Marathon Petroleum Corp
Form 11-K
June 27, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 11-K

x **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended December 31, 2012

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File No. 001-35054

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

MARATHON PETROLEUM THRIFT PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Marathon Petroleum Corporation

539 South Main Street

Findlay, Ohio 45840

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Financial Statements and Supplemental Schedule

December 31, 2012 and 2011

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December 31, 2012 and 2011

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Participants and Administrator of

the Marathon Petroleum Thrift Plan

We have audited the accompanying statements of net assets available for benefits of the Marathon Petroleum Thrift Plan (the Plan) as of December 31, 2012 and 2011, and the related statement of changes in net assets available for benefits for the year ended December 31, 2012. These financial statements are the responsibility of Plan management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Plan management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2012 and 2011, and the changes in net assets available for benefits for the year ended December 31, 2012 in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, as amended. This supplementary information is the responsibility of Plan management. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ McConnell & Jones LLP

Houston, Texas

June 24, 2013

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Statements of Net Assets Available for Benefits

December 31, 2012 and 2011

	2012	2011
Assets		
Investments, at fair value	$ 1,579,622,395	$ 1,398,627,652
Receivables:		
Notes receivable from participants	35,270,487	34,538,363
Other	3,060,273	1,025,205
	38,330,760	35,563,568
Net Assets, at fair value	1,617,953,155	1,434,191,220
Adjustment from fair value to contract for fully benefit-responsive investment contracts	(13,051,407)	(15,335,861)
Net Assets Available for Benefits	$ 1,604,901,748	$ 1,418,855,359

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Statement of Changes in Net Assets Available for Benefits

Year Ended December 31, 2012

Additions:	
Additions to net assets attributed to:	
Investment income:	
Net appreciation in fair value of investments	$ 156,680,999
Interest	7,901,239
Dividends	28,588,757
	193,170,995
Interest income from notes receivable from participants	1,147,609
Contributions:	
Participants	72,790,650
Employer	45,876,374
Rollovers and direct plan transfers	39,131,377
	157,798,401
Total additions	352,117,005
Deductions:	
Deductions from net assets attributed to:	
Benefits paid to participants	161,396,384
Total deductions	161,396,384
Net Increase before Transfer out of Plan	190,720,621
Transfer out of the Plan	4,674,232
Net increase	186,046,389
Net assets available for benefits:	
Beginning of year	1,418,855,359
End of year	$ 1,604,901,748

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1. Description of the Marathon Petroleum Thrift Plan

The following brief description of the Marathon Petroleum Thrift Plan (the Plan) provides only general information. Participants should refer to the Summary Plan Description or the Plan document for a more complete description of the Plan s provisions.

General

The Plan is a defined contribution thrift savings plan. The Plan covers substantially all regular and casual employees of (1) Marathon Petroleum Company LP (the Company), which is a wholly owned subsidiary of Marathon Petroleum Corporation and (2) employees participating in the Retirement Plan of the Company, (excluding employees of Speedway LLC, which is a separate wholly owned subsidiary of Marathon Petroleum Corporation). In order to participate in the Plan, employees must have one year of vesting service and be 21 years or older. An eligible employee may participate in the Plan by making contributions to the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

The Plan was created effective July 1, 2011 contingent upon the issuance of a favorable determination letter from the Internal Revenue Service as discussed in Note 10, as a spin-off of the Marathon Oil Company Thrift Plan. As a part of the spin-off agreement, the Marathon Oil Company Thrift Plan provided a transfer of assets to the Plan representing the account balances of the participants transferring to the Plan.

Contributions

Participants may elect to make contributions from 1 percent to a maximum of 18 percent of their gross pay consisting of after-tax contributions, or 1 percent to a maximum of 25 percent of their gross pay consisting of pre-tax contributions, Roth 401(k) contributions, or a combination of both. In addition, catch up contributions and Roth 401(k) catch-up contributions are allowed under the Plan, which allow for additional contributions for participants who have attained age 50 before the close of the Plan year as permitted under the Internal Revenue Code (the Code). An active participant may make any combination of after-tax, pre-tax, and Roth 401(k) payroll contributions provided that the participant does not exceed the maximums permitted under the Code or the limits set forth in the Plan document.

