the adoption of new regulatory requirements for existing pipelines.

Table of Contents

The DOT has delegated its authority under these statutes to the Pipeline and Hazardous Materials Safety Administration (“PHMSA”), which administers compliance with these statutes and has promulgated comprehensive safety standards and regulations for the transportation of hazardous liquid by pipeline, including regulations for the design and construction of new pipeline systems or those that have been relocated, replaced or otherwise changed (Subparts C and D of 49, Code of Federal Regulations (“CFR”) Part 195); pressure testing of new pipelines (Subpart E of 49 CFR Part 195); operation and maintenance of pipeline systems, including inspecting and reburying pipelines in the Gulf of Mexico and its inlets, establishing programs for public awareness and damage prevention, managing the integrity of pipelines in HCAs and managing the operation of pipeline control rooms (Subpart F of 49 CFR Part 195); protecting steel pipelines from the adverse effects of internal and external corrosion (Subpart H of 49 CFR Part 195); and integrity management requirements for pipelines in HCAs (49 CFR 195.452). In addition, on October 18, 2010, PHMSA issued an advance notice of proposed rulemaking on a range of topics relating to the safety of crude oil and other hazardous liquids pipelines. Among other items, the advance notice of proposed rulemaking requested comment on whether to extend regulation to certain pipelines currently exempt from federal safety regulations; whether to extend integrity management regulations to additional pipelines or to include additional pipelines in high consequence areas; and whether to require emergency flow-restricting devices and revise valve spacing requirements for new or existing pipelines. PHMSA has not yet taken further action on the issues raised in the advance notice of proposed rulemaking. We do not anticipate that we would be impacted by these regulatory initiatives to any greater degree than other similarly-situated competitors.

We monitor the structural integrity of our pipelines through a program of periodic internal assessments using high resolution internal inspection tools, as well as hydrostatic testing and direct assessment, that conforms to federal standards. We accompany these assessments with a review of the data and repair anomalies, as required, to ensure the integrity of the pipeline. We then utilize sophisticated risk algorithms and a comprehensive data integration effort to ensure that the highest risk pipelines receive the highest priority for scheduling subsequent integrity assessments. We use external coatings and impressed current cathodic protection systems to protect against external corrosion. We conduct all cathodic protection work in accordance with National Association of Corrosion Engineers standards. We continually monitor, test and record the effectiveness of these corrosion inhibiting systems.

Product Quality Standards

Refined products and other hydrocarbon-based products that we transport are generally sold by our customers for consumption by the public. Various federal, state and local agencies have the authority to prescribe product quality specifications for products. Changes in product quality specifications or blending requirements could reduce our throughput volumes, require us to incur additional handling costs or require capital expenditures. For example, different product specifications for different markets affect the fungibility of the products in our system and could require the construction of additional storage. In addition, changes in the product quality of the products we receive on our product pipeline systems could reduce or eliminate our ability to blend products.

Security

Three of our facilities have been preliminarily classified as subject to the Department of Homeland Security Chemical Facility Anti-Terrorism Standards (“CFATS”). In addition, we have two facilities that are subject to the United States Coast Guard’s Maritime Transportation Security Act (“MTSA”), and a number of other facilities that are subject to the Transportation Security Administration’s Pipeline Security Guidelines and are designated as “Critical Facilities.” The Transportation Security Administration Security Guidelines are subject to change without formal regulatory proposal and review. We have an internal inspection program designed to monitor and ensure compliance with all of these requirements. We believe that we are in material compliance with all applicable laws and regulations regarding the security of our facilities.

Table of Contents

ENVIRONMENTAL REGULATION

General

Our operations are subject to extensive and frequently-changing federal, state and local laws, regulations and ordinances relating to the protection of the environment. Among other things, these laws and regulations govern the emission or discharge of pollutants into or onto the land, air and water, the handling and disposal of solid and hazardous wastes and the remediation of contamination. As with the industry generally, compliance with existing and anticipated environmental laws and regulations increases our overall cost of business, including our capital costs to construct, maintain, operate and upgrade equipment and facilities. While these laws and regulations affect our maintenance capital expenditures and net income, we believe they do not affect our competitive position, as the operations of our competitors are similarly affected. We believe our facilities are in substantial compliance with applicable environmental laws and regulations. However, these laws and regulations are subject to changes, or to changes in the interpretation of such laws and regulations, by regulatory authorities, and continued and future compliance with such laws and regulations may require us to incur significant expenditures. Additionally, violation of environmental laws, regulations and permits can result in the imposition of significant administrative, civil and criminal penalties, injunctions limiting our operations, investigatory or remedial liabilities or construction bans or delays in the construction of additional facilities or equipment. Additionally, a release of hydrocarbons or hazardous substances into the environment could, to the extent the event is not insured, subject us to substantial expenses, including costs to comply with applicable laws and regulations and to resolve claims by third parties for personal injury or property damage, or by the U.S. federal government or state governments for natural resources damages. These impacts could directly and indirectly affect our business. We cannot currently determine the amounts of such future impacts.

Please read Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Environmental Matters and Compliance Costs for information on our historical and estimated future environmental expenditures, which is incorporated herein by reference.

Under the omnibus agreement, MPC has agreed to indemnify us for all known and certain unknown environmental liabilities that are associated with the ownership or operation of our assets and due to occurrences on or before the closing of the Initial Offering. Indemnification for any unknown environmental liabilities will be limited to liabilities due to occurrences on or before the closing of the Initial Offering and identified prior to the fifth anniversary of the closing of the Initial Offering, and will be subject to an aggregate deductible of $500,000 before we are entitled to indemnification for losses incurred. Any other liabilities for which MPC has agreed to indemnify us are not subject to a deductible before we are entitled to indemnification. There is no limit on the amount for which MPC has agreed to indemnify us under the omnibus agreement once we meet the deductible, if applicable. Neither we nor our general partner have any contractual obligation to investigate or identify any such unknown environmental liabilities. We have agreed to indemnify MPC for events and conditions associated with the ownership or operation of our assets due to occurrences after the closing of the Initial Offering and for environmental liabilities related to our assets to the extent MPC is not required to indemnify us for such liabilities. Pipe Line Holdings has agreed to indemnify MPC for events and conditions associated with the operations of the Pipe Line Holdings assets that occur after the closing of the Initial Offering. Liabilities for which we and Pipe Line Holdings have agreed to indemnify MPC pursuant to the omnibus agreement are not subject to a deductible before MPC is entitled to indemnification. There is no limit on the amount for which we or Pipe Line Holdings has agreed to indemnify MPC under the omnibus agreement.

Air Emissions and Climate Change

Our operations are subject to the Clean Air Act and its regulations and comparable state and local statutes and regulations in connection with air emissions from our operations. Under these laws, permits may be required before construction can commence on a new source of potentially significant air emissions, and operating permits may be required for sources that are already constructed. These permits may require controls on our air emission sources, and we may become subject to more stringent regulations requiring the installation of additional emission control technologies.

Future expenditures may be required to comply with the Clean Air Act and other federal, state and local requirements for our various sites, including our pipeline and storage facilities. The impact of future legislative and regulatory developments, if enacted or adopted, could result in increased compliance costs and additional operating restrictions on our business.

These air emissions requirements also affect MPC’s refineries from which we receive substantially all of our revenues. MPC has been required in the past, and will be required in the future, to incur significant capital expenditures to comply with new legislative and regulatory requirements relating to its operations. To the extent these capital expenditures have a material effect on MPC, they could have a material effect on our business and results of operations.

In December 2007, Congress passed the Energy Independence and Security Act that created a second Renewable Fuels Standard (“RFS2”). This standard requires the total volume of renewable transportation fuels (including ethanol and advanced biofuels) sold or introduced annually in the U.S. to be 16.55 billion gallons in 2013 and rise to 36.0 billion gallons by 2022. The EPA has not finalized future volume requirements. The requirements could reduce future demand for petroleum products and thereby have an indirect effect on certain aspects of our business.

Currently, legislative and regulatory measures to address greenhouse gas emissions (including carbon dioxide, methane and other gases) are in various phases of discussion or implementation. For example, as of 2011 we report emissions of greenhouse gases to the U.S. Environmental Protection Agency (“EPA”). Additionally, in 2014 the EPA proposed rules to limit greenhouse gas emissions from new and existing power plants. As proposed, the requirements could increase the cost of electricity and natural gas for our operations and ultimately states could impose additional GHG emission reduction requirements. The power plant GHG rules are expected to be finalized in the summer of 2015 with implementation commencing in 2020. In sum, requiring reductions in greenhouse gas emissions at our facilities could result in increased costs to (i) operate and maintain our facilities, (ii) install new emission controls at our facilities and (iii) administer and manage any greenhouse gas emissions programs, including acquiring emission credits or allotments. These requirements may also significantly affect MPC’s refinery operations and may have an indirect effect on our business, financial condition and results of operations. At this time, none of our facilities have triggered permitting requirements for greenhouse gas emissions under the New Source Review/Prevention of Significant Deterioration and/or Title V programs of the Clean Air Act. In June 2014, the Supreme Court limited the EPA’s greenhouse gas permitting authority to only those sources that also trigger Prevention of Significant Deterioration permits for other conventional pollutants. Legal challenges continue in the wake of the Supreme Court decision.

In 2013, the Obama administration developed the “social cost of carbon” (“SCC”). The SCC is an estimate to be used by the EPA and other federal agencies in regulatory cost-benefit analyses to take into account alleged broad economic consequences associated with changes in emissions of greenhouse gases. The SCC estimate was first issued in 2010. In 2013, the Obama administration significantly increased the estimate to $36 per ton. In response to critiques of how the SCC was developed, the Office of Management and Budget provided an opportunity to comment on the SCC, but ultimately did not make any significant revisions. In December 2014, the White House Council on Environmental Quality (“CEQ”) issued new draft guidance for assessing greenhouse gas emissions under the National Environmental Policy Act (“NEPA”), adding first-time language that requires the analyses to also include the impact of climate change on projects, including using the SCC when analyzing costs and benefits of a project. While the impact of a higher SCC in future regulations is not known at this time, it may result in increased costs to our operations.

In addition, the EPA may adopt further regulations under the Clean Air Act addressing greenhouse gases, to which some of our facilities may become subject. Congress may again consider legislation on greenhouse gas emissions, although the ultimate adoption and form of any federal legislation cannot presently be predicted. The impact of future regulatory and legislative developments, if adopted or enacted, including any cap-and-trade or a carbon tax program, is likely to result in increased compliance costs, increased utility costs, additional operating restrictions on our business and an increase in the cost of products generally. Although such costs may impact our business directly or indirectly by impacting MPC’s facilities or operations, the extent and magnitude of that impact cannot be reliably or accurately estimated due to the present uncertainty regarding the additional measures and how they will be implemented.

On December 17, 2014 the EPA proposed to revise the national ambient air quality standards (“NAAQS”) for ozone. The EPA proposed a range of standards, including more stringent standards. If the ozone standard is revised, it is expected to be effective in December 2015, after which states will begin developing implementation plans that may take several years to receive EPA approval. The impact of a stricter standard cannot be accurately estimated due to the present uncertainty regarding the final standard and the additional requirements that states may impose.

Waste Management and Related Liabilities

To a large extent, the environmental laws and regulations affecting our operations relate to the release of hazardous substances or solid wastes into soils, groundwater and surface water, and include measures to control pollution of the environment. These laws generally regulate the generation, storage, treatment, transportation and disposal of solid and hazardous waste. They also require corrective action, including investigation and remediation, at a facility where such waste may have been released or disposed.

Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"). CERCLA which is also known as Superfund, and comparable state laws impose liability, without regard to fault or to the legality of the original conduct, on certain classes of persons that contributed to the release of a "hazardous substance" into the environment. These persons include the present owner or operator of the site where the release occurred, the owner or operator of the site at the time the release occurred and the transporters and generators of the hazardous substances found at the site. Under CERCLA, these persons may be subject to joint and several liability for the costs of cleaning up the hazardous substances that have been released into the environment, for damages to natural resources and for the costs of certain health studies. CERCLA also authorizes the EPA and, in some instances, third parties to act in response to threats to the public health or the environment and to seek to recover from the responsible classes of persons the costs they incur. It is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by hazardous substances or other pollutants released into the environment. In the course of our ordinary operations, we handle materials and generate waste that falls within CERCLA's definition of a "hazardous substance" and, as a result, may be jointly and severally liable under CERCLA for all or part of the costs required to clean up sites. Costs for these remedial actions, if any, as well as any related claims are all covered by an indemnity from MPC to the extent occurring or existing before the closing of the Initial Offering. Pursuant to our omnibus agreement, MPC has and will continue to fund all of the costs for our known historical and legacy spills and releases, including all of the expected future costs.

Resource Conservation and Recovery Act ("RCRA"). We also generate solid wastes, including hazardous wastes, that are subject to the requirements of the federal RCRA and comparable state statutes. From time to time, the EPA considers the adoption of stricter disposal standards for non-hazardous wastes. Hazardous wastes are subject to more rigorous and costly disposal requirements than are non-hazardous wastes. Any changes in the regulations could increase our maintenance capital expenditures and operating expenses. We continue to seek methods to minimize the generation of hazardous wastes in our operations.

