



Marathon Oil Corporation

Fourth Quarter 2018

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Investor Relations

5555 San Felipe Street
Houston, TX 77056-2723

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February 13, 2019

Consolidated Statements of Income
Marathon Oil Corporation

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
	2017	2017	2017	2017	2017	2018	2018	2018	2018	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	\$ 1,380	\$ 5,902
Net gain (loss) on commodity derivatives (a)	81	56	(22)	(151)	(36)	(102)	(152)	(70)	310	(14)
Marketing revenues (a)	34	35	48	45	162	—	—	—	—	—
Income from equity method investments	69	51	63	73	256	37	60	64	64	225
Net gain (loss) on disposal of assets	1	6	19	32	58	257	50	16	(4)	319
Other income (a)	14	9	8	47	78	4	12	119	15	150
Total revenues and other income	\$ 1,072	\$ 1,059	\$ 1,252	\$ 1,382	\$ 4,765	\$ 1,733	\$ 1,417	\$ 1,667	\$ 1,765	\$ 6,582
COSTS AND EXPENSES:										
Production (b)	153	178	197	188	716	217	205	215	205	842
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	167	575
Exploration	28	30	294	57	409	52	65	56	116	289
Depreciation, depletion and amortization	556	592	641	583	2,372	590	612	626	613	2,441
Impairments	4	—	201	24	229	8	34	8	25	75
Taxes other than income	39	45	44	55	183	64	65	86	84	299
General and administrative (b)	97	90	89	95	371	100	105	101	88	394
Total costs and expenses	1,000	1,084	1,624	1,171	4,879	1,161	1,212	1,244	1,298	4,915
Income (loss) from operations	72	(25)	(372)	211	(114)	572	205	423	467	1,667
Net interest and other	(78)	(86)	(35)	(71)	(270)	(45)	(65)	(58)	(58)	(226)
Other net periodic benefit costs (b)	(10)	(1)	(5)	(3)	(19)	(3)	—	(8)	(3)	(14)
Loss on early extinguishment of debt	—	—	(46)	(5)	(51)	—	—	—	—	—
Income (loss) from continuing operations before income taxes	(16)	(112)	(458)	132	(454)	524	140	357	406	1,427
Estimated income tax provision (benefit)										
Current	20	17	135	265	437	199	19	35	26	279
Deferred	14	24	6	(105)	(61)	(31)	25	68	(10)	52
Total provision (benefit) for income taxes	34	41	141	160	376	168	44	103	16	331
Income (loss) from continuing operations	(50)	(153)	(599)	(28)	(830)	356	96	254	390	1,096
Income (loss) from discontinued operations (c)	(4,907)	14	—	—	(4,893)	—	—	—	—	—
NET INCOME (LOSS)	\$ (4,957)	\$ (139)	\$ (599)	\$ (28)	\$ (5,723)	\$ 356	\$ 96	\$ 254	\$ 390	\$ 1,096
<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>4%</i>	<i>23%</i>
Per common share data:										
Basic:										
Weighted average shares (millions)	849	850	850	850	850	851	854	848	828	846
Income (loss) from continuing operations	\$ (0.06)	\$ (0.18)	\$ (0.70)	\$ (0.03)	\$ (0.97)	\$ 0.42	\$ 0.11	\$ 0.30	\$ 0.47	\$ 1.30
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	\$ 0.47	\$ 1.30
Diluted:										
Weighted average shares (millions)	849	850	850	850	850	852	855	849	829	847
Income (loss) from continuing operations	\$ (0.06)	\$ (0.18)	\$ (0.70)	\$ (0.03)	\$ (0.97)	\$ 0.42	\$ 0.11	\$ 0.30	\$ 0.47	\$ 1.29
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	\$ 0.47	\$ 1.29
Dividends paid per common share	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.20	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.20