The contributions of highly compensated employees are subject to additional limitations pursuant to the provisions of Code Sections 401(k) and 401(m). Compensation of a participant taken into account under the Plan was limited to $250,000 for 2012, as provided in Code Section 401(a)(17).

Participants may also make rollover contributions or direct-plan transfer contributions of qualified distributions from the qualified plans of the Company, its subsidiaries, its affiliates, and any other qualified plans or individual retirement accounts (IRA) upon specific authorization and subject to such terms and conditions as set forth by the Plan administrator.

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To the extent that the Company has accumulated earnings and profits, the Company will match on a dollar for dollar basis each participant s after-tax, Roth 401(k), or pre-tax contributions to the Plan up to an aggregate of 7 percent of each participant s gross pay.

Valuation of Participant Accounts

Each participant s account is credited with the participant s contribution and allocations of (a) the Company s contributions and (b) Plan earnings (losses) based on the participant s relative investment holdings. The benefit to which a participant is entitled is the benefit that can be provided from the participant s vested account.

Vesting

Participants are fully and immediately vested in their contributions plus actual earnings thereon. Participants become fully vested in the Company contributions, plus actual earnings thereon, upon the earliest of the following: upon retirement under the Retirement Plan of the Company as then in effect; at death; after three years of service with the Company or a participating employer; upon attainment of age 65; or upon the termination or partial termination of the Plan.

Participant Loans

Participants may borrow from their fund accounts a minimum of $500 up to a maximum equal to the lesser of $50,000 or 50 percent of their vested account balance. The loans are collateralized by the balance in the participant s account and bear interest rates that currently range from 3.25 percent to 9.50 percent, determined in accordance with Plan provisions. Principal and interest is paid ratably through payroll deductions for active employees and through coupon payments for participants not receiving pay and retirees.

Payment of Benefits

On termination of service, unless a participant elects otherwise or as required by the Code, a participant will receive a lump-sum amount equal to the value of the participant s vested interest in his or her account. In general, the participant alternatively may elect to defer the commencement of benefits until a date no later than the April 1, immediately following the calendar year in which such participant attains age 70-1/2. In accordance with the provisions of the Code, mandatory distributions greater than $1,000 require automatic rollover to an IRA for participants who fail to make an active election otherwise available under the Plan. A retired member or a spouse beneficiary member may withdraw, during any year, all or any portion of the remaining balance in his or her account subject to certain restrictions. An installment settlement option is available to retired participants, active participants (currently employed) who are at least age 70-1/2 and spouse beneficiary participants subject to certain requirements and restrictions.

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Forfeitures

Non-vested participants whose services with the Company have been terminated will forfeit their entire Company-matching contribution and earnings thereon when either of the following takes place: (1) they remove their participant contributions from the Plan, or (2) they do not regain employment within five years of termination. Company contributions and earnings thereon are eligible for reinstatement, should a member be rehired prior to the limitation indicated under the Plan. Total forfeitures of $32,990 for the year ended December 31, 2012, were used to reduce employer matching contributions made to the Plan. As of December 31, 2012, forfeited non-vested accounts totaled $13,341. There were no forfeited non-vested amounts as of December 31, 2011.

Transfer Out of the Plan

The transfer out of the Plan shown on the statement of changes in net assets available for benefits is related to the account balances of former employees of the Company included in the Minnesota refining division asset sale to Northern Tier Energy LP who made direct transfers out of the Plan.

Investment Options

Upon enrollment in the Plan, a participant may direct employee contributions in any of the funds which are made available through the Plan.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan are prepared under the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements.

Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. The statements of net assets available for benefits present the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The statement of changes in net assets available for benefits is prepared on a contract value basis.

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Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes gains and losses on investments bought and sold as well as held during the year.

Payment of Benefits

Benefits are recorded when paid.