Hydrocarbon Wastes. We currently own and lease, and MPC has in the past owned and leased, properties where hydrocarbons are being or have been handled for many years. Although we have utilized operating and disposal practices that were standard in the industry at the time, hydrocarbons or other waste may have been disposed of or released on or under the properties owned or leased by us or on or under other locations where these wastes have been taken for disposal. In addition, many of these properties have been operated by third parties whose treatment and disposal or release of hydrocarbons or other wastes was not under our control. These properties and wastes disposed thereon may be subject to CERCLA, RCRA and analogous state laws. Under these laws, we could be required to remove or remediate previously disposed wastes (including wastes disposed of or released by prior owners or operators), to clean up contaminated property (including contaminated groundwater), or to perform remedial operations to prevent further contamination.

Water

Our operations can result in the discharge of pollutants, including crude oil and products. Regulations under the Water Pollution Control Act of 1972 ("Clean Water Act"), Oil Pollution Act of 1990 ("OPA-90") and state laws impose regulatory burdens on our operations. Spill prevention control and countermeasure requirements of federal laws and some state laws require containment to mitigate or prevent contamination of navigable waters in the event of an oil overflow, rupture or leak. For example, the Clean Water Act requires us to maintain Spill Prevention Control and Countermeasure ("SPCC") plans at many of our facilities. We maintain numerous discharge permits for facilities and vessels as required under the National Pollutant Discharge Elimination System program of the Clean Water Act and have implemented systems to oversee our compliance efforts.

In addition, the transportation and storage of crude oil and products over and adjacent to water involves risk and subjects us to the provisions of OPA-90 and related state requirements. Among other requirements, OPA-90 requires the owner or operator of a tank vessel, a facility or a pipeline to maintain an emergency plan to respond to releases of oil or hazardous substances. Also, in case of any such release, OPA-90 requires the responsible company to pay resulting removal costs and damages. OPA-90 also provides for civil penalties and imposes criminal sanctions for violations of its provisions. We operate facilities at which releases of oil and hazardous substances could occur. We have implemented emergency oil response plans for all of our components and facilities covered by OPA-90 and we

have established SPCC plans for facilities subject to Clean Water Act SPCC requirements.
Construction or maintenance of our pipelines, barge dock and storage facilities may impact wetlands, which are also regulated under the Clean Water Act by the EPA, the United States Army Corps of Engineers and state water quality agencies. Regulatory requirements governing wetlands (including associated mitigation projects) may result in the delay of our pipeline projects while we obtain necessary permits and may increase the cost of new projects and maintenance activities.

Table of Contents

Employee Safety

The affiliates of our general partner that provide employees to conduct services for us are subject to the requirements of the Occupational Safety and Health Act ("OSHA") and comparable state statutes that regulate the protection of the health and safety of workers. In addition, the OSHA hazard communication standard requires that information be maintained about hazardous materials used or produced in operations and that this information be provided to employees, state and local government authorities and citizens. We believe that our operations are in substantial compliance with OSHA requirements, including general industry standards, record keeping requirements and monitoring of occupational exposure to regulated substances.

Endangered Species Act

The Endangered Species Act restricts activities that may affect endangered species or their habitats. While some of our facilities are in areas that may be designated as habitat for endangered species, we believe that we are in substantial compliance with the Endangered Species Act. However, the discovery of previously unidentified endangered species could cause us to incur additional costs or become subject to operating restrictions or bans in the affected area.

Hazardous Materials Transportation Requirements

The DOT regulations affecting pipeline safety require pipeline operators to implement measures designed to reduce the environmental impact of crude oil and product discharge from onshore crude oil and product pipelines. These regulations require operators to maintain comprehensive spill response plans, including extensive spill response training for pipeline personnel. In addition, the DOT regulations contain detailed specifications for pipeline operation and maintenance. We believe our operations are in substantial compliance with these regulations. The DOT also has a pipeline integrity management rule, with which we are in substantial compliance.

Pipeline Permitting

Pipeline construction and expansion is subject to government permitting and involves numerous regulatory environmental, political and legal uncertainties, most of which are beyond our control. We believe our operations are in substantial compliance with our permits.

EMPLOYEES

We are managed and operated by the board of directors and executive officers of MPLX GP LLC, our general partner. Neither we nor our subsidiaries have any employees. Our general partner has the sole responsibility for providing the employees and other personnel necessary to conduct our operations. All of the employees that conduct our business are employed by affiliates of our general partner. Our general partner and its affiliates had approximately 700 full-time employees that provided services to us under our employee services agreements as of December 31, 2014. We believe that our general partner and its affiliates have a satisfactory relationship with those employees. In connection with the Initial Offering, employees of MPL were transferred to Marathon Petroleum Logistics Services LLC, a wholly-owned subsidiary of MPC. Under our omnibus agreement, Marathon Petroleum Logistics Services LLC has agreed to indemnify us for any liabilities incurred by us in connection with the transfer of such employees.

AVAILABLE INFORMATION

General information about MPLX LP and our general partner, MPLX GP LLC, including Governance Principles, Audit Committee Charter, Conflicts Committee Charter and Certificate of Limited Partnership, can be found at http://www.mplx.com. In addition, our Code of Business Conduct and Code of Ethics for Senior Financial Officers are available in this same location.

MPLX LP uses its website, www.mplx.com, as a channel for routine distribution of important information, including news releases, analyst presentations and financial information. Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as any amendments and exhibits to those reports, are available free of charge through our website as soon as reasonably practicable after the reports are filed or furnished with the Securities and Exchange Commission ("SEC"). These documents are also available in hard copy, free of charge, by contacting our Investor Relations office. In addition, our website allows investors and other interested persons to sign up to automatically receive email alerts when we post news releases and financial information on our website. Information contained on our website is not incorporated into this Annual Report on Form 10-K or other securities filings.

Table of Contents

Item 1A. Risk Factors

You should carefully consider each of the following risks and all of the other information contained in this Annual Report on Form 10-K in evaluating us and our common units. Some of these risks relate principally to our business, the business and operations of MPC and the industry in which we operate, while others relate principally to tax matters, and ownership of our common units and securities markets generally.

Our business, financial condition, results of operations or cash flows could be materially and adversely affected by these risks, and, as a result, the trading price of our common units could decline.

Risks Relating to Our Business

We may not have sufficient cash from operations following the establishment of cash reserves and payment of fees and expenses, including cost reimbursements to our general partner and its affiliates, to enable us to pay the minimum quarterly distribution to our unitholders.

We may not have sufficient available cash from operating surplus each quarter to enable us to pay the minimum quarterly distribution to our unitholders. The amount of cash we can distribute on our units principally depends upon the amount of cash we generate, which will fluctuate from quarter to quarter based on, among other things:

- the volume of crude oil, refined products and other hydrocarbon-based products we transport;
- the tariff rates with respect to volumes that we transport; and
- prevailing economic conditions.

In addition, the actual amount of cash we will have available for distribution will also depend on other factors, some of which are beyond our control, including:

- the amount of our operating expenses and general and administrative expenses, including reimbursements to MPC in respect of those expenses;
- the application by MPC of any remaining credit amounts to any volumes shipped on our pipeline systems after the expiration or termination of our transportation services agreements;
- the level of capital expenditures we make;
- the cost of acquisitions, if any;
- our debt service requirements and other liabilities;
- fluctuations in our working capital needs;
- our ability to borrow funds and access capital markets;
- restrictions contained in our revolving credit facility and other agreements governing our debt;
- the amount of cash reserves established by our general partner; and
- other business risks affecting our cash levels.

Additionally, the amount of cash we have available for distribution depends primarily upon our cash flow and not solely on profitability, which will be affected by non-cash items. As a result, we may make cash distributions during periods when we record net losses for financial accounting purposes, and we may not make cash distributions during periods when we record net income for financial accounting purposes.

If our tariffs are successfully challenged or adversely impacted by regulatory action, we could be required to reduce our tariff rates, which would reduce our revenues and our ability to make distributions to our unitholders.

MPC has agreed not to challenge, or to cause others to challenge or assist others in challenging, our tariff rates in effect during the term of our transportation services agreements with MPC. This agreement does not prevent other shippers or interested persons from challenging our tariff rates or proration rules; nor does it prevent regulators from reviewing our rates and tariffs on their own initiative. At the end of the term of each of our transportation services agreements, if the agreement is not renewed, MPC will be free to challenge, or to cause other parties to challenge or assist others in challenging, our tariffs in effect at that time.

A number of our pipelines provide interstate service that is subject to regulation by the FERC. The FERC prescribes rate methodologies for developing regulated tariff rates for interstate oil and products pipelines. The FERC’s regulated tariff may not allow us to recover all of our costs of providing services. Changes in the FERC’s approved rate methodologies, or challenges to our application of an approved methodology, could also adversely affect our rates. Additionally, shippers may

protest (and the FERC may investigate) the lawfulness of tariff rates. The FERC can require refunds of amounts collected pursuant to rates that are ultimately found to be unlawful and prescribe new rates prospectively.
Our pipelines are common carriers and, as a consequence, we may be required to provide service to customers with credit and other performance characteristics with whom we would choose not to do business if permitted to do so.
Certain of our pipelines provide intrastate service that is subject to regulation by the Illinois Commerce Commission and the Michigan Public Service Commission. These commissions could limit our ability to increase our rates or to set rates based on our costs or could order us to reduce our rates and could require the payment of refunds to shippers.

In sum, a successful shipper challenge or regulatory action impacting our rates could adversely affect our revenues, results of operations and financial condition.

Our operations and MPC’s refining operations are subject to many risks and operational hazards, some of which may result in business interruptions and shutdowns of our or MPC’s facilities and damages for which we may not be fully covered by insurance. If a significant accident or event occurs that results in business interruption or shutdown for which we are not adequately insured, our operations and financial results could be materially and adversely affected.

Our operations are subject to all of the risks and operational hazards inherent in transporting and storing crude oil and products, including:

- damages to pipelines and facilities, related equipment and surrounding properties caused by earthquakes, tornados, hurricanes, floods, fires, severe weather, explosions and other natural disasters;
- maintenance, repairs, mechanical or structural failures at our facilities or at third-party facilities on which our operations are dependent, including MPC’s facilities;
- curtailments of operations due to severe seasonal weather;
- inadvertent damage to pipelines from construction, farm and utility equipment; and
- other hazards.

These risks could result in substantial losses due to personal injury and/or loss of life, severe damage to and destruction of property and equipment and pollution or other environmental damage, as well as business interruptions or shutdowns of our facilities. Any such event or unplanned shutdown could have a material adverse effect on our business, financial condition and results of operations. In addition, MPC’s refining operations, on which our operations are substantially dependent, are subject to similar operational hazards and risks inherent in refining crude oil. Damages resulting from an incident involving our assets or operations may result in our being named as a defendant in one or more lawsuits asserting potentially substantial claims or in our being assessed potentially substantial fines by governmental authorities. We have no control over the operations at MPC’s refineries and their associated facilities.

We do not maintain insurance coverage against all potential losses and could suffer losses for uninsurable or uninsured risks or in amounts in excess of existing insurance coverage. We carry separate policies for certain property, business interruption and pollution liabilities and are also insured under certain of MPC’s liability policies and are subject to MPC’s policy limits under these policies. The occurrence of an event that is not fully covered by insurance or failure by one or more insurers to honor its coverage commitments for an insured event could have a material and adverse effect on our business, financial condition and results of operations.

We rely on the performance of information technology systems, the failure of which could have an adverse effect on our business and performance.

We are heavily dependent on information technology systems and network infrastructure and maintain and rely upon certain critical information systems for the effective operation of our business. These information systems involve data network and telecommunications, internet access and website functionality, and various computer hardware equipment and software applications, including those that are critical to the safe operation of our business. These systems and infrastructure are subject to damage or interruption from a number of potential sources including natural disasters, software viruses or other malware, power failures, cyber-attacks and other events. We also face various other cyber-security threats, including threats to gain unauthorized access to sensitive information or to render data or systems unusable. To protect against such attempts of unauthorized access or attack, we have implemented infrastructure protection technologies and disaster recovery plans. There can be no guarantee such plans, to the extent they are in place, will be effective.

Table of Contents

We may be unable to make acquisitions on economically acceptable terms from MPC or third parties which could adversely affect our operations and financial condition.

A portion of our strategy to grow our business and increase distributions to unitholders is dependent on our ability to make acquisitions that result in an increase in distributable cash flow per unit. The acquisition component of our growth strategy is based, in large part, on our expectation of ongoing divestitures of transportation, storage and other midstream assets by industry participants, including MPC. A material decrease in such divestitures would limit our opportunities for future acquisitions and could adversely affect our ability to grow our operations and increase cash distributions to our unitholders. If we are unable to make acquisitions from MPC or third parties, because we are unable to identify attractive acquisition candidates or negotiate acceptable purchase contracts, we are unable to obtain financing for these acquisitions on economically acceptable terms or we are outbid by competitors, our future growth and ability to increase distributions will be limited. Furthermore, even if we do consummate acquisitions that we believe will be accretive, they may in fact result in a decrease in distributable cash flow per unit as a result of incorrect assumptions in our evaluation of such acquisitions or unforeseen consequences or other external events beyond our control.

Our expansion of existing assets and construction of new assets, if completed, may not result in revenue increases and will be subject to regulatory, environmental, political, legal and economic risks that could adversely impact our business, financial condition, results of operations and cash flows.

