

FNB CORP/FL/
Form 4
January 27, 2003

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

FORM 4

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

**Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
Section 17(a) of the Public Utility Holding Company Act of 1935
or Section 30(h) of the Investment Company Act of 1940**

- Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b)

| | | |
|---|---|---|
| <p>1. Name and Address of Reporting Person* <i>(Last, First, Middle)</i></p> <p>Cricks, Charles T.</p> | <p>2. Issuer Name and Ticker or Trading Symbol</p> <p>F.N.B. Corporation (FBAN)</p> | <p>3. I.R.S. Identification Number of Reporting Person, if an entity <i>(Voluntary)</i></p> <p>198-38-2519</p> |
| <p>1479 North Hermitage Road</p> <p style="text-align: center;"><i>(Street)</i></p> <p>Hermitage, PA 16148</p> <p><i>(City) (State) (Zip)</i></p> | <p>4. Statement for <i>(Month/Day/Year)</i></p> <p>01/20/2003</p> | <p>5. If Amendment, Date of Original <i>(Month/Day/Year)</i></p> |
| <p>6. Relationship of Reporting Person(s) to Issuer <i>(Check All Applicable)</i></p> <p><input checked="" type="checkbox"/> Director <input type="checkbox"/> 10% Owner</p> <p><input type="checkbox"/> Officer <i>(give title below)</i></p> <p><input type="checkbox"/> Other <i>(specify below)</i></p> | <p>7. Individual or Joint/Group Filing <i>(Check Applicable Line)</i></p> <p><input checked="" type="checkbox"/> Form filed by One Reporting Person</p> <p><input type="checkbox"/> Form filed by More than One Reporting Person</p> | |

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Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

* If the form is filed by more than one reporting person, *see* instruction 4(b)(v).

Table I Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security <i>(Instr. 3)</i> | 2. Transaction Date <i>(Month/Day/Year)</i> | 2a. Deemed Execution Date, if any. <i>(Month/Day/Year)</i> | 3. Transaction Code <i>(Instr. 8)</i> | 4. Securities Acquired (A) or Disposed of (D) <i>(Instr. 3, 4 and 5)</i> | 5. Amount of Securities Beneficially Owned Following Reported Transactions(s) <i>(Instr. 3 and 4)</i> | 6. Ownership Form: Direct (D) or Indirect (I) <i>(Instr. 4)</i> | 7. Nature of Indirect Beneficial Ownership <i>(Instr. 4)</i> |
|---|--|---|--|---|--|--|---|
|---|--|---|--|---|--|--|---|

(A)
or
Code V Amount(D) Price

| | | | | | | | |
|--------|--|--|--|--|------------------|---|--------------------------|
| COMMON | | | | | 31140.9209 | I | NOMINEE NAME |
| COMMON | | | | | 2515.4211 | I | BY WIFE |
| COMMON | | | | | 6196.000 | I | NOMINEE NAME |
| COMMON | | | | | 7610.000 | I | CO-TRUSTEE & BENEFICIARY |
| COMMON | | | | | 2701.263 (1) | I | BY TRUST (DEFERRED PLAN) |
| COMMON | | | | | 11741.870 (2) | D | |

Table II Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security <i>(Instr. 3)</i> | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date <i>(Month/Day/Year)</i> | 3a. Deemed Execution Date, if any <i>(Month/Day/Year)</i> | 4. Transaction Code <i>(Instr. 8)</i> | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) <i>(Instr. 3, 4 and 5)</i> | |
|--|--|--|--|--|--|-----|
| | | | | Code V | (A) | (D) |
| STOCK OPTIONS (GRANTED 01/24/1999) | 21.03 | (3) | | | | |

Table II Derivative Securities Acquired, Disposed of, or Beneficially Owned Continued
(e.g., puts, calls, warrants, options, convertible securities)

| 6. Date Exercisable and Expiration Date <i>(Month/Day/Year)</i> | 7. Title and Amount of Underlying Securities <i>(Instr. 3 and 4)</i> | 8. Price of Derivative Security <i>(Instr. 5)</i> | 9. Number of Derivative Securities Beneficially Owned Following Reported Transaction(s) <i>(Instr. 4)</i> | 10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) <i>(Instr. 4)</i> | 11. Nature of Indirect Beneficial Ownership <i>(Instr. 4)</i> |
|--|---|--|--|--|--|
| Date Exercisable | Expiration Date | Title | Amount or Number of Shares | | |
| 01/25/2000 | 01/24/2009 | COMMON STOCK | 1879 | 1879 | D |
| 04/30/2000 | 04/29/2009 | COMMON STOCK | 408 | 408 | D |
| 01/24/2001 | 01/23/2010 | COMMON STOCK | 1810 | 1810 | D |
| 01/23/2002 | 01/22/2011 | COMMON STOCK | 1873 | 1873 | D |
| 01/21/2003 | 01/20/2012 | COMMON STOCK | 1698 | 1698 | D |
| 01/21/2004 | 01/20/2013 | COMMON STOCK | 2441 | 2441 | D |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

Explanation of Responses:

(1) Shares held in trust and deferred under the F.N.B. Corporation Directors' Compensation Plan.