Notes Receivable from Participants

Notes receivable from participants represent loans that are recorded at their unpaid principal balance plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned. No allowance for credit losses has been recorded. Delinquent notes receivable from participants are recorded as a distribution based upon the terms of the Plan document.

Administration of Plan Assets

All costs, expenses, and fees incurred in administering the Plan, to the extent not paid by the Company, are incurred by the participants. Fees or charges for investment management services are not paid by the Company but are borne by the participants electing such services. Any taxes applicable to the participants account are charged or credited to the participants account by Fidelity Management Trust Company (Fidelity or the Trustee).

The Stable Value Fund (the Fund) is managed by the Trustee pursuant to a trust agreement. Any fees charged by the Trustee are deducted from the interest earned by Plan members in the Fund. The total amount of fees charged for 2012 in connection with the Fund was $783,252.

3. Accounting Standards Update

In May 2011, the Financial Accounting Standards Board (FASB) amended existing requirements for measuring fair value and for disclosing information about fair value measurements. This revised guidance results in a consistent definition of fair value, as well as common requirements for measurement and disclosure of fair value information between US GAAP and International Financial Reporting Standards (IFRS). In addition, the amendments set forth enhanced disclosure requirements with respect to recurring Level 3 measurements, nonfinancial assets measured or disclosed at fair value, transfers between levels in the fair value hierarchy, and assets and liabilities disclosed but not recorded at fair value. For the Plan, the revised fair value measurement guidance was effective for periods beginning after January 1, 2012. The adoption of the accounting standard does not impact the Plan s financial statements.

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In October 2012, the FASB issued ASU 2012-04, Technical Corrections and Improvements (ASU 2012-04), which contains amendments that affect a number of topics, including technical corrections and improvements to the ASC and conforming amendments related to fair value measurements, which include clarifying the treatment of selling costs for plan investments in determining fair value of plan assets subject to ASC Topic 962, Plan Accounting Defined Contribution Pension Plans. These amendments are effective for public entities for interim and annual reporting periods beginning after December 15, 2012 and are not expected to have a significant effect on the Plan s financial condition.

4. Fair Value Measurements

The FASB Accounting Standards codification (ASC) 820, Fair Value Measurement and Disclosures (ASC 820) establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. There are three approaches for measuring the fair value of assets and liabilities: the market approach, the income approach and the cost approach, each of which includes multiple valuation techniques. This hierarchy consists of three broad levels:

Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority;

Level 2 inputs consist of observable market-based inputs or unobservable inputs that are corroborated by market data, and are either directly or indirectly observable as of the measurements date;

Level 3 inputs are unobservable inputs that are not corroborated by market data and may be used with internally developed methodologies that result in management s best estimate of fair value. These inputs have the lowest priority.

The Plan s investments are reported at fair value in the accompanying statements of net assets available for benefits, adjusted to contract value for benefit-responsive contracts. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The following provides a description of the valuation techniques employed for each major Plan asset category at December 31, 2012 and 2011.

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Common stock   Investments in common stocks are valued using a market approach at the closing price reported in an active market and is therefore considered Level 1.

Mutual funds   Investments in mutual funds including money market mutual funds are valued using a market approach at the net asset value (NAV) of shares held. The NAV is generally based on prices from a public exchange, which is normally the principal market on which a significant portion of the underlying investments are traded, and is considered Level 1.

Common Collective Trusts (CCTs)   Investment in CCTs are valued using a market approach at the NAV of units held, but investment opportunities in such funds are limited to institutional investors on behalf of defined contribution plans. A significant portion of the underlying investments are mainly publicly traded. This investment is considered Level 2.

The majority of the CCTs are Pyramis Core Lifecycle (2000, 2005, 2010, 2015, 2020, 2025, 2030, 2035, 2040, 2045, 2050 and 2055) Commingled Pools. These pools seek active return until the pool s targeted retirement year. Thereafter, the pool s objective will be capital preservation. These pools invest in a diversified portfolio of equity, fixed income, and/or short-term products and may use futures, options, swaps, and exchange-traded funds to remain fully invested. Each pool s retirement date target allocation will be approximately 50 percent equity index, 40 percent fixed income index and 10 percent short term. There are no redemption restrictions on these CCTs.