Additionally, a portion of our strategy to grow and increase distributions to unitholders is dependent on our ability to expand existing assets and to construct additional assets. The construction of a new pipeline or the extension or expansion of an existing pipeline, such as by adding horsepower or pump stations, involves numerous regulatory, environmental, political and legal uncertainties, most of which are beyond our control. If we undertake these projects, they may not be completed on schedule or at all or at the budgeted cost. Delays or cost increases related to capital spending programs involving engineering, procurement and construction of facilities (including improvements and repairs to our existing facilities) could adversely affect our ability to achieve forecasted internal rates of return and operating results. Moreover, we may not receive sufficient long-term contractual commitments from customers to provide the revenue needed to support such projects and we may be unable to negotiate acceptable interconnection agreements with third-party pipelines to provide destinations for increased throughput. Even if we receive such commitments or make such interconnections, we may not realize an increase in revenue for an extended period of time. For instance, if we build a new pipeline, the construction will occur over an extended period of time, and we will not receive any material increases in revenues until after completion of the project. As a result, new facilities may not be able to attract enough throughput to achieve our expected investment return, which could materially and adversely affect our results of operations and financial condition and our ability in the future to make distributions to our unitholders.

We do not own all of the land on which our pipelines are located, which could result in disruptions to our operations.

We do not own all of the land on which our pipelines are located, and therefore, we are subject to the possibility of more onerous terms and increased costs to retain necessary land use if we do not have valid leases or rights-of-way or if such rights-of-way lapse or terminate. We obtain the rights to construct and operate our pipelines on land owned by third parties and governmental agencies, and some of our agreements may grant us those rights for only a specific period of time. Our loss of these rights, through our inability to renew right-of-way contracts or otherwise, could have a material adverse effect on our business, results of operations, financial condition and ability to make cash distributions to our unitholders.

We have significant debt obligations; therefore our business, financial condition, results of operations and our ability to make cash distributions to our unitholders could be harmed by a deterioration of our credit profile, a decrease in

debt capacity or unsecured commercial credit available to us, or by factors adversely affecting credit markets generally.
We have significant debt obligations. We may incur substantial additional debt obligations in the future. Our indebtedness may impose various restrictions and covenants on us that could have material adverse consequences, including:

- our ability to obtain additional financing, if necessary, for working capital, capital expenditures, acquisitions or other purposes may be impaired, or such financing may not be available on favorable terms;
- our funds available for operations, business opportunities and distributions to unitholders will be reduced by that portion of our cash flow required to make interest payments on our debt;
- we may be more vulnerable to competitive pressures or a downturn in our business or the economy generally; and
- our flexibility in responding to changing business and economic conditions may be limited.

Our ability to service our debt will depend upon, among other things, our future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are

Table of Contents

beyond our control. If our operating results are not sufficient to service any future indebtedness, we will be forced to take actions such as reducing distributions, reducing or delaying our business activities, investments or capital expenditures, selling assets or issuing equity, which could materially and adversely affect our financial condition, results of operations, cash flows and ability to make distributions to unitholders, as well as the trading price of our common units. We may not be able to affect any of these actions on satisfactory terms or at all.
We are dependent upon the earnings and cash flows generated by our operations to meet our debt service obligations and to allow us to make cash distributions to our unitholders. The operating and financial restrictions and covenants in our revolving credit facility and any future financing agreements could restrict our ability to finance our future operations or capital needs or to expand or pursue our business activities, which may, in turn, limit our ability to make cash distributions to our unitholders.
A decrease in our debt or commercial credit capacity, including a deterioration of our credit profile, could increase our costs of borrowing money and/or limit our access to the capital markets and commercial credit, which could materially and adversely affect our business, financial condition, results of operations and cash flows. The terms of our debt arrangements may affect our ability to obtain future financing and pursue attractive business opportunities and our flexibility in planning for, and reacting to, changes in business conditions. In addition, a failure to comply with such terms could result in an event of default which would enable our lenders to declare the outstanding principal of that debt, together with accrued interest, to be immediately due and payable. If the payment of our debt is accelerated, defaults under our other debt instruments, if any, may be triggered. Our assets may be insufficient to repay such debt in full, and the holders of our units could experience a partial or total loss of their investment.
Risks Relating to the Business and Operations of MPC

MPC accounts for the substantial majority of our revenues. If MPC changes its business strategy, is unable to satisfy its obligations to us or significantly reduces the volumes transported through our pipelines or stored at our storage assets, our revenues would decline and our financial condition, results of operations, cash flows, and ability to make distributions to our unitholders would be materially and adversely affected.

For the year ended December 31, 2014, excluding revenues attributable to volumes shipped by MPC under joint tariffs with third parties that were treated as third party revenues for accounting purposes, MPC accounted for approximately 86 percent of our revenues and other income. As we expect to continue to derive the substantial majority of our revenues from MPC for the foreseeable future, any event, whether in our areas of operation or elsewhere, that materially and adversely affects MPC's financial condition, results of operations or cash flows may adversely affect our ability to sustain or increase cash distributions to our unitholders. Accordingly, we are indirectly subject to the operational and business decisions and risks of MPC, the most significant of which include the following:

- the timing and extent of changes in commodity prices and demand for MPC's products, and the availability and costs of crude oil and other refinery feedstocks;
- a material decrease in the refining margins at MPC's refineries;
- the risk of contract cancellation, non-renewal or failure to perform by MPC's customers, and MPC's inability to replace such contracts and/or customers;
- disruptions due to equipment interruption or failure at MPC's facilities or at third-party facilities on which MPC's business is dependent;
- any decision by MPC to temporarily or permanently curtail or shut down operations at one or more of its refineries or other facilities and reduce or terminate its obligations under our transportation and storage services agreements;
- changes to the routing of volumes shipped by MPC on our crude oil and product pipeline systems or the ability of MPC to utilize third-party pipeline connections to access our pipeline systems;
- MPC's ability to remain in compliance with the terms of its outstanding indebtedness;
- changes in the cost or availability of third-party pipelines, terminals and other means of delivering and transporting crude oil, feedstocks, refined products and other hydrocarbon-based products;
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state and federal environmental, economic, health and safety, energy and other policies and regulations, and any changes in those policies and regulations;

- environmental incidents and violations and related remediation costs, fines and other liabilities;
- operational hazards and other incidents at MPC's refineries and other facilities, such as explosions and fires, that result in temporary or permanent shut downs of those refineries and facilities;
- changes in crude oil and product inventory levels and carrying costs; and
- disruptions due to hurricanes, tornadoes or other forces of nature.

Table of Contents

Additionally, MPC continually considers opportunities presented by third parties with respect to its assets. These opportunities may include offers to purchase and joint venture propositions. MPC may also change its operations by constructing new facilities, suspending or reducing certain operations, modifying or closing facilities or terminating operations. MPC actively manages its assets and operations, and, therefore, changes of some nature, possibly material to its business relationship with us, are likely to occur at some point in the future.

We have no control over MPC's business decisions and operations, and MPC may elect to pursue a business strategy that does not favor us and our business.

MPC may suspend, reduce or terminate its obligations under our transportation and storage services agreements in some circumstances, which would have a material adverse effect on our financial condition, results of operations, cash flows and ability to make distributions to our unitholders.

Our transportation and storage services agreements with MPC include provisions that permit MPC to suspend, reduce or terminate its obligations under the applicable agreement if certain events occur. These events include a material breach of the applicable agreement by us, MPC being prevented from transporting its full minimum volume commitment because of capacity constraints on our pipelines, certain force majeure events that would prevent us from performing some or all of the required services under the applicable agreement and MPC's determination to suspend refining operations at one of its refineries. MPC has the discretion to make such decisions notwithstanding the fact that they may significantly and adversely affect us. These actions could result in a suspension, reduction or termination of MPC's obligations under one or more transportation and storage services agreements.

Any such reduction, suspension or termination of MPC's obligations would have a material adverse effect on our financial condition, results of operations, cash flows and ability to make distributions to our unitholders.

If MPC satisfies only its minimum obligations under, or if we are unable to renew or extend, the transportation and storage services agreements we have with MPC, or if MPC elects to use credits upon the expiration or termination of a transportation services agreement, our ability to make distributions to our unitholders will be materially and adversely affected.

MPC is not obligated to use our services with respect to volumes of crude oil or products in excess of the minimum volume commitments under the transportation services agreements with us. Our ability to make the minimum quarterly distribution on all outstanding units will be materially and adversely affected to the extent that we do not transport volumes in excess of the minimum volume commitments under our transportation services agreements or if MPC's obligations under our transportation and storage services agreements are suspended, reduced or terminated. In addition, the initial terms of MPC's obligations under those agreements range from three to 10 years. If MPC fails to use our assets and services after expiration of those agreements and we are unable to generate additional revenues from third parties, our ability to make distributions to unitholders may be materially and adversely affected.

In addition, under our transportation services agreements, MPC must pay us a deficiency payment if it fails to transport its minimum throughput commitment. MPC may then apply the amount of any such deficiency payments as a credit for volumes transported on the applicable pipeline system in excess of its minimum volume commitment during the following four quarters or eight quarters under the terms of the applicable transportation services agreement. Upon the expiration or termination of a transportation services agreement, MPC may use any remaining credits against any volumes shipped by MPC on the applicable pipeline system for the succeeding four or eight quarters, as applicable, without regard to any minimum volume commitment that may have been in place during the term of the agreement. If that were to occur, we would not receive any cash payments for volumes shipped on the applicable pipeline system until any such remaining credits were fully used or until the expiration of the applicable four or eight quarter period.

MPC's level of indebtedness, the terms of its borrowings and its credit ratings could adversely affect our ability to grow our business and our ability to make cash distributions to our unitholders. Our ability to obtain credit in the future may also be adversely affected by MPC's credit rating.

MPC must devote a portion of its cash flows from operating activities to service its indebtedness, and therefore, cash flows may not be available for use in pursuing its growth strategy. Furthermore, a higher level of indebtedness at MPC in the future increases the risk that it may default on its obligations to us under our transportation and storage services agreements. As of December 31, 2014, MPC had long-term indebtedness of approximately $6.6 billion. The covenants contained in the agreements governing MPC's outstanding and future indebtedness may limit its ability to borrow additional funds for development and make certain investments and may directly or indirectly impact our operations in a similar manner.

Table of Contents

Furthermore, if MPC were to default under certain of its debt obligations, there is a risk that MPC's creditors would attempt to assert claims against our assets during the litigation of their claims against MPC. The defense of any such claims could be costly and could materially impact our financial condition, even absent any adverse determination. If these claims were successful, our ability to meet our obligations to our creditors, make distributions and finance our operations could be materially and adversely affected.

MPC's long-term credit ratings are currently investment grade. If these ratings are lowered in the future, the interest rate and fees MPC pays on its credit facilities may increase. Credit rating agencies will likely consider MPC's debt ratings when assigning ours because of MPC's ownership interest in us, the significant commercial relationships between MPC and us, and our reliance on MPC for the substantial majority of our revenues. If one or more credit rating agencies were to downgrade the outstanding indebtedness of MPC, we could experience an increase in our borrowing costs or difficulty accessing the capital markets. Such a development could adversely affect our ability to grow our business and to make cash distributions to our unitholders.

An easing or lifting of the U.S. crude oil export ban could adversely affect crack spreads or crude oil price differentials and result in MPC electing to reduce its obligations under our transportation and storage services agreements. Such an easing or lifting of the U.S. crude oil export ban could thus adversely impact on our ability to grow and make distributions to our unitholders.

Since the 1970s, the U.S. has restricted the ability of producers to export domestic crude oil. As total crude oil production has increased in the U.S. in recent years, primarily due to the increase in shale crude oil production, there have been increasing calls by crude oil producers and others for an easing or lifting of the crude oil export ban. If the export ban were to be significantly eased or lifted, the price of domestic crude oil would likely rise, potentially impacting crack spreads and price differentials between domestic and foreign crude oils. A deterioration of crack spreads or price differentials between domestic and foreign crude oils could have a material adverse effect on MPC and therefore adversely affect our ability to grow our business and to make cash distributions to our unitholders.

Risks Relating to Our Industry

Our assets and operations are subject to federal, state, and local laws and regulations relating to environmental protection, pipeline integrity and safety that could require us to make substantial expenditures.

Our assets and operations involve the transportation of crude oil and products, which is subject to increasingly stringent federal, state, and local laws and regulations related to protection of the environment and pipeline integrity that require us to comply with various safety requirements regarding the design, installation, testing, construction, and operational management of our pipeline systems and storage facilities. These regulations have raised operating costs for the crude oil and products industry, and compliance with such laws and regulations may cause us and MPC to incur potentially material capital expenditures associated with the construction, maintenance, and upgrading of equipment and facilities. Environmental laws and regulations, in particular, are subject to frequent change, and many of them have become and will continue to become more stringent.

Transportation of crude oil and products involves inherent risks of spills and releases from our facilities and can subject us to various federal and state laws governing spills and releases, including reporting and remediation obligations. The costs associated with such obligations can be substantial, as can costs associated with related enforcement matters, including possible fines and penalties. Transportation of such products over water or proximate to navigable water bodies involves inherent risks (including risks of spills) and could subject us to the provisions of the Oil Pollution Act of 1990 (the "Oil Pollution Act") and similar state environmental laws should a spill occur from our pipelines. Among other things, the Oil Pollution Act requires us to prepare a facility response plan identifying the personnel and equipment necessary to remove to the maximum extent practicable a "worst case discharge." A few of our facilities are required to maintain such facility response plans. To meet this requirement, we and MPC have contracted with various spill response service companies in the areas in which we transport or store crude oil and products. While our plans are designed to mitigate environmental impacts, it may not protect us from all liability associated with the discharge of crude oil or products into navigable waters.