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(2) Shares acquired under the F.N.B. Corporation Directors' Compensation Plan.

(3) No activity since date of last report; included solely to indicate current beneficial ownership.

/s/ Charles T. Cricks

01/24/2003

**Signature of Reporting
Person

Date

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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pected, such losses are recognized when the assets are reclassified as held for sale. Proceeds from disposal of property, plant and equipment depreciated on a group basis are credited to accumulated depreciation and amortization with no immediate effect on income. 7 NOTES TO CONSOLIDATED FINNCIAL STATEMENTS - Continued NOTE B - SUMMARY OF PRINCIPAL ACCOUNTING POLICIES - Continued MAJOR MAINTENANCE ACTIVITIES - MAP incurs planned major maintenance costs primarily for refinery turnarounds. These types of costs include contractor repair services, materials and supplies, equipment rentals and company labor costs. Such costs are expensed in the same annual period as incurred; however, estimated annual turnaround costs are recognized in income throughout the year on a pro rata basis. ENVIRONMENTAL LIABILITIES - Environmental expenditures are capitalized if the costs mitigate or prevent future contamination or if the costs improve existing assets' environmental safety or efficiency. MAP provides for remediation costs and penalties when the responsibility to remediate is probable and the amount of associated costs is reasonably determinable. Generally, the timing of remediation accruals coincides with completion of a feasibility study or the commitment to a formal plan of action. Remediation liabilities are accrued based on estimates of known environmental exposure and are discounted in certain instances. If recoveries of remediation costs from third parties are probable, a receivable is recorded. STOCK-BASED COMPENSATION - MAP applies the principles of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," to the stock-based compensation granted to MAP employees by Marathon, and MAP applies the principles of Statement of Financial Accounting Standards No. 123, "Accounting For Stock-Based Compensation," as interpreted by Emerging Issues Task Force Issue 96-18, "Accounting for Equity Instruments That Are Issued To Other Than Employees For Acquiring, Or In Conjunction With Selling, Goods Or Services," to the stock-based compensation granted to MAP employees by Ashland. INSURANCE - MAP is insured for catastrophic casualty and certain property and business interruption exposures, as well as those risks required to be insured by law or contract. Costs resulting from noninsured losses are charged against income upon occurrence. INCOME TAXES - MAP is a limited liability company, and therefore, except for several small subsidiary corporations, is not subject to U.S. federal income taxes. Accordingly, the taxable income or loss resulting from operations of MAP is ultimately included in the U.S. federal income tax returns of MOC and Ashland. MAP is, however, subject to income taxes in certain state, local and foreign jurisdictions. RECLASSIFICATIONS - Certain reclassifications of prior years' data have been made to conform to 2001 classifications. These changes had no impact on previously reported results of operations or members' capital. NOTE C - NEW ACCOUNTING STANDARDS ADOPTED IN 2001 - Effective January 1, 2001, MAP adopted Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS No. 133), as amended by SFAS Nos. 137 and 138. This Statement, as amended, requires recognition of all derivatives at fair value as either assets or liabilities. The transition adjustment related to adopting SFAS No. 133 on January 1, 2001, was recognized as a cumulative effect of change in accounting principle. The unfavorable cumulative effect on net income was \$20 million. The favorable cumulative effect included within Other Comprehensive Income (OCI) was \$6 million. A portion of the cumulative effect adjustment relating to the adoption of SFAS No. 133 was recognized in OCI which relates only to deferred gains or losses for hedge transactions as of December 31, 2000. A reconciliation of the changes in OCI relating to derivative instruments is included in the

