



Marathon Oil Corporation

Third Quarter 2018

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Consolidated Statements of Income
Marathon Oil Corporation

	1st Qtr 2017	2nd Qtr 2017	3rd Qtr 2017	4th Qtr 2017	Year 2017	1st Qtr 2018	2nd Qtr 2018	3rd Qtr 2018	Year 2018
<i>(Dollars in millions except per share data)</i>									
REVENUES AND OTHER INCOME:									
Revenues from contracts with customers (a)	\$ 873	\$ 902	\$ 1,136	\$ 1,336	\$ 4,247	\$ 1,537	\$ 1,447	\$ 1,538	\$ 4,522
Net gain (loss) on commodity derivatives (a)	81	56	(22)	(151)	(36)	(102)	(152)	(70)	(324)
Marketing revenues (a)	34	35	48	45	162	—	—	—	—
Income from equity method investments	69	51	63	73	256	37	60	64	161
Net gain (loss) on disposal of assets	1	6	19	32	58	257	50	16	323
Other income (a)	14	9	8	47	78	4	12	119	135
Total revenues and other income	\$ 1,072	\$ 1,059	\$ 1,252	\$ 1,382	\$ 4,765	\$ 1,733	\$ 1,417	\$ 1,667	\$ 4,817
COSTS AND EXPENSES:									
Production (b)	153	178	197	188	716	217	205	215	637
Marketing, including purchases from related parties (a)	34	38	49	47	168	—	—	—	—
Shipping, handling and other operating	89	111	109	122	431	130	126	152	408
Exploration	28	30	294	57	409	52	65	56	173
Depreciation, depletion and amortization	556	592	641	583	2,372	590	612	626	1,828
Impairments	4	—	201	24	229	8	34	8	50
Taxes other than income	39	45	44	55	183	64	65	86	215
General and administrative (b)	97	90	89	95	371	100	105	101	306
Total costs and expenses	1,000	1,084	1,624	1,171	4,879	1,161	1,212	1,244	3,617
Income (loss) from operations	72	(25)	(372)	211	(114)	572	205	423	1,200
Net interest and other	(78)	(86)	(35)	(71)	(270)	(45)	(65)	(58)	(168)
Loss on early extinguishment of debt	—	—	(46)	(5)	(51)	—	—	—	—
Other net periodic benefit costs (b)	(10)	(1)	(5)	(3)	(19)	(3)	—	(8)	(11)
Income (loss) from continuing operations before income taxes	(16)	(112)	(458)	132	(454)	524	140	357	1,021
Estimated income tax provision (benefit)									
Current	20	17	135	265	437	199	19	35	253
Deferred	14	24	6	(105)	(61)	(31)	25	68	62
Total provision (benefit) for income taxes	34	41	141	160	376	168	44	103	315
Income (loss) from continuing operations	(50)	(153)	(599)	(28)	(830)	356	96	254	706
Income (loss) from discontinued operations (c)	(4,907)	14	—	—	(4,893)	—	—	—	—
NET INCOME (LOSS)	\$ (4,957)	\$ (139)	\$ (599)	\$ (28)	\$ (5,723)	\$ 356	\$ 96	\$ 254	\$ 706
<i>Effective tax rate on continuing operations</i>	<i>(213)%</i>	<i>(37)%</i>	<i>(31)%</i>	<i>121%</i>	<i>(83)%</i>	<i>32%</i>	<i>31%</i>	<i>29%</i>	<i>31%</i>
Per common share data:									
Basic:									
Weighted average shares (millions)	849	850	850	850	850	851	854	848	852
Income (loss) from continuing operations	\$ (0.06)	\$ (0.18)	\$ (0.70)	\$ (0.03)	\$ (0.97)	\$ 0.42	\$ 0.11	\$ 0.30	\$ 0.83
Income (loss) from discontinued operations (c)	\$ (5.78)	\$ 0.02	\$ —	\$ —	\$ (5.76)	\$ —	\$ —	\$ —	\$ —
NET INCOME (LOSS)	\$ (5.84)	\$ (0.16)	\$ (0.70)	\$ (0.03)	\$ (6.73)	\$ 0.42	\$ 0.11	\$ 0.30	\$ 0.83
Diluted:									
Weighted average shares (millions)	849	850	850	850	850	852	855	849	853
Income (loss) from continuing operations	\$ (0.06)	\$ (0.18)	\$ (0.70)	\$ (0.03)	\$ (0.97)	\$ 0.42	\$ 0.11	\$ 0.30	\$ 0.83
Income (loss) from discontinued operations (c)	\$ (5.78)	\$ 0.02	\$ —	\$ —	\$ (5.76)	\$ —	\$ —	\$ —	\$ —
NET INCOME (LOSS)	\$ (5.84)	\$ (0.16)	\$ (0.70)	\$ (0.03)	\$ (6.73)	\$ 0.42	\$ 0.11	\$ 0.30	\$ 0.83
Dividends paid per common share	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.20	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.15