If a release event occurs or is discovered in the future, whether in connection with any of our pipelines or storage facilities, or any other facility to which we send or have sent wastes or by-products for treatment or disposal, we could be liable for all costs and penalties associated with the remediation of such facilities under federal, state and local environmental laws or common law. We may also be liable for personal injury or property damage claims from third parties alleging contamination from spills or releases from our facilities or operations. In addition, we will be subject to an aggregate deductible of $500,000 before we are entitled to indemnification from MPC for certain environmental liabilities under our omnibus agreement. Even if we are insured or indemnified against such risks, we may be responsible for costs or penalties to the extent our insurers or indemnitors

Table of Contents

do not fulfill their obligations to us. We could incur potentially significant additional expenses should we determine that any of our assets are not in compliance. Our failure to comply with these or any other environmental, pipeline integrity or safety-related regulations could result in the assessment of administrative, civil, or criminal penalties, the imposition of investigatory and remedial liabilities, and the issuance of injunctions that may subject us to additional operational constraints. Any such penalties or liability could have a material adverse effect on our business, financial condition or results of operations.

New and evolving environmental laws and regulations on climate change, hydraulic fracturing, fuel efficiency and renewable fuels could adversely affect our financial performance.

Potential additional regulations regarding climate change could affect our operations. Currently, legislative and regulatory measures to address greenhouse gas emissions (including carbon dioxide, methane and other gases) are in various phases of review, discussion or implementation in the United States. These measures include EPA programs to control greenhouse gas emissions and state actions to develop statewide or regional programs, each of which could impose reductions in greenhouse gas emissions. These actions could result in increased costs (1) to operate and maintain our facilities, (2) to install new emission controls on our facilities and (3) to administer and manage any potential greenhouse gas emissions regulations or carbon trading or tax programs. In addition, in 2010, the EPA promulgated a rule establishing greenhouse gas emission standards for new-model passenger cars, light-duty trucks, and medium-duty passenger vehicles. Also, in 2010, the EPA had promulgated a rule establishing greenhouse gas emission thresholds for the permitting of certain stationary sources. In June 2014, the U.S. Supreme Court ruled that the Clean Air Act Prevention of Significant Deterioration permitting program for new and modified stationary sources is not triggered by greenhouse gas emissions alone, but that such sources could be subject to Best Available Control Technology for greenhouse gas emissions. In 2013, the Obama administration also issued a “Climate Action Plan” that reaffirmed the administration’s goal of reducing greenhouse gas emissions 17 percent below 2005 levels by 2020. The EPA has proposed carbon emission standards for both new and existing power plants, but, at this time, the EPA has not indicated that it will be regulating carbon emissions at refineries. The power plant standards could result in increased electricity costs and potentially reduce the reliability of our electricity supply. These regulations and developments could have an indirect adverse effect on our business if MPC’s refinery operations are adversely affected due to increased regulation of MPC’s facilities or reduced demand for crude oil and refined products, and a direct adverse effect on our business from increased regulation of our facilities.

Hydraulic fracturing is an important and increasingly common practice that is used to stimulate production of crude oil and/or natural gas from dense subsurface rock formations. Typically regulated by state agencies, the EPA has asserted federal regulatory authority pursuant to the Safe Drinking Water Act, as amended (“SDWA”), over certain hydraulic fracturing activities involving the use of diesel fuel. In addition, legislation has been introduced from time to time in Congress to provide for federal regulation of hydraulic fracturing under the SDWA and to require disclosure of the chemicals used in the hydraulic fracturing process. At the state level, several states have already adopted laws and/or regulations that require disclosure of the chemicals used in hydraulic fracturing, and many states are considering legal requirements that could ban hydraulic fracturing or impose more stringent permitting, disclosure and well construction requirements on oil and/or natural gas drilling activities. The EPA is also moving forward with various related regulatory actions related to hydraulically-fractured wells and certain emission requirements for some midstream equipment. We do not believe these new regulations will have a direct effect on our operations, but because oil and/or natural gas production using hydraulic fracturing is growing rapidly in the United States, in the event that new or more stringent federal, state or local legal restrictions relating to such drilling activities or to the hydraulic fracturing process are adopted in areas where our shippers’ producer customers operate, those producers could incur potentially significant added costs to comply with such requirements and experience delays or curtailment in the pursuit of production or development activities, which could reduce demand for our transportation and logistics services.

Increases in fuel mileage standards and the increased use of renewable fuels could also decrease demand for refined products, which could have an indirect, but material and adverse effect on our business, financial condition and results of operations. For example, in 2007, Congress passed the Energy Independence and Security Act ("EISA"), which, among other things, sets a target of 35 miles per gallon for the combined fleet of cars and light trucks in the United States by model year 2020, and contains a second Renewable Fuel Standard commonly referred to as RFS2. In August 2012, the EPA and the National Highway Traffic Safety Administration jointly adopted regulations that establish average industry fleet fuel economy standards for passenger cars and light trucks of up to 41 miles per gallon by model year 2021 and of up to 49.7 miles per gallon by model year 2025 (the standards from 2022 to 2025 are the government's current estimate but will require further rulemaking). The RFS2 presents production and logistics challenges for both the renewable fuels and petroleum refining industries. The RFS2 has required, and may in the future continue to require, additional capital expenditures or expenses by MPC to accommodate increased renewable fuels use. MPC may experience a decrease in demand for refined petroleum products due to an increase in combined fleet mileage or due to refined petroleum products being replaced by renewable fuels.

Table of Contents

Plans we may have to expand existing assets or construct new assets are subject to risks associated with societal and political pressures and other forms of opposition to the future development, transportation and use of carbon-based fuels. Such risks could adversely impact our business and ability to realize certain growth strategies.

Our anticipated growth and planned expenditures are based upon the assumption that societal sentiment will continue to enable and existing regulations will remain intact to allow for the future development, transportation and use of carbon-based fuels. A portion of our growth strategy is dependent on our ability to expand existing assets and to construct additional assets. However, policy decisions relating to the development, transportation and use of carbon-based fuels are subject to political pressures and the influence of environmental and other special interest groups. The construction of new crude oil or refined products pipelines, or the extension or expansion of existing assets, involve numerous political and legal uncertainties, many of which may cause significant delays or cost increases and most of which are beyond our control. Delays or cost increases related to capital spending programs involving engineering, procurement and construction of facilities (including improvements and repairs to our existing facilities) could adversely affect our ability to achieve forecasted internal rates of return and operating results, thereby limiting our ability to grow and generate cash flows.

Terrorist attacks aimed at our facilities or that impact our customers or the markets we serve could adversely affect our business.

The U.S. government has issued warnings that energy assets in general, and the nation’s pipeline and terminal infrastructure in particular, may be future targets of terrorist organizations. The threat of terrorist attacks has subjected our operations to increased risks. Any future terrorist attack on our facilities, those of our customers and, in some cases, those of other pipelines, could have a material adverse effect on our business. Similarly, any future terrorist attacks that severely disrupt the markets we serve could materially and adversely affect our results of operations, financial position and cash flows.

Increases in interest rates could adversely impact our unit price, our ability to issue equity or incur debt for acquisitions or other purposes, and our ability to make cash distributions at our intended levels.

Interest rates may increase in the future. As a result, interest rates on our debt could be higher than current levels, causing our financing costs to increase accordingly. In addition, we may in the future refinance outstanding borrowings under our revolving credit facility with fixed-term indebtedness. Interest rates payable on fixed-term indebtedness typically are higher than the short-term variable interest rates that we will pay on borrowings under our revolving credit facility. Furthermore, as with other yield-oriented securities, our unit price will be impacted by our cash distributions and the implied distribution yield. The distribution yield is often used by investors to compare and rank yield-oriented securities for investment decision-making purposes. Therefore, changes in interest rates, either positive or negative, may affect the yield requirements of investors who invest in our units, and a rising interest rate environment could have an adverse impact on our unit price and our ability to issue equity or incur debt for acquisitions or other purposes and to make cash distributions at our intended levels.

Risks Relating to Tax Matters

Our tax treatment depends on our status as a partnership for federal income tax purposes as well as our not being subject to a material amount of entity level taxation by individual states. If the Internal Revenue Service (“IRS”) were to treat us as a corporation for federal income tax purposes, or we become subject to a material amount of entity level taxation for state tax purposes, it would substantially reduce the amount of cash available for distribution to our unitholders.

The anticipated after-tax economic benefit of an investment in the common units depends largely on our being treated as a partnership for federal income tax purposes. We have not requested, and do not plan to request, a ruling from the IRS on this.

A publicly traded partnership such as us may be treated as a corporation for federal income tax purposes unless it satisfies a “qualifying income” requirement. Based on our current operations, we believe that we are treated as a partnership rather than as a corporation for such purposes; however, a change in our business or a change in current law could cause us to be treated as a corporation for federal income tax purposes. We have requested and received a favorable ruling from the IRS on the treatment of a portion of our “qualifying income.” The IRS may adopt positions that differ from the ones we take. A successful IRS contest of the federal income tax positions we take may impact adversely the market for our common units, and the costs of any IRS contest will reduce our cash available for distribution to unitholders.

If we were treated as a corporation for federal income tax purposes, we would pay federal income tax on our taxable income at the corporate tax rate, which is currently a maximum of 35 percent, and likely would pay state and local income tax at varying rates. Distributions to unitholders generally would be taxed again as corporate dividends, and no income, gains, losses, deductions, or credits would flow through to our unitholders. Treatment of us as a corporation would result in a material reduction in the anticipated cash flow and after-tax return to our unitholders, likely causing a substantial reduction in the value of our common units. Changes in current state law may subject us to additional entity-level taxation by individual states. Imposition of any such additional taxes on us will substantially reduce the cash available for distribution to unitholders.

Our partnership agreement provides that, if a law is enacted or an existing law is modified or interpreted in a manner that subjects us to taxation as a corporation or otherwise subjects us to entity-level taxation for federal, state or local income tax purposes, the minimum quarterly distribution amount and the target distribution amounts may be adjusted to reflect the impact of that law on us.

The sale or exchange of 50 percent or more of our capital and profits interests during any twelve-month period will result in the termination of our partnership for federal income tax purposes.

We will be considered to have technically terminated for federal income tax purposes if there is a sale or exchange of 50 percent or more of the total interests in our capital and profits within a twelve-month period. For purposes of determining whether the 50 percent threshold has been met, multiple sales of the same interest will be counted only once. Our technical termination would, among other things, result in the closing of our taxable year for all unitholders, which would result in us filing two tax returns (and our unitholders could receive two Schedules K-1) for one calendar year and could result in a significant deferral of depreciation deductions allowable in computing our taxable income. In the case of a unitholder reporting on a taxable year other than a calendar year, the closing of our taxable year may also result in more than twelve months of our taxable income or loss being includable in his taxable income for the year of termination. Our termination currently would not affect our classification as a partnership for federal income tax purposes, but it would result in our being treated as a new partnership for tax purposes. If we were treated as a new partnership, we would be required to make new tax elections and could be subject to penalties if we are unable to determine that a termination occurred. The IRS has announced a relief procedure whereby if a publicly traded partnership that has technically terminated requests and the IRS grants special relief, among other things, the partnership may be permitted to provide only a single Schedule K-1 to unitholders for the tax years in which the termination occurs.

If the IRS contests the federal income tax positions we take, the market for our common units may be adversely impacted and the cost of any IRS contest will reduce our cash available for distribution.

The IRS has made no determination as to our status as a partnership for federal income tax purposes. The IRS may adopt positions that differ from the positions we take. It may be necessary to resort to administrative or court proceedings to sustain some or all the positions we take. A court may not agree with some or all of the positions we take. Any contest with the IRS may materially and adversely impact the market for our common units and the price at which they trade. In addition, our costs of any contest with the IRS will be borne indirectly by our unitholders and our general partner because the costs will reduce our cash available for distribution.

Our unitholders will be required to pay taxes on their share of income even if they do not receive any cash distributions from us.

Because our unitholders will be treated as partners to whom we will allocate taxable income that could be different in amount than the cash we distribute, our unitholders will be required to pay any federal income taxes and, in some cases, state and local income taxes on their share of our taxable income even if they receive no cash distributions from us. Our unitholders may not receive cash distributions from us equal to their share of our taxable income or even equal to the actual tax liability that result from that income.

Tax gain or loss on the disposition of our common units could be more or less than expected.

If our unitholders sell their common units, they will recognize gain or loss equal to the difference between the amount realized and their tax basis in those common units. Because distributions in excess of a unitholder's allocable share of our net taxable income decrease the unitholder's tax basis in their common units, the amount, if any, of such prior excess distributions with respect to their units will, in effect, become taxable income to the unitholder if the common units are sold at a price greater than the unitholder's tax basis in those common units, even if the price the unitholder receives is less than the unitholder's original cost. Furthermore, a substantial portion of the amount realized, whether or not representing gain, may be taxed as ordinary income due to potential recapture items, including depreciation recapture. In addition, because the amount realized includes a unitholder's share of our nonrecourse liabilities, if a unitholder sells units, the unitholder may incur a tax liability in excess of the amount of cash received from the sale.

Table of Contents

Tax-exempt entities and non-U.S. persons face unique tax issues from owning our common units that may result in adverse tax consequences to them.

Investment in common units by tax-exempt entities, such as employee benefit plans and individual retirement accounts (known as IRAs), and non-U.S. persons raises issues unique to them. For example, virtually all of our income allocated to organizations that are exempt from federal income tax, including IRAs and other retirement plans, will be unrelated business taxable income and will be taxable to them. Distributions to non-U.S. persons will be reduced by withholding taxes at the highest applicable effective tax rate, and non-U.S. persons will be required to file U.S. federal tax returns and pay tax on their share of our taxable income. Non-U.S. persons will also potentially have tax filings and payment obligations in additional jurisdictions. Tax-exempt entities and non-U.S. persons should consult their tax advisor before investing in our common units.