The remaining CCT is the Fidelity US Equity Index Fund. The fund s objective is to seek a return that corresponds to the total return performance of common stock publicly traded in the United States. Under normal conditions, 90% of the fund will be invested in securities of companies which compose the S&P 500 Index. The remaining portion of the fund s assets may be in stock index futures and options and collective investment vehicles or shares of investment companies that are managed by the Trustee or its affiliates. There are currently no redemption restrictions on this CCT.

Synthetic Investment Contracts (SICS)   A SIC is comprised of two components, an underlying asset and a wrapper contract. The wrapper contract guarantees the SICs value. The underlying assets which are primarily invested in benefit-responsive investment contracts issued by insurance companies and other approved financial institutions, and other short-term investments are determined based on the market values of the contracts underlying securities plus any accrued income. Contract value represents contributions made to the fund, plus earnings, less withdrawals and transfers from the fund and administrative expenses. Wrap contracts are fair valued using a replacement cost methodology. This investment, with the exception of cash and equivalent investments, stated at cost which approximates fair value, is considered Level 2.

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The following tables set forth by level, within the fair value hierarchy, the Plan s assets at fair value:

	Assets at Fair Value as of December 31, 2012			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual funds:				
Blend	$ 288,704,604	$	$	$ 288,704,604
Growth	174,060,988			174,060,988
International-Stock	28,663,599			28,663,599
Other*	96,209,421			96,209,421
Taxable Bond	167,330,512			167,330,512
Value	38,808,045			38,808,045
Money Market**	27,448,009			27,448,009
Common collective trusts		116,872,697		116,872,697
MPC Common stock	100,551,194			100,551,194
MOC Common Stock	64,369,161			64,369,161
Other - SICs	26,623,305	449,980,860		476,604,165
Total assets at fair value	$ 1,012,768,838	$ 566,853,557	$	$ 1,579,622,395

* Includes Brokerage Link investments
** Includes interest-bearing cash

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	Assets at Fair Value as of December 31, 2011			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual funds:				
Blend	$ 232,162,672	$	$	$ 232,162,672
Growth	158,521,000			158,521,000
International-Stock	30,174,084			30,174,084
Other*	91,402,736			91,402,736
Taxable Bond	119,149,222			119,149,222
Value	53,629,244			53,629,244
Money Market**	26,001,633			26,001,633
Common collective trusts		96,144,394		96,144,394
MPC Common stock	88,826,627			88,826,627
MOC Common Stock	87,669,543			87,669,543
Other - SICs	86,574,610	328,371,887		414,946,497
Total assets at fair value	$ 974,111,371	$ 424,516,281	$	$ 1,398,627,652

* Includes Brokerage Link investments

** Includes interest-bearing cash

5. Investments

The following presents individual investments that represent 5 percent or more of the Plan s net assets available for benefits at December 31:

	2012	**2011**
Interest-Bearing Cash-Fidelity Institutional Cash Portfolios	$ 27,224,964	$ 85,038,543
Natixis Financial Products Wrapper Contract 1706-01*	98,686,129	97,904,386
State Street Bank & Trust Company Boston 111013*	98,701,052	97,912,200
Chase Manhattan Bank Wrapper Contract MARAPETRO-7-11*	133,613,725	132,555,302
American General Life Wrapper Contract 1627813 *	118,979,954	
Fidelity Spartan 500 Index Institutional	91,259,479	66,076,185
Marathon Oil Corporation Common Stock	64,369,161	87,669,543
Marathon Petroleum Corporation Common Stock	100,551,194	88,826,627

* SICs are investments included in the Fund compromised of underlying assets and wrapper contracts (used as liquidity guarantees).

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During 2012, the Plan s investments (including gains and losses on investments bought and sold, as well as held during