(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	June 30	Sept. 30	Dec. 31	Mar. 31	June 30	Sept 30	Dec. 31
	2017	2017	2017	2017	2018	2018	2018	2018
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 2,490	\$ 2,614	\$ 1,795	\$ 563	\$ 1,613	\$ 1,667	\$ 1,564	\$ 1,462
Receivables less allowance for doubtful accounts	751	767	945	1,082	1,100	1,176	1,335	1,079
Notes receivable	—	742	745	748	—	—	—	—
Inventories	145	140	132	126	110	117	110	96
Other current assets	134	160	62	36	66	92	31	257
Current assets held for sale (a)	223	1	11	11	13	35	25	27
Total current assets	3,743	4,424	3,690	2,566	2,902	3,087	3,065	2,921
Equity method investments	906	821	836	847	806	788	757	745
Property, plant and equipment, net	16,533	18,337	17,645	17,665	16,931	16,881	16,899	16,804
Goodwill	115	115	115	115	98	98	97	97
Other noncurrent assets	698	543	607	764	849	860	912	723
Noncurrent assets held for sale (a)	2,542	1	54	55	48	157	48	31
Total assets	\$ 24,537	\$ 24,241	\$ 22,947	\$ 22,012	\$ 21,634	\$ 21,871	\$ 21,778	\$ 21,321
LIABILITIES								
Current liabilities:								
Accounts payable	\$ 1,081	\$ 1,158	\$ 1,313	\$ 1,395	\$ 1,335	\$ 1,428	\$ 1,479	\$ 1,320
Payroll and benefits payable	70	92	99	108	85	109	127	154
Accrued taxes	81	78	162	177	128	99	128	181
Long-term debt due within one year	1,541	548	—	—	—	—	—	—
Other current liabilities	222	206	188	288	359	405	405	170
Current liabilities held for sale (a)	104	—	—	—	2	3	3	7
Total current liabilities	3,099	2,082	1,762	1,968	1,909	2,044	2,142	1,832
Long-term debt	5,723	6,715	6,488	5,494	5,495	5,497	5,498	5,499
Deferred tax liabilities	800	839	844	833	221	237	215	199
Defined benefit postretirement plan obligations	365	340	330	362	331	311	286	195
Asset retirement obligations	1,622	1,642	1,522	1,428	1,445	1,364	1,243	1,081
Deferred credits and other liabilities	221	211	217	217	197	194	340	279
Noncurrent liabilities held for sale (a)	123	7	9	2	2	92	10	108
Total liabilities	11,953	11,836	11,172	10,304	9,600	9,739	9,734	9,193
TOTAL STOCKHOLDERS' EQUITY	12,584	12,405	11,775	11,708	12,034	12,132	12,044	12,128
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 24,537	\$ 24,241	\$ 22,947	\$ 22,012	\$ 21,634	\$ 21,871	\$ 21,778	\$ 21,321
Common stock issued	937	937	937	937	937	937	937	937
Common stock held in treasury	87	87	87	87	84	83	99	118
Net shares outstanding at balance sheet date	850	850	850	850	853	854	838	819

(a) We closed on our 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. In the fourth quarter of 2018, we entered into an agreement to sell our Kurdistan subsidiary in our International segment and our working interest in the Droszky field in our United States segment. As such, the assets and liabilities associated with these divestitures are classified as held for sale in the consolidated balance sheet as of December 31, 2018.