We treat each purchaser of common units as having the same tax benefits without regard to the actual units purchased. The IRS may challenge this treatment, which could adversely affect the value of the common units.

To maintain the uniformity of the economic and tax characteristics of common units, we have adopted depreciation and amortization positions that may not conform to all aspects of existing Treasury Regulations. A successful IRS challenge to those positions could adversely affect the amount of tax benefits available to our unitholders. It also could affect the timing of these tax benefits or the amount of gain from the sale of common units and could have a negative impact on the value of our common units or result in audit adjustments to our unitholders' tax returns.

Our unitholders will likely be subject to state and local taxes and return filing requirements in states where they do not live as a result of investing in our units.

In addition to federal income taxes, our unitholders will likely be subject to other taxes, including state and local taxes, unincorporated business taxes and estate, inheritance or intangible taxes that are imposed by the various jurisdictions in which we do business or own property now or in the future, even if our unitholders do not live in any of those jurisdictions. Our unitholders will likely be required to file state and local income tax returns and pay state and local income taxes in some or all of these various jurisdictions. Further, our unitholders may be subject to penalties for failure to comply with those requirements. We currently conduct business in Illinois, Indiana, Kentucky, Louisiana, Michigan, Mississippi, Ohio, Pennsylvania, Tennessee, Texas and West Virginia. Many of these states currently impose a personal income tax on individuals. As we make acquisitions or expand our business, we may own assets or conduct business in additional states that impose a personal income tax. It is our unitholders' responsibility to file all U.S. federal, state and local tax returns.

We have adopted certain valuation methodologies that may result in a shift of income, gain, loss and deduction between our general partner and our unitholders. The IRS may challenge this treatment, which could adversely affect the value of the common units.

When we issue additional units or engage in certain other transactions, we will determine the fair market value of our assets and allocate any unrealized gain or loss attributable to our assets to the capital accounts of our unitholders and our general partner. Our methodology may be viewed as understating the value of our assets. In that case, there may be a shift of income, gain, loss and deduction between certain unitholders and the general partner, which may be unfavorable to such unitholders. Moreover, under our valuation methods, subsequent purchasers of common units may have a greater portion of their Internal Revenue Code Section 743(b) adjustment allocated to our tangible assets and a lesser portion allocated to our intangible assets. The IRS may challenge our valuation methods, or our allocation of the Section 743(b) adjustment attributable to our tangible and intangible assets, and allocations of income, gain, loss and deduction between our general partner and certain of our unitholders.

A successful IRS challenge to these methods or allocations could adversely affect the amount of taxable income or loss being allocated to our unitholders. It also could affect the amount of gain from our unitholders' sale of common units and could have a negative impact on the value of the common units or result in audit adjustments to our unitholders' tax returns without the benefit of additional deductions.

A unitholder whose common units are loaned to a "short seller" to cover a short sale of common units may be considered as having disposed of those common units. If so, he would no longer be treated for tax purposes as a partner with respect to those common units during the period of the loan and may recognize gain or loss from the disposition.

A unitholder who loans his common units to a "short seller" to cover a short sale of common units (i) may be considered as having disposed of the loaned common units, (ii) may no longer be treated for tax purposes as a partner with respect to those common units during the period of the loan to the short seller and (iii) may recognize gain or loss from such disposition.

Table of Contents

Moreover, during the period of the loan to the short seller, any of our income, gain, loss or deduction with respect to those common units may not be reportable by the unitholder and any cash distributions received by the unitholder as to those common units could be fully taxable as ordinary income. Unitholders desiring to assure their status as partners and avoid the risk of gain recognition from a loan to a short seller are urged to modify any applicable brokerage account agreements to prohibit their brokers from borrowing their common units.

The tax treatment of publicly traded partnerships or an investment in our units could be subject to potential legislative, judicial or administrative changes and differing interpretations, possibly on a retroactive basis.

The present U.S. federal income tax treatment of publicly traded partnerships, including us, or an investment in our common units may be modified by administrative, legislative or judicial interpretation at any time. For example, members of Congress have recently considered substantive changes to the existing federal income tax laws that affect publicly traded partnerships. Any modification to the U.S. federal income tax laws and interpretations thereof may or may not be applied retroactively and could make it more difficult or impossible to meet the exception for certain publicly traded partnerships to be treated as partnerships for U.S. federal income tax purposes. Although the considered legislation does not appear as if it would have affected our treatment as a partnership, we are unable to predict whether any of these changes, or other proposals will be reintroduced or will ultimately be enacted. Any such changes could negatively impact the value of an investment in our units.

We prorate our items of income, gain, loss and deduction between transferors and transferees of our units each month based upon the ownership of our units on the first day of each month, instead of on the basis of the date a particular unit is transferred. The IRS may challenge this treatment, which could change the allocation of items of income, gain, loss and deduction among our unitholders.

We prorate our items of income, gain, loss and deduction between existing unitholders and unitholders who purchase our units based upon the ownership of our units on the first day of each month, instead of on the basis of the date a particular unit is transferred. The use of this proration method may not be permitted under existing Treasury Regulations. The U.S. Treasury Department has issued proposed Treasury Regulations that provide a safe harbor pursuant to which publicly traded partnerships may use a similar monthly simplifying convention to allocate tax items. Nonetheless, the proposed regulations do not specifically authorize the use of the proration method we have adopted. If the IRS were to challenge our proration method or new Treasury Regulations were issued, we may be required to change the allocation of items of income, gain, loss and deduction among our unitholders.

Risks Relating to Ownership of our Common Units

Our general partner and its affiliates, including MPC, have conflicts of interest with us and limited duties to us and our unitholders, and they may favor their own interests to our detriment and that of our unitholders. Additionally, we have no control over MPC’s business decisions and operations, and MPC is under no obligation to adopt a business strategy that favors us.

As of December 31, 2014, MPC owned a two percent general partner interest and a 69.5 percent limited partner interest in us and owns and controls our general partner. Although our general partner has a duty to manage us in a manner that is not adverse to the best interests of our partnership and our unitholders, the directors and officers of our general partner also have a duty to manage our general partner in a manner that is not adverse to the best interests of its owner, MPC.

Conflicts of interest may arise between MPC and its affiliates, including our general partner, on the one hand, and us and our unitholders, on the other hand. In resolving these conflicts, the general partner may favor its own interests and the interests of its affiliates, including MPC, over the interests of our common unitholders. These conflicts include, among others, the following situations:

- neither our partnership agreement nor any other agreement requires MPC to pursue a business strategy that favors us or utilizes our assets, which could involve decisions by MPC to increase or decrease refinery production, shut down or reconfigure a refinery, or pursue and grow particular markets. MPC's directors and officers have a fiduciary duty to make these decisions in the best interests of the stockholders of MPC;
- MPC, as our primary customer, has an economic incentive to cause us to not seek higher tariff rates, even if such higher rates or fees would reflect rates and fees that could be obtained in arm's-length, third-party transactions;
- MPC may be constrained by the terms of its debt instruments from taking actions, or refraining from taking actions, that may be in our best interests;

- our partnership agreement replaces the fiduciary duties that would otherwise be owed by our general partner with contractual standards governing its duties, limiting our general partner's liabilities and restricting the remedies available to our unitholders for actions that, without the limitations, might constitute breaches of fiduciary duty;
- except in limited circumstances, our general partner has the power and authority to conduct our business without unitholder approval;
- our general partner will determine the amount and timing of asset purchases and sales, borrowings, issuance of additional partnership securities and the creation, reduction or increase of cash reserves, each of which can affect the amount of cash that is distributed to our unitholders;
- our general partner will determine the amount and timing of many of our cash expenditures and whether a cash expenditure is classified as an expansion capital expenditure, which would not reduce operating surplus, or a maintenance capital expenditure, which would reduce our operating surplus. This determination can affect the amount of cash that is distributed to our unitholders and to our general partner, the amount of adjusted operating surplus generated in any given period and the ability of the subordinated units to convert into common units;
- our general partner will determine which costs incurred by it are reimbursable by us;
- our general partner may cause us to borrow funds in order to permit the payment of cash distributions, even if the purpose or effect of the borrowing is to make a distribution on the subordinated units, to make incentive distributions or to accelerate expiration of the subordination period;
- our partnership agreement permits us to classify up to $60.0 million as operating surplus, even if it is generated from asset sales, non-working capital borrowings or other sources that would otherwise constitute capital surplus. This cash may be used to fund distributions on our subordinated units or to our general partner in respect of the general partner interest or the incentive distribution rights;
- our partnership agreement does not restrict our general partner from causing us to pay it or its affiliates for any services rendered to us or entering into additional contractual arrangements with any of these entities on our behalf;
- our general partner intends to limit its liability regarding our contractual and other obligations;
- our general partner may exercise its right to call and purchase all of the common units not owned by it and its affiliates if it and its affiliates own more than 85 percent of the common units;
- our general partner controls the enforcement of obligations owed to us by our general partner and its affiliates, including our transportation and storage services agreements with MPC;
- our general partner decides whether to retain separate counsel, accountants or others to perform services for us; and
- our general partner may elect to cause us to issue common units to it in connection with a resetting of the target distribution levels related to our general partner's incentive distribution rights without the approval of the conflicts committee of the board of directors of our general partner, which we refer to as our conflicts committee, or our unitholders. This election may result in lower distributions to our common unitholders in certain situations.

Under the terms of our partnership agreement, the doctrine of corporate opportunity, or any analogous doctrine, does not apply to our general partner or any of its affiliates, including its executive officers, directors and owners. Any such person or entity that becomes aware of a potential transaction, agreement, arrangement or other matter that may be an opportunity for us will not have any duty to communicate or offer such opportunity to us. Any such person or entity will not be liable to us or to any limited partner for breach of any fiduciary duty or other duty by reason of the fact that such person or entity pursues or acquires such opportunity for itself, directs such opportunity to another person or entity or does not communicate such opportunity or information to us. This may create actual and potential conflicts of interest between us and affiliates of our general partner and result in less than favorable treatment of us and our unitholders.

Our partnership agreement requires that we distribute all of our available cash, which could limit our ability to grow and make acquisitions.

Our partnership agreement requires that we distribute all of our available cash to our unitholders. As a result, we expect to rely primarily upon external financing sources, including commercial bank borrowings and the issuance of debt and equity securities, to fund our acquisitions and expansion capital expenditures. Therefore, to the extent we are unable to finance our growth externally, our cash distribution policy will significantly impair our ability to grow. In addition, because we will distribute all of our available cash, our growth may not be as fast as that of businesses that reinvest their available cash to expand ongoing operations. To the extent we issue additional units in connection with any acquisitions or expansion capital expenditures, the payment of distributions on those additional units may increase the risk that we will be unable to maintain or increase our per unit distribution level. There are no limitations in our partnership agreement or our revolving credit facility on our ability to issue additional units, including units ranking senior to the common units as to distribution or liquidation, and our unitholders will have no preemptive or other rights (solely as a result of their status as unitholders) to purchase any such additional units. The incurrence of additional commercial borrowings or other debt to finance our growth strategy would result in increased interest expense, which, in turn, may reduce the amount of cash available to distribute to our unitholders.

Table of Contents

Our partnership agreement replaces our general partner’s fiduciary duties to holders of our common units with contractual standards governing its duties and restricts the remedies available to unitholders for actions taken by our general partner.

Our partnership agreement contains provisions that eliminate the fiduciary standards to which our general partner would otherwise be held by state fiduciary duty law and replaces those duties with several different contractual standards. For example, our partnership agreement permits our general partner to make a number of decisions in its individual capacity, as opposed to in its capacity as our general partner, free of any duties to us and our unitholders other than the implied contractual covenant of good faith and fair dealing. Our general partner is entitled to consider only the interests and factors that it desires and is relieved of any duty or obligation to give consideration to any interest of, or factors affecting, us, our affiliates or our limited partners.

Our partnership agreement contains provisions that restrict the remedies available to unitholders for actions taken by our general partner that might otherwise constitute breaches of fiduciary duty under state fiduciary duty law. For example, our partnership agreement:

- provides that whenever our general partner makes a determination or takes, or declines to take, any other action in its capacity as our general partner, our general partner is required to make such determination, or take or decline to take such other action, in good faith and will not be subject to any other or different standard imposed by our partnership agreement, Delaware law, or any other law, rule or regulation, or at equity;
- provides that our general partner will not have any liability to us or our unitholders for decisions made in its capacity as a general partner so long as it acted in good faith;
- provides that our general partner and its officers and directors will not be liable for monetary damages to us or our limited partners resulting from any act or omission unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that our general partner or its officers and directors, as the case may be, acted in bad faith or engaged in fraud or willful misconduct or, in the case of a criminal matter, acted with knowledge that the conduct was criminal; and
- provides that our general partner will not be in breach of its obligations under our partnership agreement or its fiduciary duties to us or our limited partners if a transaction with an affiliate or the resolution of a conflict of interest is approved in accordance with, or otherwise meets the standards set forth in, our partnership agreement.

In connection with a transaction with an affiliate or a conflict of interest, our partnership agreement provides that any determination by our general partner must be made in good faith, and that our conflicts committee and the board of directors of our general partner are entitled to a presumption that they acted in good faith. In any proceeding brought by or on behalf of any limited partner or the partnership, the person bringing or prosecuting such proceeding will have the burden of overcoming such presumption. By purchasing a common unit, a unitholder is treated as having consented to the provisions in our partnership agreement, including the provisions discussed above.

Unitholders have very limited voting rights and, even if they are dissatisfied, they cannot remove our general partner without its consent.