Statement of Members' Capital. MAP did not have any foreign currency contracts in place at December 31, 2001. TO BE ADOPTED IN FUTURE PERIODS - In June 2001, the Financial Accounting Standards Board (FASB) issued Statements of Financial Accounting Standards No. 141 "Business Combinations" (SFAS No. 141), No. 142 "Goodwill and Other Intangible Assets" (SFAS No. 142) and No. 143 "Accounting for Asset Retirement Obligations" (SFAS No. 143). 8 NOTES TO CONSOLIDATED FINNCIAL STATEMENTS - Continued NOTE C - NEW ACCOUNTING STANDARDS - Continued SFAS No. 141 requires that all business combinations initiated after June 30, 2001, be accounted for under the purchase method. This Statement establishes specific criteria for the allocation of purchase price to intangible assets separately from goodwill for all business combinations made after June 30, 2001. SFAS No. 142 addresses the accounting for goodwill and other intangible assets after an acquisition. The most significant changes made by SFAS No. 142 are: 1) goodwill and intangible assets with indefinite lives will no longer be amortized; 2) goodwill and intangible assets with indefinite lives must be tested for impairment at least annually; and 3) the amortization period for intangible assets with finite lives will no longer be limited to forty years. MAP will adopt SFAS No. 142 effective January 1, 2002, as required. At that time, annual amortization of existing goodwill of \$2 million will cease on the unamortized portion associated with previous acquisitions. As required, a transitional impairment test is required for existing goodwill as of the date of adoption of this Standard. This test must be completed within the first year. Any impairment loss resulting from applying the goodwill impairment test will be reported as a cumulative effect of a change in accounting principle. Goodwill recorded after adoption of this Standard is to be tested for impairment at least annually and any resulting impairment is not considered part of the change in accounting principle. SFAS No. 143 establishes a new accounting model for the recognition and measurement of retirement obligations associated with tangible long-lived assets. SFAS No. 143 requires that an asset retirement cost be capitalized as part of the cost of the related long-lived asset and subsequently allocated to expense using a systematic and rational method. MAP will adopt the Statement effective January 1, 2003, as required. The transition adjustment resulting from the adoption of SFAS No. 143 will be reported as a cumulative effect of a change in accounting principle. At this time, MAP cannot reasonably estimate the effect of the adoption of this Statement on either its financial position or results of operations. In August 2001, the FASB approved SFAS No. 144, "Accounting for Impairment or Disposal of Long-Lived Assets" (SFAS No. 144). This Statement establishes a single accounting model for long-lived assets to be disposed of by sale and provides additional implementation guidance for assets to be held and used and assets to be disposed of other than by sale. MAP will adopt the Statement prospectively effective January 1, 2002. NOTE D - RELATED PARTY TRANSACTIONS MAP sales in 2001, 2000 and 1999 to Ashland and its affiliates were \$237 million, \$285 million and \$198 million, respectively; and sales to MOC and its affiliates were \$209 million, \$145 million and \$50 million, respectively. MAP purchases in 2001, 2000 and 1999 from Ashland and its affiliates totaled \$23 million, \$19 million and \$9 million, respectively; and purchases from MOC and its affiliates totaled \$610 million, \$540 million and \$297 million, respectively. Such transactions were in the ordinary course of business and included the purchase, sale and transportation of crude oil, natural gas, refinery feedstocks and refined petroleum products. These transactions were conducted under terms comparable to those with unrelated parties. During the years ended December 31, 2001, 2000 and 1999, Ashland and its affiliates, and MOC and its affiliates provided certain information technology and administrative services and facilities to MAP. Billings to MAP for these services and facilities for the years ended December 31, 2001, 2000 and 1999 from Ashland and its affiliates totaled \$6 million, \$7 million and \$13 million, respectively. Billings to MAP for these services and facilities for the years ended December 31, 2001, 2000 and 1999 from MOC and its affiliates totaled \$39 million, \$48 million and \$47 million, respectively. As of December 31, 2001 and 2000, related party receivables included \$19 million and \$35 million, respectively, of accounts receivable due from Ashland and its affiliates; and accounts payable to related parties included \$20 million and \$2 million, respectively, due to Ashland and its affiliates. Included in the December 31, 2001, accounts payable to Ashland is a \$17 million member distribution payable. As of December 31, 2001 and 2000, related party receivables included \$23 million and \$8 million, respectively, of accounts receivable due from MOC and its affiliates; and accounts payable to related parties included \$42 million and \$64 million, respectively, due to MOC and its affiliates. In connection with the formation of MAP, certain Marathon debt was assigned to MAP. Marathon agreed to reimburse MAP for this debt and related interest expense. During 2001, 2000 and 1999, Marathon reimbursed MAP \$0 million, \$6 million and \$0 million, respectively, for debt repayments. A revolving credit agreement was entered into as of January 1, 1998, among Ashland and Marathon (collectively the Lenders) and MAP (Borrower). This agreement provides that the Lenders may loan to the Borrower up to \$500 million at defined