(a) Effective January 1, 2018, we adopted a new revenue recognition standard. Historical periods are unadjusted; reclassifications have been made to net gain (loss) on commodity derivatives to conform historical presentation to current presentation of revenue.

(b) Historical periods reflect changes due to the adoption of the new pension accounting standard in the first quarter of 2018.

(c) The sale of our Canadian business is reflected as discontinued operations in 2017.

Consolidated Balance Sheets
Marathon Oil Corporation

<i>(In millions)</i>	Mar. 31 2017	June 30 2017	Sept. 30 2017	Dec. 31 2017	Mar. 31 2018	June 30 2018	Sept 30 2018
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 2,490	\$ 2,614	\$ 1,795	\$ 563	\$ 1,613	\$ 1,667	\$ 1,564
Receivables less allowance for doubtful accounts	751	767	945	1,082	1,100	1,176	1,335
Notes receivable	—	742	745	748	—	—	—
Inventories	145	140	132	126	110	117	110
Other current assets	134	160	62	36	66	92	31
Current assets held for sale (a)	223	1	11	11	13	35	25
Total current assets	3,743	4,424	3,690	2,566	2,902	3,087	3,065
Equity method investments	906	821	836	847	806	788	757
Property, plant and equipment, net	16,533	18,337	17,645	17,665	16,931	16,881	16,899
Goodwill	115	115	115	115	98	98	97
Other noncurrent assets	698	543	607	764	849	860	912
Noncurrent assets held for sale (a)	2,542	1	54	55	48	157	48
Total assets	\$ 24,537	\$ 24,241	\$ 22,947	\$ 22,012	\$ 21,634	\$ 21,871	\$ 21,778
LIABILITIES							
Current liabilities:							
Accounts payable	\$ 1,081	\$ 1,158	\$ 1,313	\$ 1,395	\$ 1,335	\$ 1,428	\$ 1,479
Payroll and benefits payable	70	92	99	108	85	109	127
Accrued taxes	81	78	162	177	128	99	128
Long-term debt due within one year	1,541	548	—	—	—	—	—
Other current liabilities	222	206	188	288	359	405	405
Current liabilities held for sale (a)	104	—	—	—	2	3	3
Total current liabilities	3,099	2,082	1,762	1,968	1,909	2,044	2,142
Long-term debt	5,723	6,715	6,488	5,494	5,495	5,497	5,498
Deferred tax liabilities	800	839	844	833	221	237	215
Defined benefit postretirement plan obligations	365	340	330	362	331	311	286
Asset retirement obligations	1,622	1,642	1,522	1,428	1,445	1,364	1,243
Deferred credits and other liabilities	221	211	217	217	197	194	340
Noncurrent liabilities held for sale (a)	123	7	9	2	2	92	10
Total liabilities	11,953	11,836	11,172	10,304	9,600	9,739	9,734
TOTAL STOCKHOLDERS' EQUITY	12,584	12,405	11,775	11,708	12,034	12,132	12,044
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 24,537	\$ 24,241	\$ 22,947	\$ 22,012	\$ 21,634	\$ 21,871	\$ 21,778
Common stock issued	937	937	937	937	937	937	937
Common stock held in treasury	87	87	87	87	84	83	99
Net shares outstanding at balance sheet date	850	850	850	850	853	854	838

(a) The Company closed on its sale of the Canadian oil sands business in second quarter 2017. Assets and liabilities of our Canadian business are presented as held for sale in the historical consolidated balance sheets for March 31, 2017.