Unlike the holders of common stock in a corporation, unitholders have only limited voting rights on matters affecting our business and, therefore, limited ability to influence management’s decisions regarding our business. Unitholders did not elect our general partner or the board of directors of our general partner and will have no right to elect our general partner or the board of directors of our general partner on an annual or other continuing basis. The board of directors of our general partner is chosen by the members of our general partner, which are wholly-owned subsidiaries of MPC. Furthermore, if the unitholders are dissatisfied with the performance of our general partner, they will have little ability to remove our general partner. As a result of these limitations, the price at which our common units will trade could be diminished because of the absence or reduction of a takeover premium in the trading price.

The unitholders will be unable initially to remove our general partner without its consent because our general partner and its affiliates own sufficient units to be able to prevent its removal. The vote of the holders of at least 66 $^{2}/_{3}$ percent of all outstanding common units and subordinated units voting together as a single class is required to remove our general partner. As of December 31, 2014, our general partner and its affiliates owned 70.9 percent of the common units and subordinated units (excluding common units held by officers and directors of our general partner and MPC). Also, if our general partner is removed without cause during the subordination period and common units and subordinated units held by our general partner and its affiliates are not voted in favor of that removal, all remaining subordinated units will automatically be converted into common units, and any existing arrearages on the common units will be extinguished. A removal of our general partner under these circumstances would adversely affect the common units by prematurely eliminating their distribution and liquidation preference over the subordinated units, which would otherwise have continued until we had met certain distribution and performance tests.

Furthermore, unitholders' voting rights are further restricted by the partnership agreement provision providing that any units held by a person that owns 20 percent or more of any class of units then outstanding, other than our general partner, its affiliates, their transferees, and persons who acquired such units with the prior approval of the board of directors of our general partner, cannot vote on any matter.

Our partnership agreement also contains provisions limiting the ability of unitholders to call meetings or to acquire information about our operations, as well as other provisions limiting the unitholders' ability to influence the manner or direction of management.

If unitholders are not both citizenship-eligible holders and rate-eligible holders, their common units may be subject to redemption.

In order to avoid (1) any material adverse effect on the maximum applicable rates that can be charged to customers by our subsidiaries on assets that are subject to rate regulation by the FERC or analogous regulatory body, and (2) any substantial risk of cancellation or forfeiture of any property, including any governmental permit, endorsement or other authorization, in which we have an interest, we have adopted certain requirements regarding those investors who may own our common units. Citizenship eligible holders are individuals or entities whose nationality, citizenship or other related status does not create a substantial risk of cancellation or forfeiture of any property, including any governmental permit, endorsement or authorization, in which we have an interest, and will generally include individuals and entities who are U.S. citizens. Rate eligible holders are individuals or entities subject to U.S. federal income taxation on the income generated by us or entities not subject to U.S. federal income taxation on the income generated by us, so long as all of the entity's owners are subject to such taxation. If unitholders are not persons who meet the requirements to be citizenship eligible holders and rate eligible holders, they run the risk of having their units redeemed by us at the market price as of the date three days before the date the notice of redemption is mailed. The redemption price will be paid in cash or by delivery of a promissory note, as determined by our general partner. In addition, if unitholders are not persons who meet the requirements to be citizenship eligible holders, they will not be entitled to voting rights.

Cost reimbursements, which will be determined in our general partner's sole discretion, and fees due our general partner and its affiliates for services provided will be substantial and will reduce our cash available for distribution.

Under our partnership agreement, we are required to reimburse our general partner and its affiliates for all costs and expenses that they incur on our behalf for managing and controlling our business and operations. Except to the extent specified under our omnibus agreement or our employee services agreements, our general partner determines the amount of these expenses. Under the terms of the omnibus agreement, we will be required to reimburse MPC for the provision of certain general and administrative services to us. Under the terms of our employee services agreements, we have agreed to reimburse MPC for the provision of certain operational and management services to us in support of our pipelines, barge dock, storage cavern and tank farms. Our general partner and its affiliates also may provide us other services for which we will be charged fees as determined by our general partner. Payments to our general partner and its affiliates will be substantial and will reduce the amount of cash available for distribution to unitholders.

Our general partner interest, the control of our general partner and the incentive distribution rights of our general partner may be transferred to a third party without unitholder consent.

Our general partner may transfer its general partner interest to a third party in a merger or in a sale of all or substantially all of its assets without the consent of the unitholders. Furthermore, there is no restriction in our partnership agreement on the ability of MPC to transfer its membership interest in our general partner to a third party. The new partners of our general partner would then be in a position to replace the board of directors and officers of our general partner with their own choices and to control the decisions taken by the board of directors and officers.

Additionally, our general partner may transfer its incentive distribution rights to a third party at any time without the consent of our unitholders. If our general partner transfers its incentive distribution rights to a third party but retains its general partner interest, our general partner may not have the same incentive to grow our partnership and increase quarterly distributions to unitholders over time as it would if it had retained ownership of its incentive distribution rights. For example, a transfer of incentive distribution rights by our general partner could reduce the likelihood of MPC selling or contributing additional midstream assets to us, as MPC would have less of an economic incentive to grow our business, which in turn would impact our ability to grow our asset base.

Table of Contents

We may issue additional units without unitholder approval, which would dilute unitholder interests.

At any time, we may issue an unlimited number of limited partner interests of any type without the approval of our unitholders and our unitholders will have no preemptive or other rights (solely as a result of their status as unitholders) to purchase any such limited partner interests. Further, neither our partnership agreement nor our revolving credit facility prohibits the issuance of equity securities that may effectively rank senior to our common units as to distributions or liquidations. The issuance by us of additional common units or other equity securities of equal or senior rank will have the following effects:

- our unitholders' proportionate ownership interest in us will decrease;
- the amount of cash available for distribution on each unit may decrease;
- because a lower percentage of total outstanding units will be subordinated units, the risk that a shortfall in the payment of the minimum quarterly distribution will be borne by our common unitholders will increase;
- the ratio of taxable income to distributions may increase;
- the relative voting strength of each previously outstanding unit may be diminished; and
- the market price of our common units may decline.

MPC may sell units in the public or private markets, and such sales could have an adverse impact on the trading price of the common units.

As of December 31, 2014, MPC held 19,980,619 common units and 36,951,515 subordinated units. All of the subordinated units will convert into common units at the end of the subordination period and may convert earlier under certain circumstances. Additionally, we have agreed to provide MPC with certain registration rights. The sale of these units in the public or private markets could have an adverse impact on the price of the common units or on any trading market that may develop.

Our general partner's discretion in establishing cash reserves may reduce the amount of cash available for distribution to unitholders.

Our partnership agreement requires our general partner to deduct from operating surplus cash reserves that it determines are necessary to fund our future operating expenditures. In addition, the partnership agreement permits the general partner to reduce available cash by establishing cash reserves for the proper conduct of our business, to comply with applicable law or agreements to which we are a party, or to provide funds for future distributions to partners. These cash reserves will affect the amount of cash available for distribution to unitholders.

Affiliates of our general partner, including MPC, may compete with us, and neither our general partner nor its affiliates have any obligation to present business opportunities to us.

Neither our partnership agreement nor our omnibus agreement will prohibit MPC or any other affiliates of our general partner from owning assets or engaging in businesses that compete directly or indirectly with us. In addition, MPC and other affiliates of our general partner may acquire, construct or dispose of additional midstream assets in the future without any obligation to offer us the opportunity to purchase any of those assets. As a result, competition from MPC and other affiliates of our general partner could materially and adversely impact our results of operations and cash available for distribution to unitholders.

Our general partner may cause us to borrow funds in order to make cash distributions, even where the purpose or effect of the borrowing benefits the general partner or its affiliates.

In some instances, our general partner may cause us to borrow funds under our revolving credit facility, from MPC or otherwise from third parties to permit the payment of cash distributions. These borrowings are permitted even if the purpose and effect of the borrowing is to enable us to make a distribution on the subordinated units, to make incentive distributions or to hasten the expiration of the subordination period.

Our general partner has a limited call right that may require unitholders to sell common units at an undesirable time or price.

If at any time our general partner and its affiliates own more than 85 percent of our common units, our general partner will have the right, but not the obligation, which it may assign to any of its affiliates or to us, to acquire all, but not less than all, of the common units held by unaffiliated persons at a price not less than their then current market price. As a result, unitholders may

Table of Contents

be required to sell their common units at an undesirable time or price and may not receive any return on their investment. Unitholders may also incur a tax liability upon a sale of such units.

A unitholder's liability may not be limited if a court finds that unitholder action constitutes control of our business.

A general partner of a partnership generally has unlimited liability for the obligations of the partnership, except for those contractual obligations of the partnership that are expressly made non-recourse to the general partner. Our partnership is organized under Delaware law, and we conduct business in a number of other states. The limitations on the liability of holders of limited partner interests for the obligations of a limited partnership have not been clearly established in some jurisdictions. A unitholder could be liable for our obligations as if they were a general partner if a court or government agency were to determine that:

- we were conducting business in a state but had not complied with that particular state's partnership statute; or
- a unitholder's right to act with other unitholders to remove or replace the general partner, to approve some amendments to our partnership agreement or to take other actions under our partnership agreement constitute "control" of our business.

Unitholders may have to repay distributions that were wrongfully distributed to them.

Under certain circumstances, unitholders may have to repay amounts wrongfully distributed to them. Under Section 17-607 of the Delaware Revised Uniform Limited Partnership Act, we may not make a distribution to unitholders if the distribution would cause our liabilities to exceed the fair value of our assets. Delaware law provides that for a period of three years from the date of the impermissible distribution, limited partners who received the distribution and who knew at the time of the distribution that it violated Delaware law will be liable to the limited partnership for the distribution amount. Transferees of common units are liable for the obligations of the transferor to make contributions to the partnership that are known to the transferee at the time of the transfer and for unknown obligations if the liabilities could be determined from our partnership agreement. Liabilities to partners on account of their partnership interest and liabilities that are non-recourse to the partnership are not counted for purposes of determining whether a distribution is permitted.

Our general partner, or any transferee holding incentive distribution rights, may elect to cause us to issue common units and general partner units to it in connection with a resetting of the target distribution levels related to its incentive distribution rights, without the approval of our conflicts committee or the holders of our common units. This could result in lower distributions to holders of our common units.

Our general partner has the right, at any time when there are no subordinated units outstanding and it has received distributions on its incentive distribution rights at the highest level to which it is entitled (48 percent, in addition to distributions paid on its two percent general partner interest, each as of December 31, 2014) for each of the prior four consecutive fiscal quarters, to reset the initial target distribution levels at higher levels based on our distributions at the time of the exercise of the reset election. Following a reset election, the minimum quarterly distribution will be adjusted to equal the reset minimum quarterly distribution, and the target distribution levels will be reset to correspondingly higher levels based on percentage increases above the reset minimum quarterly distribution.

If our general partner elects to reset the target distribution levels, it will be entitled to receive a number of common units and general partner units. The number of common units to be issued to our general partner will be equal to that number of common units that would have entitled their holder to an average aggregate quarterly cash distribution in the prior two quarters equal to the average of the distributions to our general partner on the incentive distribution rights in the prior two quarters. Our general partner will also be issued the number of general partner units necessary to maintain our general partner's interest in us at the level that existed immediately prior to the reset election. We anticipate that our general partner would exercise this reset right to facilitate acquisitions or internal growth projects that would not be sufficiently accretive to cash distributions per common unit without such conversion. It is possible, however, that our general partner could exercise this reset election at a time when it is experiencing, or expects to experience, declines in the cash distributions it receives related to its incentive distribution rights and may, therefore, desire to be issued common units rather than retain the right to receive distributions based on the initial target distribution levels. This risk could be elevated if our incentive distribution rights have been transferred to a third party. As a result, a reset election may cause our common unitholders to experience a reduction in the amount of cash distributions that they would have otherwise received had we not issued new common units and general partner units in connection with resetting the target distribution levels. Additionally, our general partner has the right to transfer all or any portion of our incentive distribution rights at any time, and such transferee shall have the same rights as the general partner relative to resetting target distributions if our general partner concurs that the tests for resetting target distributions have been fulfilled.

Table of Contents

The NYSE does not require a publicly traded limited partnership like us to comply with certain of its corporate governance requirements.

We list our common units on the NYSE. Because we are a publicly traded limited partnership, the NYSE does not require us to have a majority of independent directors on our general partner's board of directors or to establish a compensation committee or a nominating and corporate governance committee. Accordingly, unitholders will not have the same protections afforded to certain corporations that are subject to all of the NYSE corporate governance requirements.

Table of Contents

Item 1B. Unresolved Staff Comments
None

Item 2. Properties
The location and general character of our pipeline systems and other important physical properties have been described under Item 1. Business and are incorporated herein by reference. The facilities have been constructed or acquired over a period of years and vary in age and operating efficiency. In addition, we believe that our properties and facilities are adequate for our operations and that our facilities are adequately maintained. As of December 31, 2014, we lease a pipeline, vehicles, building space, pipeline equipment and land under long-term operating leases. Most of these leases include renewal options. We also lease certain pipelines under a capital lease that has a fixed price purchase option in 2020. See Item 8. Financial Statements and Supplementary Data – Note 17, for additional information regarding our leases.
Substantially all of our pipelines are constructed on rights-of-way granted by the apparent record owners of the property and in some instances these rights-of-way are revocable at the election of the grantor. In many instances, lands over which rights-of-way have been obtained are subject to prior liens that have not been subordinated to the right-of-way grants. We have obtained permits from public authorities to cross over or under, or to lay facilities in or along, watercourses, county roads, municipal streets and state highways and, in some instances, these permits are revocable at the election of the grantor. We have also obtained permits from railroad companies to cross over or under lands or rights-of-way, many of which are also revocable at the grantor's election. In some states and under some circumstances, we have the right of eminent domain to acquire rights-of-way and lands necessary for our common carrier pipelines.
Under the omnibus agreement, MPC indemnifies us for certain title defects and for failures to obtain certain consents and permits necessary to conduct our business. Although title to these properties is subject to encumbrances in some cases, such as customary interests generally retained in connection with acquisition of real property, liens that can be imposed in some jurisdictions for government-initiated action to clean up environmental contamination, liens for current taxes and other burdens, and easements, restrictions and other encumbrances to which the underlying properties were subject at the time of acquisition by our Predecessor or us, we believe that none of these burdens should materially detract from the value of these properties or from our interest in these properties or should materially interfere with their use in the operation of our business.