short-term 9 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued NOTE D - RELATED PARTY TRANSACTIONS - Continued market rates. At December 31, 2001 and 2000, there were no borrowings against this facility. During 2001 and 2000, MAP borrowed and repaid \$294 million and \$931 million, respectively, under this revolving credit facility. The weighted average borrowings outstanding under this revolving credit facility during the years 2001 and 2000 were \$3 million and \$14 million, respectively. During the years ended December 31, 2001, 2000 and 1999, interest expense paid on these borrowings were \$0 million, \$1 million and \$0 million, respectively, to Marathon. On November 16, 1998, MAP entered into agreements with MOC and Ashland, which allow MAP to invest its surplus cash balances on a daily basis at competitive interest rates with MOC and Ashland in proportion up to their ownership interests in MAP. These agreements, as previously extended, expired on March 15, 2001 and have been subsequently amended and extended with an expiration date of March 15, 2002. At December 31, 2001 and 2000, there was no cash invested under these agreements. During the years ended December 31, 2001, 2000 and 1999, interest income earned from these investments was \$2 million, \$6 million and \$4 million, respectively, from Ashland and \$1 million, \$7 million and \$5 million, respectively, from MOC. NOTE E - OTHER ITEMS Year Ended

| | | | | | | | | | |
|--|------------|------|------|------|-------|-------|-------|-------|-------|
| December 31 ----- | (Millions) | 2001 | 2000 | 1999 | ----- | ----- | ----- | ----- | ----- |
| NET INTEREST AND OTHER FINANCIAL INCOME | | | | | | | | | |
| INTEREST AND OTHER FINANCIAL INCOME: Interest | | | | | | | | | |
| income - third parties \$ 11 \$ 9 \$ 3 Interest income - related parties 3 13 9 ----- Total 14 22 12 | | | | | | | | | |
| ----- INTEREST AND OTHER FINANCIAL COSTS: Interest incurred 3 3 2 Other 7 7 5 | | | | | | | | | |
| ----- Total 10 10 7 ----- NET INTEREST AND OTHER | | | | | | | | | |

FINANCIAL INCOME \$ 4 \$ 12 \$ 5 ===== NOTE F - PENSIONS AND

OTHER POSTRETIREMENT BENEFITS MAP has a noncontributory defined benefit pension plan and several related excess benefit plans covering substantially all employees. Benefits under its final pay formula are based primarily upon age, years of service and the highest three years earnings during the last ten years before retirement. Benefits under its pension equity formula are based primarily upon age, years of service and the final three years of earnings at retirement. MAP also has defined benefit retiree health and life insurance plans (other benefits) covering most employees upon their retirement. Health benefits are provided, for the most part, through comprehensive hospital, surgical and major medical benefit provisions subject to various cost sharing features. Life insurance benefits are provided to certain nonunion and union represented retiree beneficiaries primarily based on employees' annual base salary at retirement. Other benefits have not been prefunded. 10 NOTES TO CONSOLIDATED FINANCIAL

STATEMENTS - Continued NOTE F - PENSIONS AND OTHER POSTRETIREMENT BENEFITS - Continued Pension Benefits Other Benefits ----- (Millions) 2001 2000 2001 2000 -----

----- CHANGE IN PROJECTED BENEFIT OBLIGATION: Benefit obligation at January 1 \$ 568 \$ 482 \$ 189 \$ 152 Service cost 40 36 9 8 Interest cost 42 38 14 12 Plan amendments -- 4 -- 1 Actuarial (gains) losses 130 64 7 19 Benefits paid (47) (56) (3) (3) Settlement (6) -- -- -- ----- Benefit obligations at

December 31 \$ 727 \$ 568 \$ 216 \$ 189 ===== CHANGE IN PLAN

ASSETS: Fair value of plan assets at January 1 \$ 502 \$ 560 Actual return on plan assets (17) (4) Employer contributions -- 1 Benefits paid (45) (55) ----- Fair value of plan assets at December 31 \$ 440 \$ 502

===== FUNDED STATUS OF PLANS AT DECEMBER 31: (a) \$ (287) \$ (66) \$ (216) \$ (189)

Unrecognized net gain from transition (7) (9) -- -- Unrecognized prior service costs (credits) 24 25 (47) (54)

Unrecognized actuarial (gains) losses 187 (5) 27 21 Additional minimum liability (b) (5) (6) -- -- -----