Consolidated Statements of Cash Flows (YTD)

Marathon Oil Corporation

<i>(In millions)</i>	Mar. 31	June 30	Sept. 30	Dec.31	Mar.31	June 30	Sept.
	2017	2017	2017	2017	2018	2018	2018
OPERATING ACTIVITIES:							
Net income (loss)	\$ (4,957)	\$ (5,096)	\$ (5,695)	\$ (5,723)	\$ 356	\$ 452	\$ 706
Adjustments to reconcile to net cash provided by operating activities:							
Discontinued operations (a)	4,907	4,893	4,893	4,893	—	—	—
Depreciation, depletion and amortization	556	1,148	1,789	2,372	590	1,202	1,828
Impairments	4	4	205	229	8	42	50
Exploratory dry well costs and unproved property impairments	20	45	294	323	42	93	144
Net (gain) loss on disposal of assets	(1)	(7)	(26)	(58)	(257)	(307)	(323)
Deferred income taxes	14	38	44	(61)	(31)	(6)	62
Net (gain) loss on derivative instruments	(77)	(140)	(162)	(11)	102	254	324
Net settlement of derivative instruments	(7)	3	88	98	(59)	(166)	(255)
Pension and other postretirement benefits, net	(9)	(25)	(38)	(46)	(34)	(51)	(60)
Stock based compensation	14	26	38	50	14	28	44
Equity method investments, net	13	61	46	20	32	27	42
Changes in:							
Current receivables	(1)	(15)	(192)	(334)	(130)	(256)	(389)
Inventories	(10)	(5)	4	10	(9)	(17)	(11)
Current accounts payable and accrued liabilities	(1)	(41)	189	297	81	133	334
All other operating, net	36	34	10	(71)	(56)	(12)	(117)
Net cash provided by operating activities from continuing operations	501	923	1,487	1,988	649	1,416	2,379
INVESTING ACTIVITIES:							
Additions to property, plant and equipment	(283)	(775)	(1,305)	(1,974)	(662)	(1,300)	(2,069)
Additions to other assets	—	—	(23)	(25)	(72)	(129)	(135)
Acquisitions, net of cash acquired	—	(1,828)	(1,828)	(1,891)	(4)	(25)	(25)
Deposits for acquisition	(180)	—	—	—	—	—	—
Disposal of assets, net of cash transferred to buyer	—	1,726	1,757	1,787	1,180	1,183	1,249
Equity method investments - return of capital	12	49	49	64	9	32	48
All other investing, net	1	(5)	(3)	(5)	(2)	7	11
Net cash provided by (used in) investing activities from continuing operations	(450)	(833)	(1,353)	(2,044)	449	(232)	(921)
FINANCING ACTIVITIES:							
Borrowings	—	—	988	988	—	—	—
Debt repayments	—	(1)	(1,764)	(2,764)	—	—	—
Debt extinguishment costs	—	—	(46)	(46)	—	—	—
Purchases of common stock	(7)	(10)	(10)	(11)	(9)	(11)	(349)
Dividends paid	(42)	(85)	(128)	(170)	(42)	(85)	(128)
All other financing, net	(1)	—	—	—	2	18	22
Net cash used in financing activities	(50)	(96)	(960)	(2,003)	(49)	(78)	(455)
CASH FLOW FROM DISCONTINUED OPERATIONS: (a)							
Operating activities	95	141	141	141	—	—	—
Investing activities	(9)	(13)	(13)	(13)	—	—	—
Changes in cash included in current assets held for sale	(86)	2	2	2	—	—	—
Net increase (decrease) in cash and cash equivalents from discontinued operations	—	130	130	130	—	—	—
Effect of exchange rate on cash and cash equivalents	1	2	3	4	1	(2)	(2)
Net increase (decrease) in cash and cash equivalents	2	126	(693)	(1,925)	1,050	1,104	1,001
Cash and cash equivalents at beginning of period	2,488	2,488	2,488	2,488	563	563	563
Cash and cash equivalents at end of period	\$ 2,490	\$ 2,614	\$ 1,795	\$ 563	\$ 1,613	\$ 1,667	\$ 1,564

(a) The sale of our Canadian business is reflected as discontinued operations in 2017.