Item 3. Legal Proceedings
We are the subject of, or a party to, a number of pending or threatened legal actions, contingencies and commitments involving a variety of matters, including laws and regulations relating to the environment. Some of these matters are discussed below.
Litigation
We are a party to a number of lawsuits and other proceedings and cannot predict the outcome of every such matter with certainty. While it is possible that an adverse result in one or more of the lawsuits or proceedings in which we are a defendant could be material to us, based upon current information and our experience as a defendant in other matters, we believe that these lawsuits and proceedings, individually or in the aggregate, will not have a material adverse effect on our consolidated results of operations, financial position or cash flows.
In 2003, the State of Illinois brought an action against the Premcor Refining Group, Inc. ("Premcor") and Apex Refining Company ("Apex") asserting claims for environmental cleanup related to the refinery owned by these entities in the Hartford/Wood River, Illinois area. In 2006, Premcor and Apex filed third-party complaints against numerous owners and operators of petroleum products facilities in the Hartford/Wood River, Illinois area, including MPL. These complaints, which have been amended since filing, assert claims of common law nuisance and contribution under the Illinois Contribution Act and other laws for environmental cleanup costs that may be imposed on Premcor and Apex by the State of Illinois. There are several third-party defendants in the litigation and MPL has asserted cross-claims in contribution against the various third-party defendants. This litigation is currently pending in the Third Judicial Circuit Court, Madison County, Illinois. While the ultimate outcome of these litigated matters remains uncertain, neither the

likelihood of an unfavorable outcome nor the ultimate liability, if any, with respect to this matter can be determined at this time and we are unable to estimate a reasonably possible loss (or range of loss) for this litigation. Under our omnibus agreement, MPC will indemnify us for the full cost of any losses should MPL be deemed responsible for any damages in this lawsuit.

Table of Contents

Environmental Proceedings

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

Item 4. Mine Safety Disclosures
Not applicable

Table of Contents

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common limited partner units are listed on the NYSE and traded under the symbol "MPLX." As of February 13, 2015, there were three registered holders of 23,360,479 outstanding common units held by the public, including 23,358,679 common units held in street name. In addition, as of February 13, 2015, MPC and its affiliates owned 19,980,619 of our common units, 36,951,515 of our subordinated units and 1,638,625 of our general partner units (the two percent general partner interest), which together constitutes a 71.5 percent ownership interest in us.

The following table reflects intraday high and low sales prices of and cash distributions declared on our common units by quarter over the last two fiscal years.

	Trading prices per common unit				
Quarter ended	High	Low	Quarterly cash distribution per unit [1]	Distribution date	Record date
December 31, 2014	$73.76	$46.08	$0.3825	February 13, 2015	February 3, 2015
September 30, 2014	68.05	55.00	0.3575	November 14, 2014	November 4, 2014
June 30, 2014	66.49	48.14	0.3425	August 14, 2014	August 4, 2014
March 31, 2014	50.75	40.01	0.3275	May 15, 2014	May 5, 2014
December 31, 2013	44.97	35.72	0.3125	February 14, 2014	February 4, 2014
September 30, 2013	38.54	34.51	0.2975	November 14, 2013	November 4, 2013
June 30, 2013	39.69	34.40	0.2850	August 14, 2013	August 2, 2013
March 31, 2013	38.61	31.48	0.2725	May 17, 2013	May 10, 2013

[1] Represents cash distributions attributable to the quarter and declared and paid in accordance with our partnership agreement.

We intend to pay a minimum quarterly distribution of $0.2625 per unit. Although our partnership agreement requires that we distribute all of our available cash each quarter, we do not have a legal obligation to distribute any particular amount per common unit.

Distributions of Available Cash

Our partnership agreement requires that, within 60 days after the end of each quarter, beginning with the quarter ended December 31, 2012, we distribute all of our available cash to unitholders of record on the applicable record date.

Definition of Available Cash. Available cash is defined in our partnership agreement, which is an exhibit to this Annual Report Form 10-K. Available cash generally means, for any quarter, all cash and cash equivalents on hand at the end of that quarter:

less, the amount of cash reserves established by our general partner to:

- provide for the proper conduct of our business (including reserves for our future capital expenditures, anticipated future debt service requirements and refunds of collected rates reasonably likely to be refunded as a result of a settlement or hearing related to FERC rate proceedings or rate proceedings under applicable law subsequent to that quarter);
- comply with applicable law, any of our debt instruments or other agreements; or
- provide funds for distributions to our unitholders and to our general partner for any one or more of the next four quarters (provided that our general partner may not establish cash reserves for distributions if the effect of the establishment of such reserves will prevent us from distributing the minimum quarterly distribution on all common units and any cumulative arrearages on such common units for the current quarter);

plus, if our general partner so determines, all or any portion of the cash on hand on the date of determination of available cash for the quarter resulting from working capital borrowings made subsequent to the end of such quarter.

Table of Contents

Intent to Distribute the Minimum Quarterly Distribution. Under our current cash distribution policy, we intend to make a minimum quarterly distribution to the holders of our common units and subordinated units of $0.2625 per unit, or $1.05 per unit on an annualized basis, to the extent we have sufficient cash from our operations after the establishment of cash reserves and the payment of costs and expenses, including reimbursements of expenses to our general partner. However, there is no guarantee that we will pay the minimum quarterly distribution on our units in any quarter. The amount of distributions paid under our policy and the decision to make any distribution is determined by our general partner, taking into consideration the terms of our partnership agreement. Please read Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - Debt and Liquidity Overview, for a discussion of the restrictions included in our revolving credit facility that may restrict our ability to make distributions.

General Partner Interest and Incentive Distribution Rights. Our general partner is currently entitled to two percent of all quarterly distributions that we make prior to our liquidation. Our general partner has the right, but not the obligation, to contribute a proportionate amount of capital to us to maintain its current general partner interest. The general partner's two percent interest in these distributions will be reduced if we issue additional units in the future and our general partner does not contribute a proportionate amount of capital to us to maintain its two percent general partner interest.

Our general partner also currently holds incentive distribution rights that entitle it to receive increasing percentages, up to a maximum of 48 percent, of the cash we distribute from operating surplus in excess of $0.301875 per unit per quarter. The maximum distribution of 48 percent does not include any distributions that our general partner or its affiliates may receive on common, subordinated or general partner units that they own.

Percentage Allocations of Available Cash. The following table illustrates the percentage allocations of available cash from operating surplus between the unitholders and our general partner based on the specified target distribution levels. The amounts set forth under "Marginal percentage interest in distributions" are the percentage interests of our general partner and the unitholders in any available cash from operating surplus we distribute up to and including the corresponding amount in the column "Total quarterly distribution per unit target amount." The percentage interests shown for our unitholders and our general partner for the minimum quarterly distribution are also applicable to quarterly distribution amounts that are less than the minimum quarterly distribution. The percentage interests set forth below for our general partner include its two percent general partner interest and assume that our general partner has contributed any additional capital necessary to maintain its two percent general partner interest, our general partner has not transferred its incentive distribution rights and that there are no arrearages on common units.

	Total quarterly distribution per unit target amount		Marginal percentage interest in distributions			
			Unitholders		General Partner	
Minimum Quarterly Distribution	$0.2625		98.0	%	2.0	%
First Target Distribution	above $0.2625	up to $0.301875	98.0	%	2.0	%
Second Target Distribution	above $0.301875	up to $0.328125	85.0	%	15.0	%
Third Target Distribution	above $0.328125	up to $0.393750	75.0	%	25.0	%
Thereafter	above $0.393750		50.0	%	50.0	%

Subordination Period

Our partnership agreement provides that, during the subordination period (which we define below), the common units have the right to receive distributions of available cash from operating surplus each quarter in an amount equal to $0.2625 per common unit, which amount is defined in our partnership agreement as the minimum quarterly distribution, plus any arrearages in the payment of the minimum quarterly distribution on the common units from prior quarters, before any distributions of available cash from operating surplus may be made on the subordinated units. These units are deemed "subordinated" because for a period of time, referred to as the subordination period, the subordinated units will not be entitled to receive any distributions until the common units have received the minimum quarterly distribution plus any arrearages from prior quarters. Furthermore, no arrearages will be paid on the subordinated units. The practical effect of the subordinated units is to increase the likelihood that, during the subordination period, there will be available cash to be distributed on the common units.

Table of Contents

Definition of Subordination Period. Except as described below, the subordination period began on the closing date of the Initial Offering and extends until the first business day following the distribution of available cash in respect of any quarter beginning after December 31, 2015, that each of the following tests are met:

- distributions of available cash from operating surplus on each of the outstanding common units, subordinated units and general partner units equaled or exceeded $1.05 (the annualized minimum quarterly distribution), for each of the three consecutive, non-overlapping four-quarter periods immediately preceding that date;
- the adjusted operating surplus (as defined below) generated during each of the three consecutive, non-overlapping four-quarter periods immediately preceding that date equaled or exceeded the sum of $1.05 (the annualized minimum quarterly distribution) on all of the outstanding common units, subordinated units and general partner units during those periods on a fully diluted basis; and
- there are no arrearages in payment of the minimum quarterly distribution on the common units.

Early Termination of Subordination Period. Notwithstanding the foregoing, the subordination period automatically terminates on the first business day following the distribution of available cash in respect of any quarter, beginning with the quarter ending December 31, 2013, that each of the following tests are met:

- distributions of available cash from operating surplus on each of the outstanding common units, subordinated units and general partner units equaled or exceeded $1.575 (150 percent of the annualized minimum quarterly distribution) for the four-quarter period immediately preceding that date;
- the adjusted operating surplus (as defined below) generated during the four-quarter period immediately preceding that date equaled or exceeded the sum of (i) $1.575 (150 percent of the annualized minimum quarterly distribution) on all of the outstanding common units, subordinated units and general partner units during that period on a fully diluted basis and (ii) the corresponding distributions on the incentive distribution rights; and
- there are no arrearages in payment of the minimum quarterly distributions on the common units.

Expiration of the Subordination Period. When the subordination period ends, each outstanding subordinated unit will convert into one common unit and will thereafter participate pro rata with the other common units in distributions of available cash. In addition, if the unitholders remove our general partner other than for cause:

- the subordinated units held by any person will immediately and automatically convert into common units on a one-for-one basis, provided (i) neither such person nor any of its affiliates voted any of its units in favor of the removal and (ii) such person is not an affiliate of the successor general partner;
- if all of the subordinated units convert pursuant to the foregoing, all cumulative common unit arrearages on the common units will be extinguished and the subordination period will end; and
- our general partner will have the right to convert its general partner interest and its incentive distribution rights into common units or to receive cash in exchange for those interests.

Table of Contents

Item 6. Selected Financial Data

The following table shows selected historical consolidated financial data of MPLX LP and our Predecessor as of the dates and for the years indicated. Our Predecessor consisted of a 100 percent interest in all of the assets and operations of MPL and ORPL that MPC contributed to us at the closing of the Initial Offering, as well as minority undivided joint interests in two crude oil pipeline systems, which we refer to as the joint interest assets, that were not contributed to us. In connection with the closing of the Initial Offering, MPC transferred the joint interest assets from our Predecessor to other MPC subsidiaries and then contributed to us a 51 percent indirect ownership interest in Pipe Line Holdings, which owns our Predecessor’s assets and operations (other than the joint interest assets), and a 100 percent indirect ownership in our butane cavern. On May 1, 2013, we acquired a 5 percent interest in Pipe Line Holdings, resulting in a 56 percent indirect ownership interest at December 31, 2013. We then acquired a 13 percent interest in Pipe Line Holdings on March 1, 2014, and a 30.5 percent interest on December 1, 2014, resulting in a 99.5 percent indirect ownership interest at December 31, 2014. As required by United States generally accepted accounting principles (“GAAP”), we consolidate 100 percent of the assets and operations of Pipe Line Holdings in our financial statements. In addition, we recorded the contributions at historical cost, as they are considered transactions between entities under common control.

The selected historical consolidated financial data as of and for the years ended December 31, 2011 and 2010 were derived from audited combined financial statements of our Predecessor.

The following table also presents the non-GAAP financial measures of Adjusted EBITDA and Distributable Cash Flow, which we use in our business. For the definitions of Adjusted EBITDA and Distributable Cash Flow and a reconciliation to our most directly comparable financial measures calculated and presented in accordance with GAAP, see Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations - Non-GAAP Financial Information and Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations - Results of Operations.