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. 30	Dec. 31
	2017	2017	2017	2017	2018	2018	2018	2018
OPERATING ACTIVITIES:								
Net income (loss)	\$ (4,957)	\$ (5,096)	\$ (5,695)	\$ (5,723)	\$ 356	\$ 452	\$ 706	\$ 1,096
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	2,441
Impairments	4	4	205	229	8	42	50	75
Exploratory dry well costs and unproved property impairments	20	45	294	323	42	93	144	255
Net (gain) loss on disposal of assets	(1)	(7)	(26)	(58)	(257)	(307)	(323)	(319)
Deferred income taxes	14	38	44	(61)	(31)	(6)	62	52
Net (gain) loss on derivative instruments (b)	(81)	(137)	(115)	36	102	254	324	14
Net settlements of derivative instruments (b)	4	17	51	45	(59)	(166)	(255)	(281)
Pension and other post retirement benefits, net	(9)	(25)	(38)	(46)	(34)	(51)	(60)	(65)
Stock-based compensation (b)	14	26	37	49	14	28	40	53
Equity method investments, net	13	61	46	20	32	27	42	45
Changes in:								
Current receivables	(1)	(15)	(192)	(334)	(130)	(256)	(389)	(133)
Inventories	(10)	(5)	4	10	(9)	(17)	(11)	(1)
Current accounts payable and accrued liabilities	(1)	(41)	189	297	81	133	334	179
Other current assets and liabilities	15	12	(25)	1	(25)	(8)	21	(22)
All other operating, net (b)	14	5	26	(65)	(31)	(4)	(134)	(155)
Net cash provided by operating activities from continuing operations	501	923	1,487	1,988	649	1,416	2,379	3,234
INVESTING ACTIVITIES:								
Additions to property, plant and equipment	(283)	(775)	(1,305)	(1,974)	(662)	(1,300)	(2,069)	(2,753)
Additions to other assets	—	—	(23)	(25)	(72)	(129)	(135)	(26)
Acquisitions, net of cash acquired	—	(1,828)	(1,828)	(1,891)	(4)	(25)	(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	1,264
Equity method investments - return of capital	12	49	49	64	9	32	48	57
All other investing, net	1	(5)	(3)	(5)	(2)	7	11	13
Net cash provided by (used in) investing activities from continuing operations	(450)	(833)	(1,353)	(2,044)	449	(232)	(921)	(1,470)
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)	(713)
Dividends paid	(42)	(85)	(128)	(170)	(42)	(85)	(128)	(169)
All other financing, net	(1)	—	—	—	2	18	22	23
Net cash used in financing activities	(50)	(96)	(960)	(2,003)	(49)	(78)	(455)	(859)
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)	(2)
Cash held for sale	—	—	—	—	—	—	—	(4)
Net increase (decrease) in cash and cash equivalents	2	126	(693)	(1,925)	1,050	1,104	1,001	899
Cash and cash equivalents at beginning of period	2,488	2,488	2,488	2,488	563	563	563	563
Cash and cash equivalents at end of period	\$ 2,490	\$ 2,614	\$ 1,795	\$ 563	\$ 1,613	\$ 1,667	\$ 1,564	\$ 1,462

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

(b) We have reclassified certain prior year amounts between operating cash flow categories to present it on a basis comparable with the current years' presentation with no impact on net cash provided by operating activities.

Segment Income Summary
Marathon Oil Corporation

<i>(Dollars in millions)</i>	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
	2017	2017	2017	2017	2017	2018	2018	2018	2018	2018
Segment income (loss) before taxes										
United States	\$ (79)	\$ (107)	\$ (38)	\$ 77	\$ (147)	\$ 128	\$ 123	\$ 203	\$ 133	\$ 587
International	143	105	210	288	746	302	168	146	129	745
Segment income (loss) before taxes	64	(2)	172	365	599	430	291	349	262	1,332
Not allocated to segments - Corporate items										
Net interest and other	(78)	(89)	(82)	(71)	(320)	(45)	(65)	(58)	(58)	(226)
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)	(43)	(216)
Other income and costs	(9)	(19)	(6)	(7)	(41)	(7)	(2)	(6)	(11)	(26)
Items not allocated to segments, before income taxes:										
Net gain (loss) on dispositions	—	6	19	32	57	257	50	16	(4)	319
Proved property impairments	—	—	(201)	(24)	(225)	(8)	(34)	(8)	(25)	(75)
Exploratory dry well costs, unproved property impairments and other	—	—	(250)	—	(250)	—	—	—	(40)	(40)
Pension settlement	(14)	(3)	(8)	(7)	(32)	(4)	(2)	(10)	(5)	(21)
Unrealized gain (loss) on derivative instruments	77	43	(56)	(145)	(81)	(43)	(45)	19	336	267
Reduction of U.K. ARO estimated costs	—	—	—	53	53	—	8	113	—	121
Other	(1)	3	5	(5)	2	—	—	—	(6)	(6)
Income (loss) from continuing operations before income taxes	\$ (16)	\$ (112)	\$ (458)	\$ 132	\$ (454)	\$ 524	\$ 140	\$ 357	\$ 406	\$ 1,427