Segment Income Summary
Marathon Oil Corporation

<i>(Dollars in millions)</i>	1st Qtr 2017	2nd Qtr 2017	3rd Qtr 2017	4th Qtr 2017	Year 2017	1st Qtr 2018	2nd Qtr 2018	3rd Qtr 2018	Year 2018
Segment income (loss) before taxes									
United States E&P	\$ (79)	\$ (107)	\$ (38)	\$ 77	\$ (147)	\$ 128	\$ 123	\$ 203	\$ 454
International E&P	143	105	210	288	746	302	168	146	616
Segment income (loss) before taxes	64	(2)	172	365	599	430	291	349	1,070
Not allocated to segments - Corporate items									
Net interest and other	(78)	(89)	(82)	(71)	(320)	(45)	(65)	(58)	(168)
Other net periodic benefit costs (a)	2	—	3	1	6	(1)	—	(1)	(2)
General and administrative (a)	(57)	(51)	(54)	(60)	(222)	(55)	(61)	(57)	(173)
Other income and costs	(9)	(19)	(6)	(7)	(41)	(7)	(2)	(6)	(15)
Items not allocated to segments, before income taxes:									
Net gain (loss) on dispositions	—	6	19	32	57	257	50	16	323
Proved property impairments	—	—	(201)	(24)	(225)	(8)	(34)	(8)	(50)
Exploratory dry well costs, unproved property impairments and other	—	—	(250)	—	(250)	—	—	—	—
Pension settlement	(14)	(3)	(8)	(7)	(32)	(4)	(2)	(10)	(16)
Unrealized gain (loss) on derivative instruments	77	43	(56)	(145)	(81)	(43)	(45)	19	(69)
Reduction of U.K. ARO estimated costs	—	—	—	53	53	—	8	113	121
Other	(1)	3	5	(5)	2	—	—	—	—
Income (loss) from continuing operations before income taxes	\$ (16)	\$ (112)	\$ (458)	\$ 132	\$ (454)	\$ 524	\$ 140	\$ 357	\$ 1,021

(a) Historical periods reflect changes due to the adoption of the new pension accounting standard in the first quarter of 2018.

United States E&P Supplemental Financial Data
Marathon Oil Corporation

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	3rd Qtr	Year	
	2017	2017	2017	2017	2017	2018	2018	2018	2018	
<i>(Dollars in millions except per BOE statistics)</i>										
Revenues from contracts with customers	\$ 670	\$ 682	\$ 772	\$ 969	\$ 3,093	\$ 1,125	\$ 1,221	\$ 1,347	\$ 3,693	
Costs and Expenses:										
Production	109	118	121	128	476	151	153	172	476	
Shipping, handling and other operating	74	96	80	104	354	111	117	136	364	
Exploration	26	30	41	57	154	51	64	55	170	
DD&A	472	495	531	513	2,011	528	556	571	1,655	
Taxes other than income	39	33	44	57	173	64	68	86	218	
General and administrative	33	30	29	27	119	36	35	37	108	
Income (loss) before taxes	(79)	(107)	(38)	77	(147)	128	123	203	454	
Income tax provision (benefit)	—	—	—	1	1	3	—	2	5	
Segment income (loss)	(79)	(107)	(38)	76	(148)	125	123	201	449	
<i>Effective tax rate</i>	—%	—%	—%	1%	(1)%	2%	—%	1%	1%	
Capital expenditures (a)	349	575	541	616	2,081	611	641	691	1,943	
Net sales volumes (mboed)	208	222	244	262	234	284	298	303	296	
Costs and Expenses per BOE (b)										
Production	\$ 5.79	\$ 5.86	\$ 5.38	\$ 5.33	\$ 5.57	\$ 5.89	\$ 5.66	\$ 6.14	\$ 5.90	
Shipping, handling and other operating	3.98	4.74	3.53	4.32	4.14	4.39	4.29	4.88	4.53	
Exploration	1.41	1.46	1.80	2.35	1.79	1.98	2.35	1.99	2.11	
DD&A	25.15	24.49	23.64	21.28	23.51	20.66	20.48	20.47	20.53	
Taxes other than income	2.07	1.63	1.96	2.35	2.01	2.49	2.53	3.05	2.69	
General and administrative	1.77	1.45	1.31	1.11	1.39	1.41	1.29	1.29	1.33	
United States E&P income (loss) per BOE	\$ (4.23)	\$ (5.28)	\$ (1.67)	\$ 3.16	\$ (1.72)	\$ 4.90	\$ 4.51	\$ 7.21	\$ 5.57	