----- Accrued benefit cost \$ (88) \$ (61) \$ (236) \$ (222) =====

===== (a) Includes several small plans that have accumulated benefit obligations and no plan assets:

Accumulated benefit obligation \$ (9) \$ (12) Projected benefit obligation (26) (17) (b) Additional minimum liability

recorded was offset by the following: Intangible asset \$ -- \$ 2 ----- Accumulated other comprehensive

income (loss): Beginning of year \$ (4) \$ -- Change during year (1) (4) ----- Balance at end of year \$ (5) \$

(4) ===== Pension Benefits Other Benefits -----

----- (Millions) 2001 2000 1999 2001 2000 1999 -----

COMPONENTS OF NET PERIODIC BENEFIT COST: Service cost \$ 40 \$ 36 \$ 41 \$ 9 \$ 8 \$ 10 Interest cost 42 38

33 14 12 13 Expected return on plan assets (50) (51) (46) -- -- -- Amortization of prior service costs 2 2 1 (6) (8) (6)

Amortization of actuarial losses 1 (4) 1 -- -- 3 Amortization of transition gain (2) (2) (2) -- -- -- Other plans 2 1 2 -- --

-- Settlement, curtailment and termination benefits 3 3 2 -- -- (1) ----- Net

periodic benefit cost \$ 38 \$ 23 \$ 32 \$ 17 \$ 12 \$ 19 =====

===== 11 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued NOTE F - PENSIONS AND OTHER POSTRETIREMENT BENEFITS - Continued Pension Benefits Other Benefits -----

----- ACTUARIAL ASSUMPTIONS AT DECEMBER 31: 2001 2000 2001 2000 -----

----- Discount rate 7.0% 7.5% 7.0% 7.5% Expected annual return on plan assets 9.5% 9.5% N/A N/A
 Increase in compensation rate 5.0% 5.0% 5.0% 5.0% For measurement purposes, a 7.5% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2002. The rate was assumed to decrease gradually to 5% for 2007 and remain at that level thereafter. A one-percentage-point change in assumed health care cost trend rates would have the following effects: 1-Percentage Point Increase Point Decrease -----

----- (Millions) Effect on total of service and interest cost components \$ 5 \$ (4) Effect on postretirement benefit obligation 34 (27) MAP also contributes to several defined contributions plans for salaried employees.

Contributions to these plans, which for the most part are based on a percentage of the employees' salaries, totaled \$25 million, \$21 million and \$22 million in 2001, 2000 and 1999, respectively. NOTE G - INCOME TAXES The taxable income or loss resulting from operations of MAP, except for several small subsidiary corporations, is ultimately included in the federal income tax returns of MOC and Ashland. MAP is, however, subject to taxation in certain state, local and foreign jurisdictions. Provisions (credits) for income taxes: Year Ended December 31

| | (Millions) 2001 2000 1999 | | |
|---------------------------------------|---------------------------|-----------|-----------------|
| | 2001 | 2000 | 1999 |
| Deferred Total Current Deferred Total | | | |
| Federal | \$ -- | \$ -- | \$ -- |
| State and local | 8 -- | 8 5 -- | 5 1 -- |
| Foreign | 1 - | 1 2 -- | 2 2 -- |
| Total | \$ 9 \$ - | \$ 9 \$ 7 | \$ -- \$ 7 \$ 3 |

===== Deferred tax liabilities at December 31, 2001 and 2000 of \$4 million and \$4 million, respectively, principally arise from differences between the book and tax basis of inventories and property, plant and equipment. Pretax income in 2001, 2000 and 1999 included \$0 million, \$0 million and \$3 million, respectively, attributable to foreign sources. 12 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued NOTE H - INVENTORIES Inventories consist of the following: December 31

| | (Millions) 2001 2000 | |
|---|----------------------|----------|
| Crude oil and natural gas liquids | \$ 654 | \$ 674 |
| Refined products and merchandise | 1,149 | 1,074 |
| Supplies and sundry items | 67 | 76 |
| Total (at cost) | 1,870 | 1,824 |
| Less inventory market valuation reserve | 77 | -- |
| Net inventory carrying value | \$ 1,793 | \$ 1,824 |