(In millions, except per unit data)	2014	2013	2012	2011	2010
Consolidated statements of income data:					
Sales and other operating revenues	$69.2	$78.9	$74.4	$62.1	$49.7
Sales to related parties	450.9	384.2	367.8	334.8	346.2
Loss on sale of assets	—	—	(0.3)	—	—
Other income	5.2	4.4	6.9	4.3	0.4
Other income - related parties	23.0	18.8	13.1	9.4	8.0
Total revenues and other income	548.3	486.3	461.9	410.6	404.3
Total costs and expenses	365.0	339.3	318.7	278.6	300.9
Income from operations	$183.3	$147.0	$143.2	$132.0	$103.4
Net income	$178.1	$146.1	$144.0	$134.0	$103.3
Net income attributable to MPLX LP	121.3	77.9	130.8	134.0	103.3
Net income attributable to MPLX LP subsequent to the Initial Offering	121.3	77.9	13.1		
Limited partners’ interest in net income attributable to MPLX LP	115.4	76.2	12.9		
Net income attributable to MPLX LP per limited partner unit (basic and diluted):					
Common units - basic	$1.55	$1.05	$0.18		
Common units - diluted	1.55	1.05	0.18		
Subordinated units - basic and diluted	1.50	1.01	0.17		
Cash distributions declared per limited partner common unit	$1.4100	$1.1675	$0.1769		
Consolidated balance sheets data (at period end):					

Property, plant and equipment, net	$1,008.6	$966.6	$910.0	$866.8	$847.8
Total assets	1,214.5	1,208.5	1,301.3	1,303.1	1,118.0
Long-term debt, including capitalized leases[1]	644.8	10.5	11.3	11.9	12.5
Consolidated statements of cash flows data:					
Net cash provided by (used in):					
Operating activities	$246.8	$212.2	$190.6	$181.9	$117.3
Investing activities	(75.1)	(113.6)	87.4	(218.7)	(64.6)
Financing activities	(198.5)	(261.2)	(61.4)	36.7	(53.0)
Additions to property, plant and equipment[2]	78.6	106.5	135.6	49.8	13.7
Other financial data[3]:					
Adjusted EBITDA attributable to MPLX LP subsequent to the Initial Offering	166.3	111.2	18.2		
Distributable Cash Flow attributable to MPLX LP	138.5	114.1	16.6		

(1) Includes amounts due within one year.

(2) Represents cash capital expenditures as reflected on consolidated statements of cash flows for the periods indicated, which are included in cash used in investing activities.

(3) For a discussion of the non-GAAP financial measures of Adjusted EBITDA and Distributable Cash Flow and a reconciliation of Adjusted EBITDA and Distributable Cash Flow to our most directly comparable measures calculated and presented in accordance with GAAP, see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Non-GAAP Financial Information and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Results of Operations.

Table of Contents

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the information included under Item 1. Business, Item 1A. Risk Factors, Item 6. Selected Financial Data and Item 8. Financial Statements and Supplementary Data.

Management's Discussion and Analysis of Financial Condition and Results of Operations includes various forward-looking statements concerning trends or events potentially affecting our business. You can identify our forward-looking statements by words such as "anticipate," "believe," "estimate," "objective," "expect," "forecast," "goal," "int "plan," "predict," "project," "potential," "seek," "target," "could," "may," "should," "would," "will," or other similar expressio the uncertainty of future events or outcomes. In accordance with "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, these statements are accompanied by cautionary language identifying important factors, though not necessarily all such factors, which could cause future outcomes to differ materially from those set forth in forward-looking statements.

PARTNERSHIP OVERVIEW

We are a fee-based, growth-oriented master limited partnership formed by MPC to own, operate, develop and acquire pipelines and other midstream assets related to the transportation and storage of crude oil, refined products and other hydrocarbon-based products. We believe our network of petroleum pipelines is one of the largest in the United States, based on total annual volumes delivered. Our assets are integral to the success of MPC's operations. As of December 31, 2014, our primary assets consisted of:

- a 99.5 percent general partner interest in Pipe Line Holdings, an entity that owns a 100 percent interest in MPL and ORPL, which in turn collectively own:
    - a network of pipeline systems that includes approximately 1,004 miles of common carrier crude oil pipelines and approximately 1,902 miles of common carrier product pipelines extending across nine states. This network includes approximately 230 miles of common carrier crude oil and product pipelines that we operate under long-term leases with third parties;
- a barge dock located on the Mississippi River near Wood River, Illinois with 78 mbpd of crude oil and product throughput capacity; and
- crude oil and product tank farms located in Patoka, Wood River and Martinsville, Illinois and Lebanon, Indiana.
- a 100 percent interest in a butane cavern located in Neal, West Virginia with approximately one million barrels of natural gas liquids storage capacity that serves MPC's Catlettsburg refinery.

We generate revenue primarily by charging tariffs for transporting crude oil, refined petroleum products and other hydrocarbon-based products through our pipelines and at our barge dock and fees for storing crude oil and products at our storage facilities. We are also the operator of additional crude oil and product pipelines owned by MPC and third parties for which we are paid operating fees. We have minimal direct exposure to commodity risk. We do not take ownership of the crude oil or products that we transport and store for our customers, and we do not engage in the trading of any commodities. However, we could be required to purchase crude oil volumes in the open market to make up negative imbalances. See Item 7A. Quantitative and Qualitative Disclosures about Market Risk for information on imbalances.

MPC historically has been the source of the majority of our revenues. In connection with our initial public offering completed on October 31, 2012 (the "Initial Offering"), we entered into multiple transportation and storage services agreements with MPC. These agreements are long-term, fee-based agreements with minimum volume commitments under which MPC will continue to be the source of the substantial majority of our revenues for the foreseeable future. We believe these transportation and storage services agreements will promote stable and predictable cash flows.

MPC owns a significant interest in us through its ownership of our general partner, a 69.5 percent limited partner interest in us and all of our incentive distribution rights. Given MPC's significant ownership interest in us and its stated intent to use us to grow its midstream business, we believe MPC will continue to offer us the opportunity to acquire MLP-qualifying assets from its substantial portfolio of midstream assets. We also may pursue acquisitions cooperatively with MPC, or independently. MPC is under no obligation, however, to offer to sell us additional assets or to pursue acquisitions cooperatively with us, and we are under no obligation to buy any such additional assets or pursue any such cooperative acquisitions. We also intend to grow our business by constructing new assets and increasing the utilization of, and revenue generated by, our existing assets.

RECENT DEVELOPMENTS

On February 12, 2015, we completed an initial underwritten public offering of $500.0 million aggregate principal amount of four percent unsecured senior notes due February 15, 2025 (the “Senior Notes”). The Senior Notes were offered at a price to the public of 99.64 percent of par. The net proceeds of this offering were used to repay the amounts outstanding under our bank revolving credit facility, as well as for general partnership purposes.

During the fourth quarter of 2014, we announced plans to substantially accelerate our growth and our intent to evolve into a large cap, diversified MLP. We expect this increased scale to provide us with greater flexibility to fund organic projects and to pursue acquisition opportunities independently from our sponsor, MPC. This anticipated growth in earnings will also help to support an average annual distribution growth rate percentage in the mid-20s over the next five years.

Effective December 1, 2014, we took an important first step in the execution of our strategy to accelerate our growth with the acquisition of 30.5 percent interest in Pipe Line Holdings from subsidiaries of MPC for consideration of $800.0 million, increasing our general partner interest in Pipe Line Holdings to 99.5 percent. This transaction was financed with $600.0 million in borrowings under our bank revolving credit facility and the issuance of common units to MPC valued at $200.0 million. On December 8, 2014, we closed a public offering of 3,450,000 common units representing limited partner interests. We used the net proceeds of $221.3 million to repay borrowings incurred under our bank revolving credit facility. In addition, as a result of this acquisition and the December 2014 common unit offering, MPLX GP LLC, our general partner, contributed $8.8 million in exchange for 130,084 general partner units to maintain its two percent general partnership interest.

On November 20, 2014, we entered into a credit agreement with a syndicate of lenders that provides for a five-year, $1 billion bank revolving credit facility and a $250 million term loan facility. In connection with the entry into the credit agreement, we paid off outstanding borrowings and terminated our previously existing $500 million five-year MPLX Operations revolving credit agreement.

On March 1, 2014, we acquired a 13 percent interest in Pipe Line Holdings from MPC for consideration of $310.0 million, which was funded with $40.0 million of cash on hand and $270.0 million of borrowings under our bank revolving credit facility.

NON-GAAP FINANCIAL INFORMATION

Our management uses a variety of financial and operating metrics to analyze our performance. These metrics are significant factors in assessing our operating results and profitability and include the non-U.S. GAAP financial measures of Adjusted EBITDA and Distributable Cash Flow.

We define Adjusted EBITDA as net income before depreciation, provision (benefit) for income taxes, noncash equity-based compensation and net interest and other financial costs. We also use Distributable Cash Flow, which we define as Adjusted EBITDA plus the current period deferred revenue for committed volume deficiencies less net interest and other financial costs, income taxes paid, maintenance capital expenditures paid and volume deficiency credits.

We believe that the presentation of Adjusted EBITDA and Distributable Cash Flow provides useful information to investors in assessing our financial condition and results of operations. The U.S. GAAP measures most directly comparable to Adjusted EBITDA and Distributable Cash Flow are net income and net cash provided by operating activities. Adjusted EBITDA and Distributable Cash Flow should not be considered as alternatives to U.S. GAAP net income or net cash provided by operating activities. Adjusted EBITDA and Distributable Cash Flow have important limitations as analytical tools because they exclude some but not all items that affect net income and net cash provided by operating activities or any other measure of financial performance or liquidity presented in accordance with U.S. GAAP. Adjusted EBITDA and Distributable Cash Flow should not be considered in isolation or as substitutes for analysis of our results as reported under U.S. GAAP. Additionally, because Adjusted EBITDA and Distributable Cash Flow may be defined differently by other companies in our industry, our definitions of Adjusted EBITDA and Distributable Cash Flow may not be comparable to similarly titled measures of other companies, thereby diminishing their utility. For a reconciliation of Adjusted EBITDA and Distributable Cash Flow to their most comparable measures calculated and presented in accordance with U.S. GAAP, see - Results of Operations.

Table of Contents

COMPARABILITY OF OUR FINANCIAL RESULTS

Prior to the Initial Offering on October 31, 2012, our results of operations and cash flows consisted of MPLX LP Predecessor, which represented a combined reporting entity. Subsequent to the Initial Offering, our results of operations and cash flows consist of consolidated MPLX LP activities and balances.

MPLX LP Predecessor included the assets, liabilities and results of operations of certain crude oil and product pipeline systems and associated storage assets of MPC operated and held by MPL and ORPL prior to their contribution to the Partnership in connection with the Initial Offering. Prior to the Initial Offering, MPLX LP Predecessor results also included MPL’s minority undivided joint interests in two crude oil pipeline systems that were not contributed to the Partnership at the Initial Offering.

Net income attributable to MPLX LP for the period prior to the Initial Offering on October 31, 2012 included 100 percent of the net income related to the assets that were contributed to MPLX LP, while net income attributable to MPLX LP for the period in 2012 following the Initial Offering and the years ended December 31, 2014 and 2013 reflect only the general partner interest in Pipe Line Holdings. For the periods subsequent to the Initial Offering, we consolidated the results of operations of Pipe Line Holdings and then recorded a noncontrolling interest deduction for the limited partner interest in Pipe Line Holdings retained by MPC. The Neal, West Virginia butane cavern financial results are reflected only in the periods following the Initial Offering. Additional differences in revenues and expenses are attributable to changes in agreements and activities. Due to these factors, our results of operations subsequent to the Initial Offering are not comparable to our Predecessor’s historical results of operations. See Item 8. Financial Statements and Supplementary Data - Note 5. Related Party Agreements and Transactions for more information on changes in agreements and activities.

Table of Contents

RESULTS OF OPERATIONS

The consolidated statements of income in Item 8. Financial Statements and Supplementary Data include the results of operations of our Predecessor for periods prior to October 31, 2012, and results of the Partnership subsequent to October 31, 2012. Our future results of operations subsequent to the Initial Offering may not be comparable to our Predecessor's historical results of operations for the reasons discussed above under – Comparability of Our Financial Results.

	Year Ended December 31,				
(In millions, except per barrel data)	2014	2013	Var	2012	Var
Revenues and other income:					
Sales and other operating revenues	$69.2	$78.9	$(9.7)	$74.4	$4.5
Sales to related parties	450.9	384.2	66.7	367.8	16.4
Loss on sale of assets	—	—	—	(0.3)	0.3
Other income	5.2	4.4	0.8	6.9	(2.5)
Other income - related parties	23.0	18.8	4.2	13.1	5.7
Total revenues and other income	548.3	486.3	62.0	461.9	24.4
Costs and expenses:					
Cost of revenues (excludes items below)	145.3	135.9	9.4	173.8	(37.9)
Purchases from related parties	97.5	94.6	2.9	44.4	50.2
Depreciation	50.2	48.9	1.3	39.4	9.5
General and administrative expenses	64.8	53.7	11.1	49.8	3.9
Other taxes	7.2	6.2	1.0	11.3	(5.1)
Total costs and expenses	365.0	339.3	25.7	318.7	20.6
Income from operations	183.3	147.0	36.3	143.2	3.8
Related party interest and other financial income	—	—	—	1.3	(1.3)
Net interest and other financial costs	5.3	1.1	4.2	0.2	0.9
Income before income taxes	178.0	145.9	32.1	144.3	1.6
Provision (benefit) for income taxes	(0.1)	(0.2)	0.1	0.3	(0.5)
Net income	178.1	146.1	32.0	144.0	2.1
Less: Net income attributable to MPC-retained interest	56.8	68.2	(11.4)	13.2	55.0
Net income attributable to MPLX LP	$121.3	$77.9	$43.4	$130.8	$(52.9)