(a) Includes accruals.

(b) Costs and expenses per BOE are based upon volumes sold.

International E&P Supplemental Financial Data
Marathon Oil Corporation

<i>(Dollars in millions except per BOE statistics)</i>	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	3rd Qtr	Year
	2017	2017	2017	2017	2017	2018	2018	2018	2018
Revenues from contracts with customers	\$ 203	\$ 220	\$ 364	\$ 367	\$ 1,154	\$ 412	\$ 226	\$ 191	\$ 829
Costs and Expenses:									
Production	44	60	76	59	239	67	52	43	162
Shipping, handling and other operating	15	13	31	18	77	19	10	16	45
Exploration	2	—	3	—	5	1	1	1	3
DD&A	75	89	102	62	328	54	50	49	153
General and administrative	6	9	6	8	29	9	9	7	25
Income (loss) before taxes	143	105	210	288	746	302	168	146	616
Income tax provision (benefit)	50	46	106	170	372	170	26	30	226
Segment income	93	59	104	118	374	132	142	116	390
<i>Effective tax rate</i>	35%	44%	50%	59%	50%	56%	15%	21%	37%
Capital expenditures(a)	9	14	4	15	42	6	16	6	28
Net sales volumes (mboed)	126	135	165	153	145	147	121	112	126
Costs and Expenses per BOE, from Operations (b)									
Production (c)	\$ 3.91	\$ 4.86	\$ 4.98	\$ 4.18	\$ 4.51	\$ 5.07	\$ 4.71	\$ 4.22	\$ 4.70
Shipping, handling and other operating	1.30	1.05	2.07	1.32	1.47	1.45	0.87	1.51	1.28
Exploration	0.12	0.02	0.22	—	0.09	0.09	0.08	0.09	0.09
DD&A	6.61	7.23	6.68	4.40	6.19	4.13	4.53	4.71	4.43
General and administrative (c)	0.59	0.71	0.38	0.58	0.55	0.67	0.81	0.70	0.72
International E&P income per BOE	\$ 8.12	\$ 4.89	\$ 6.79	\$ 8.39	\$ 7.06	\$ 10.00	\$ 13.07	\$ 11.21	\$ 11.34
Equatorial Guinea									
EG - Income from equity method investments	69	51	63	73	256	37	60	64	161
EG - Net income excl. equity method investments	18	7	22	23	70	20	44	38	102
EG Total Net Income	87	58	85	96	326	57	104	102	263
EG Net Income before DD&A, Tax, and Exploration (EBITDAX) (d)	\$ 161	\$ 134	\$ 183	\$ 186	\$ 664	\$ 124	\$ 192	\$ 190	\$ 506

(a) Includes accruals.

(b) Costs and expenses per BOE are based upon volumes sold.

(c) Historical periods reflect changes due to the adoption of the new pension accounting standard in the first quarter of 2018.

(d) See "Non-GAAP Reconciliations", for further detail.