===== Inventories of crude oil and refined products are valued by the LIFO method. The LIFO method accounted for 94% and 95% of total inventory at December 31, 2001 and 2000, respectively. Current acquisition costs were estimated to exceed the above inventory values at December 31, 2000 by \$476 million. Cost of revenues was reduced and income from operations was increased by \$17 million in 2001 and \$14 million in 2000 as a result of liquidations of LIFO inventories. The inventory market valuation reserve reflects the extent that the recorded LIFO cost basis of crude oil and refined products inventories exceeds net realizable value. The reserve is decreased to reflect increases in market prices and inventory turnover and increased to reflect decreases in market prices. Changes in the inventory market valuation reserve result in noncash charges or credits to costs and expenses. During 2000, there were no charges or credits to costs and expenses. NOTE I - INVESTMENTS AND LONG-TERM RECEIVABLES December 31

| | (Millions) 2001 2000 | | |
|--------------------------------|----------------------|--------|--|
| Equity method investments | \$ 468 | \$ 104 | |
| Receivables due after one year | 23 | 6 | |
| Property exchange trust | 11 | 3 | |
| Total | \$ 502 | \$ 113 | |

===== The following represents summarized financial information of investees accounted for by the equity method of accounting: Year Ended December 31

| | (Millions) 2001 2000 1999 | | |
|-----------------------|---------------------------|--------|--------|
| Income data: Revenues | \$ 1,462 | \$ 239 | \$ 207 |
| Operating income | 134 | 95 | 78 |
| Net income | 90 | 57 | 44 |

Balance sheet data: Current assets \$ 389 \$ 99 Noncurrent assets 2,156 605 Current liabilities 417 93 Noncurrent liabilities 859 418

13 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued NOTE I - INVESTMENTS AND LONG-TERM RECEIVABLES - Continued MAP's carrying value of its equity method investments is \$129 million lower than the underlying net assets of investees. Generally this basis difference is being amortized into earnings over the lives of the underlying net assets which average approximately 16 years. In the third quarter of 2001, MAP and Pilot Corporation formed a joint venture combining their travel center operations. The joint venture company, named Pilot Travel Centers LLC (PTC), commenced operations on September 1, 2001 and is accounted for under the equity method of accounting. MAP sales to PTC totaled \$210 million in 2001. There were no

sales to PTC in 2000 or 1999. Dividends and partnership distributions received from equity investees were \$31 million, \$25 million and \$18 million in 2001, 2000 and 1999, respectively. MAP purchases from equity investees totaled \$53 million, \$61 million and \$50 million in 2001, 2000 and 1999, respectively. Principal unconsolidated equity investees of MAP at December 31, 2001, are as follows: Company Ownership Activity -----
Pilot Travel Centers LLC 50.0% Travel centers Minnesota Pipe Line Company 33.3% Crude oil pipeline system LOOP LLC 46.7% Offshore oil port Southcap Pipe Line Company 21.6% Crude oil pipeline system LOCAP LLC 49.9% Crude oil pipeline system Centennial Pipeline LLC 33.3% Refined products pipeline system NOTE J - PROPERTY, PLANT AND EQUIPMENT December 31 ----- (Millions) 2001 2000 -----
----- Refining \$ 2,821 \$ 2,555 Marketing 2,005 2,270 Transportation 1,382 1,296 Other 31 20 -----
Total 6,239 6,141 Less accumulated depreciation and amortization 2,262 2,119 ----- Net \$ 3,977 \$ 4,022 =====
===== Property, plant and equipment at December 31, 2001 and 2000, includes gross assets acquired under capital leases of \$8 million and \$8 million, respectively, with related amounts in accumulated depreciation and amortization of \$1 million and \$0 million, respectively. NOTE K - SHORT-TERM DEBT In July 2001, MAP renewed its \$100 million 364-day revolving credit agreement with a group of banks, which now terminates in July 2002. Interest is based on defined short-term market rates. During the term of the agreement, MAP is required to pay a facility fee on total commitments, which at December 31, 2001 was 0.11%. At December 31, 2001, there were no borrowings against this facility. Additionally, MAP has a revolving credit agreement with Ashland and Marathon as discussed in Note D. 14 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued NOTE L - LONG-TERM DEBT December 31 ----- (Millions) 2001 2000 -----
----- Capital lease obligations \$ 6 \$ 7 5% Promissory Note due 2009 1 1 Revolving credit facilities (a) (b) -- --
----- Total (c) \$ 7 \$ 8 ===== (a) MAP has a \$350 million revolving credit facility with a group of banks that terminates in July 2003. Interest is based on defined short-term market rates. During the term of the agreement, MAP is required to pay a variable facility fee on total commitments, which at December 31, 2001, was 0.125%. At December 31, 2001, there were no borrowings or letters of credit outstanding against the revolving credit facility. In the event that MAP defaults on indebtedness (as defined in the agreement) in excess of \$100 million, MOC has guaranteed the payment of any outstanding obligations. (b) In 1998, MAP entered into a revolving credit agreement with Marathon and Ashland for \$500 million that terminated on December 31, 1998, and which was renewed on an uncommitted basis for 1999. This agreement expired on December 31, 1999, but has been extended with an expiration date of March 15, 2002. Interest is based on defined short-term market rates. At December 31, 2001, the unused and available credit was \$500 million. (c) Required payments of long-term debt for the years 2004, 2005 and 2006 are \$1 million, \$1 million and \$1 million, respectively. No other significant payments of long-term debt are required in other years. NOTE M - SUPPLEMENTAL CASH FLOW INFORMATION Year Ended December 31 ----- (Millions) 2001 2000 1999 -----
CASH PROVIDED FROM OPERATING ACTIVITIES INCLUDES: Interest and other financial costs paid \$ (2) \$ (3) \$ (2) Income taxes paid (5) (5) (5) NON-CASH INVESTING AND FINANCING ACTIVITIES: Liabilities assumed in acquisitions -- -- 16 Net assets contributed to joint ventures 246 -- -- NOTE N - LEASES Future minimum commitments for capital and operating leases having noncancelable lease terms in excess of one year are as follows: Capital Operating Leases Leases ----- (Millions) 2002 \$ 1 \$ 45 2003 1 33 2004 1 23 2005 1 12 2006 1 8 Later years 4 40 Sublease rentals -- (2) ----- Total minimum lease payments 9 \$ 159 =====
Less imputed interest costs: (3) ----- Present value of minimum lease payments included in long-term debt \$ 6 =====
===== 15 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued NOTE N - LEASES - Continued Operating lease rental expense: Year Ended December 31 ----- (Millions) 2001 2000 1999 ----- Minimum rental \$ 73 \$ 73 \$ 66 Contingent rental 13 10 11 Sublease rentals (2) (6) (6) ----- Net rental expense \$ 84 \$ 77 \$ 71 =====
===== MAP leases a wide variety of facilities and equipment under operating leases, including land and building space, office equipment, production facilities and transportation equipment. Most long-term leases include renewal options and, in certain leases, purchase options. NOTE O - DERIVATIVE INSTRUMENTS The following table sets forth quantitative information by category of derivative instrument at December 31, 2001. The amounts exclude the variable margin deposit balances held in various brokerage accounts. MAP did not have any foreign currency contracts in place at December 31, 2001. Fair Fair Carrying Carrying Value Value Value Value (In Millions) Assets(a) (Liabilities)(a) Assets(b) (Liabilities)(b)