**Non-GAAP Reconciliations
Marathon Oil Corporation**

<i>(Dollars in millions)</i>
Net income (loss) from continuing operations
Adjustments for special items (pre-tax):
Net (gain) loss on disposal of assets
Proved property impairments
Exploratory dry well costs, unproved property impairments and other
Pension settlement
Unrealized (gain) loss on derivative instruments
Reduction of U.K. ARO estimated costs
Other
Provision (benefit) for income taxes related to special items from continuing operations
Valuation allowance
Adjustments for special items from continuing operations
Adjusted net income (loss) from continuing operations (a)

1st Qtr 2017	2nd Qtr 2017	3rd Qtr 2017	4th Qtr 2017	Year 2017
\$ (50)	\$ (153)	\$ (599)	\$ (28)	\$ (830)
—	(6)	(19)	(32)	(57)
—	—	201	24	225
—	—	250	—	250
14	3	8	7	32
(77)	(43)	56	145	81
—	—	—	(53)	(53)
1	(3)	(5)	5	(2)
—	—	(1)	(12)	(13)
—	—	41	—	41
\$ (62)	\$ (49)	\$ 531	\$ 84	\$ 504
\$ (112)	\$ (202)	\$ (68)	\$ 56	\$ (326)

1st Qtr 2018	2nd Qtr 2018	3rd Qtr 2018	Year 2018
\$ 356	\$ 96	\$ 254	\$ 706
(257)	(50)	(16)	(323)
8	34	8	50
—	—	—	—
4	2	10	16
43	45	(19)	69
—	(8)	(113)	(121)
—	—	—	—
—	7	76	83
—	—	—	—
\$ (202)	\$ 30	\$ (54)	\$ (226)
\$ 154	\$ 126	\$ 200	\$ 480

<i>(Dollars in millions)</i>
Net income (loss)
Adjustments for special items from continuing operations (pre-tax):
Net (gain) loss on dispositions
Proved property impairments
Exploratory dry well costs, unproved property impairments and other
Pension settlement
Unrealized (gain) loss on derivative instruments
Reduction of U.K. ARO estimated costs
Other
Provision (benefit) for income taxes related to special items from continuing operations
Valuation allowance
Adjustments for special items from continuing operations
Adjustments for special items from discontinued operations (pre-tax):
Canadian oil sands business impairment (b)
Net (gain) loss on disposal of assets (b)
Provision (benefit) for income taxes related to special items from discontinued operations (b)
Adjusted net income (loss) (a)

1st Qtr 2017	2nd Qtr 2017	3rd Qtr 2017	4th Qtr 2017	Year 2017
\$ (4,957)	\$ (139)	\$ (599)	\$ (28)	\$ (5,723)
—	(6)	(19)	(32)	(57)
—	—	201	24	225
—	—	250	—	250
14	3	8	7	32
(77)	(43)	56	145	81
—	—	—	(53)	(53)
1	(3)	(5)	5	(2)
—	—	(1)	(12)	(13)
—	—	41	—	41
\$ (62)	\$ (49)	\$ 531	\$ 84	\$ 504
6,636	—	—	—	6,636
—	43	—	—	43
(1,674)	—	—	—	(1,674)
\$ (57)	\$ (145)	\$ (68)	\$ 56	\$ (214)

1st Qtr 2018	2nd Qtr 2018	3rd Qtr 2018	Year 2018
\$ 356	\$ 96	\$ 254	\$ 706
(257)	(50)	(16)	(323)
8	34	8	50
—	—	—	—
4	2	10	16
43	45	(19)	69
—	(8)	(113)	(121)
—	—	—	—
—	7	76	83
—	—	—	—
\$ (202)	\$ 30	\$ (54)	\$ (226)
—	—	—	—
\$ 154	\$ 126	\$ 200	\$ 480

<i>(Dollars in millions except per share data)</i>
Per common share data:
Diluted:
Weighted average shares (millions)
Adjusted net income (loss) from continuing operations (a)
Adjusted net income (loss) from continuing operations per share (a)
Adjusted net income (loss) (a)
Adjusted net income (loss) per share (a)

1st Qtr 2017	2nd Qtr 2017	3rd Qtr 2017	4th Qtr 2017	Year 2017
849	850	850	850	850
\$ (112)	\$ (202)	\$ (68)	\$ 56	\$ (326)
\$ (0.13)	\$ (0.24)	\$ (0.08)	\$ 0.07	\$ (0.38)
\$ (57)	\$ (145)	\$ (68)	\$ 56	\$ (214)
\$ (0.07)	\$ (0.17)	\$ (0.08)	\$ 0.07	\$ (0.25)

1st Qtr 2018	2nd Qtr 2018	3rd Qtr 2018	Year 2018
852	855	849	853
\$ 154	\$ 126	\$ 200	\$ 480
\$ 0.18	\$ 0.15	\$ 0.24	\$ 0.56
\$ 154	\$ 126	\$ 200	\$ 480
\$ 0.18	\$ 0.15	\$ 0.24	\$ 0.56

(a) Non-GAAP financial measure.

(b) The Company closed on its sale of the Canadian oil sands business in second quarter 2017. The Canadian oil sands business is reflected as discontinued operations in all historical periods presented.

Non-GAAP Reconciliations
Marathon Oil Corporation

<i>(Dollars in millions)</i>
Cash additions to Property, Plant, and Equipment
Minus: Working Capital associated with PPE
Property, Plant and Equipment Additions

1st Qtr 2018	2nd Qtr 2018	3rd Qtr 2018	Year 2018
\$ 662	\$ 638	\$ 769	\$ 2,069
(40)	24	(65)	(81)
\$ 622	\$ 662	\$ 704	\$ 1,988

<i>(Dollars in millions)</i>
Property, Plant and Equipment Additions
Additions to other assets and acquisitions
M&S Inventory
Exploration costs other than well costs
Total Development and REx Capital Expenditures

1st Qtr 2018		2nd Qtr 2018		3rd Qtr 2018		Year 2018	
Dev Cap Expenditures	REx Cap Expenditures	Dev Cap Expenditures	REx Cap Expenditures	Dev Cap Expenditures	REx Cap Expenditures	Dev Cap Expenditures	REx Cap Expenditures
\$ 608	\$ 14	\$ 599	\$ 63	\$ 564	\$ 140	\$ 1,771	\$ 217
—	72	—	78	—	(99)	—	51
8	—	8	—	(7)	—	9	—
2	8	1	13	—	5	3	26
\$ 618	\$ 94	\$ 608	\$ 154	\$ 557	\$ 46	\$ 1,783	\$ 294

<i>(Dollars in millions)</i>
Organic Free Cash Flow
Net cash flow provided by operating activities
Less: Changes in working capital
Less: Exploration costs other than well costs
Add: Development capital expenditures
Add: Dividends
Add: EG LNG return of capital & other
Organic Free Cash Flow (a)

1st Qtr 2018	2nd Qtr 2018	3rd Qtr 2018	Year 2018
\$ 649	\$ 767	\$ 963	\$ 2,379
(58)	(82)	74	(66)
(10)	(14)	(5)	(29)
(618)	(608)	(557)	(1,783)
(42)	(43)	(43)	(128)
1	43	25	69
\$ 58	\$ 255	\$ 319	\$ 632

<i>(Dollars in millions)</i>
Cash and cash equivalents at end of period
Less:
Acquisitions, net of cash acquired (b)
Disposal of assets, net of cash transferred to buyer
Share Buy-back
REx Capital Expenditures
Total Working Capital
Cash and cash equivalents at end of period before Acquisitions/Dispositions, REx CAPEX, Financing, and Working Capital (a)

1st Qtr 2018	2nd Qtr 2018	3rd Qtr 2018	Year 2018
\$ 1,613	\$ 1,667	\$ 1,564	\$ 1,564
(4)	—	(105)	(109)
1,180	3	66	1,249
—	—	(339)	(339)
(94)	(154)	(46)	(294)
(90)	(50)	2	(138)
\$ 621	\$ 1,868	\$ 1,986	\$ 1,195

(a) Non-GAAP financial measure.

(b) Third quarter 2018 includes \$105 million of leases acquired from the Bureau of Land Management, which are included in the additions to other assets line item on the consolidated statement of cash flows.