NON-HEDGE DESIGNATION (c) : Exchange-traded commodity futures \$ 7 \$ (16) \$ 7 \$ (16) Exchange-traded commodity options 15 (10) 15 (10) OTC commodity swaps 5 (6) 5 (6) OTC commodity options 0 (1) 0 (1) (a) The fair value amounts for OTC positions are based on various indices or dealer quotes. The fair value of exchange-traded positions are based on market price changes for each commodity. (b) The carrying values represent the value of the derivative instruments. This excludes any margin deposit amounts with respective brokers. These amounts are reflected on a gross basis. MAP's consolidated balance sheet is reflected on a net asset/(liability) basis, as permitted by the master netting agreements, by brokerage firm. (c) The table excludes nontraditional derivative instruments which are created due to netting of physical receipts and delivery volumes with the same counterparty. At December 31, 2001, the fair value of these assets and liabilities was \$13 million and \$13 million, respectively. MAP recorded a net derivative gain of \$209 million in 2001, with a derivative gain of \$226 million recorded in cost of revenues and a derivative loss of \$17 million recorded in revenues. In 2000, MAP recorded a derivative loss of \$205 million, with \$111 million recorded in cost of revenues and \$94 million recorded in revenues. MAP recorded a net derivative gain of \$20 million in 1999, with a derivative gain of \$23 million recorded in cost of revenues and a derivative loss of \$3 million recorded in revenues.

NOTE P - FAIR VALUE OF FINANCIAL INSTRUMENTS The carrying value of most financial instruments are based on historical costs. The carrying values of cash and cash equivalents, receivables, payables, long-term receivables and long-term debt approximate their fair value. MAP's unrecognized financial instruments consist of financial guarantees and commitments to extend credit. It is not practicable to estimate the fair value of these forms of financial instrument obligations because there are no quoted market prices for transactions which are similar in nature. For details relating to financial guarantees, see Note Q.