Non-GAAP Reconciliations
Marathon Oil Corporation

<i>(Dollars in millions)</i>
Cash Flows (YTD)
Net cash provided by operating activities from continuing operations
Changes in:
Current receivables
Inventories
Current accounts payable and accrued expenses
Total changes in working capital
U.K. Tax Payment
Net cash provided by operating activities from continuing operations before changes in working capital and the U.K. tax payment (a)

Mar. 31	June 30	Sept. 30	Dec. 31
2017	2017	2017	2017
\$ 501	\$ 923	\$ 1,487	\$ 1,988
(1)	(15)	(192)	(334)
(10)	(5)	4	10
(1)	(41)	189	297
(12)	(61)	1	(27)
—	—	—	(108)
\$ 513	\$ 984	\$ 1,486	\$ 2,123

Mar. 31	June 30	Sept.
2018	2018	2018
\$ 649	\$ 1,416	\$ 2,379
(130)	(256)	(389)
(9)	(17)	(11)
81	133	334
(58)	(140)	(66)
—	—	—
\$ 707	\$ 1,556	\$ 2,445

<i>(Dollars in millions)</i>
Equatorial Guinea EBITDAX
EG - Income from equity method investments
EG - Net income excl. equity method investments
EG Total Net Income
All Other International E&P Segment Income
Total International E&P Segment Income
EG Total Net Income
+ Depreciation, Depletion and Amortization
+Tax
+Exploration
+Net interest
EG Net Income before DD&A, Tax, and Exploration (EBITDAX) (a)

1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
2017	2017	2017	2017	2017
\$ 69	\$ 51	\$ 63	\$ 73	\$ 256
18	7	22	23	70
87	58	85	96	326
6	1	19	22	48
93	59	104	118	374
87	58	85	96	326
54	54	59	46	213
20	22	39	44	125
—	—	—	—	—
—	—	—	—	—
\$ 161	\$ 134	\$ 183	\$ 186	\$ 664

1st Qtr	2nd Qtr	3rd Qtr	Year
2018	2018	2018	2018
\$ 37	\$ 60	\$ 64	\$ 161
20	44	38	102
57	104	102	263
75	38	14	127
132	142	116	390
57	104	102	263
46	54	52	152
20	33	36	89
1	—	—	1
—	1	—	1
\$ 124	\$ 192	\$ 190	\$ 506

Total Company provision (benefit) for income taxes from continuing operations
Minus: Segment provision (benefit) for income taxes
Minus: Provision (benefit) for income taxes related to special items from continuing operations
Minus: Valuation Allowance (special item)
Provision (benefit) for income taxes not allocated to segments excluding impacts of special items (a)

1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
2017	2017	2017	2017	2017
\$ 34	\$ 41	\$ 141	\$ 160	\$ 376
50	46	106	171	373
—	—	(1)	(12)	(13)
—	—	41	—	41
\$ (16)	\$ (5)	\$ (5)	\$ 1	\$ (25)

1st Qtr	2nd Qtr	3rd Qtr	Year
2018	2018	2018	2018
\$ 168	\$ 44	\$ 103	\$ 315
173	26	32	231
—	7	76	83
—	—	—	—
\$ (5)	\$ 11	\$ (5)	\$ 1

Consolidated effective tax expense (benefit) rate on continuing operations
Adjustments to consolidated effective tax rate:
Impact of Libyan operations (b)
Valuation Allowance
Consolidated effective tax expense (benefit) rate on continuing operations rate excluding Libya and valuation allowance (a)

1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
2017	2017	2017	2017	2017
213 %	37 %	31 %	121 %	83 %
(229)%	(30)%	(24)%	(129)%	(78)%
—%	—%	(7)%	—%	(5)%
(16)%	7 %	—%	8 %	—%

1st Qtr	2nd Qtr	3rd Qtr	YTD
2018	2018	2018	2018
32 %	31%	29%	31 %
(30)%	—%	—%	(14)%
—%	—%	—%	—%
2 %	31%	29%	17 %

(a) Non-GAAP financial measure.

(b) The Company closed on the sale of its Libya subsidiary in first quarter of 2018.