16 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued

NOTE Q - CONTINGENCIES AND COMMITMENTS MAP is the subject of, or 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. Certain of these matters are discussed below. The ultimate resolution of these contingencies could, individually or in the aggregate, be material to the MAP financial statements. However, management believes that MAP will remain a viable and competitive enterprise even though it is possible that these contingencies could be resolved unfavorably.

ENVIRONMENTAL MATTERS - MAP is subject to federal, state, local and foreign laws and regulations relating to the environment. These laws generally provide for control of pollutants released into the environment and require responsible parties to undertake remediation of hazardous waste disposal sites. Penalties may be imposed for noncompliance. Marathon and Ashland have retained the liabilities, subject to certain thresholds, for costs associated with remediating properties conveyed to MAP for conditions existing prior to January 1, 1998. The costs associated with these thresholds are not expected to be material to the MAP financial statements. At December 31, 2001 and 2000, MAP's accrued liabilities for remediation totaled \$13 million and \$10 million, respectively. It is not presently possible to estimate the ultimate amount of all remediation costs that might be incurred or the penalties that may be imposed. Receivables for recoverable costs from certain states, under programs to assist companies in clean up efforts related to underground storage tanks at retail marketing outlets, were \$7 million and \$4 million at December 31, 2001 and 2000, respectively. MAP has made substantial capital expenditures to bring existing facilities into compliance with various laws relating to the environment. In 2001, 2000 and 1999, such capital expenditures for environmental controls totaled \$37 million, \$47 million and \$24 million, respectively. MAP anticipates making additional such expenditures in the future; however, the exact amounts and timing of such expenditures are uncertain because of the continuing evolution of specific regulatory requirements. On May 11, 2001, MAP entered into a consent decree with the U.S. Environmental Protection Agency which commits it to complete certain agreed upon environmental programs over an eight-year period primarily aimed at reducing air emissions at its seven refineries. This consent decree was approved by the court on August 28, 2001. The current estimated cost to complete these programs is approximately \$300 million in expenditures over the next seven years. In addition, MAP is required to complete certain agreed upon supplemental environmental projects as part of this settlement of an enforcement action for alleged Clean Air Act violations, at a current estimated cost of \$8 million.

GUARANTEES - At December 31, 2001 and 2000, MAP's pro rata share of obligations of LOCAP LLC and Southcap Pipe Line Company secured by throughput and deficiency agreements totaled \$14 million and \$14 million, respectively. Under the agreements, MAP is required to advance funds if the investees are unable to service debt. Any such advances are treated as prepayments of future transportation charges. At December 31, 2001, MAP had guaranteed the repayment of \$35 million of the outstanding

balance of Centennial Pipeline LLC's Master Shelf Agreement. Once Centennial Pipeline commences operations and achieves certain financial targets, MAP's guarantee will be released. CONCENTRATION OF CREDIT RISK - MAP is exposed to credit risk in the event of nonpayment by counterparties, a significant portion of which are concentrated in energy related industries. The creditworthiness of customers and other counterparties is subject to continuing review, including the use of master netting agreements, where appropriate. No single customer accounts for more than 5% of annual gross revenues. COMMITMENTS - At December 31, 2001 and 2000, MAP's contract commitments for capital expenditures for property, plant and equipment totaled \$87 million and \$89 million, respectively. In May 2001, MAP entered into a Transportation Agreement with Centennial Pipeline LLC in which MAP guarantees to ship certain volumes on the Centennial system or make deficiency payments for any volume shortfall. Any deficiency payment made by MAP will be treated as a prepayment of future transportation charges. PUT/CALL AGREEMENT - As part of the formation of Pilot Travel Centers LLC (PTC), MAP and Pilot Corporation (Pilot) entered into a Put/Call and Registration Rights Agreement (Agreement). The Agreement provides that any time after September 1, 2006, Pilot can sell its interest in PTC to MAP for an amount of cash and/or MOC, MAP or Ashland equity securities equal to the product of 17 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued NOTE Q - CONTINGENCIES AND COMMITMENTS - Continued 90% (95% if paid in securities) of the fair market value of PTC at the time multiplied by Pilot's percentage interest in PTC. At any time after September 1, 2011, under certain conditions MAP will have the right to purchase Pilot's interest in PTC for an amount of cash and/or MOC, MAP or Ashland equity securities equal to the product of 105% (110% if paid in securities) of the fair market value of PTC at the time multiplied by Pilot's percentage interest in PTC. 18 EXHIBIT INDEX NO. DESCRIPTION --- 23.2 Consent of PricewaterhouseCoopers LLP