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

United States Supplemental Financial Data
Marathon Oil Corporation

(Dollars in millions except per BOE statistics)

Revenues from contracts with customers					
Costs and Expenses:					
Production					
Shipping, handling and other operating					
Exploration					
DD&A					
Taxes other than income					
General and administrative					
Income (loss) before taxes					
Income tax provision (benefit)					
Segment income (loss)					
<i>Effective tax rate</i>					
Capital expenditures (a)					
Net sales volumes (mboed)					

1st Qtr 2017	2nd Qtr 2017	3rd Qtr 2017	4th Qtr 2017	Year 2017
\$ 670	\$ 682	\$ 772	\$ 969	\$ 3,093
109	118	121	128	476
74	96	80	104	354
26	30	41	57	154
472	495	531	513	2,011
39	33	44	57	173
33	30	29	27	119
(79)	(107)	(38)	77	(147)
—	—	—	1	1
(79)	(107)	(38)	76	(148)
—%	—%	—%	1%	(1)%
349	575	541	616	2,081
208	222	244	262	234

1st Qtr 2018	2nd Qtr 2018	3rd Qtr 2018	4th Qtr 2018	Year 2018
\$ 1,125	\$ 1,221	\$ 1,347	\$ 1,193	\$ 4,886
151	153	172	149	625
111	117	136	135	499
51	64	55	76	246
528	556	571	562	2,217
64	68	86	83	301
36	35	37	38	146
128	123	203	133	587
3	—	2	(26)	(21)
125	123	201	159	608
2%	—%	1%	(20)%	(4)%
611	641	691	677	2,620
284	298	303	305	298

Costs and Expenses per BOE (b)					
Production					
Shipping, handling and other operating					
Exploration					
DD&A					
Taxes other than income					
General and administrative					

\$ 5.79	\$ 5.86	\$ 5.38	\$ 5.33	\$ 5.57
3.98	4.74	3.53	4.32	4.14
1.41	1.46	1.80	2.35	1.79
25.15	24.49	23.64	21.28	23.51
2.07	1.63	1.96	2.35	2.01
1.77	1.45	1.31	1.11	1.39

\$ 5.89	\$ 5.66	\$ 6.14	\$ 5.31	\$ 5.75
4.39	4.29	4.88	4.78	4.59
1.98	2.35	1.99	2.66	2.25
20.66	20.48	20.47	19.98	20.39
2.49	2.53	3.05	3.00	2.77
1.41	1.29	1.29	1.38	1.34

United States income (loss) per BOE					
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\$ (4.23)	\$ (5.28)	\$ (1.67)	\$ 3.16	\$ (1.72)
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\$ 4.90	\$ 4.51	\$ 7.21	\$ 5.63	\$ 5.58
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(a) Includes accruals.

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

International Supplemental Financial Data
Marathon Oil Corporation

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
	2017	2017	2017	2017	2017	2018	2018	2018	2018	2018
<i>(Dollars in millions except per BOE statistics)</i>										
Revenues from contracts with customers	\$ 203	\$ 220	\$ 364	\$ 367	\$ 1,154	\$ 412	\$ 226	\$ 191	\$ 187	\$ 1,016
Costs and Expenses:										
Production	44	60	76	59	239	67	52	43	53	215
Shipping, handling and other operating	15	13	31	18	77	19	10	16	25	70
Exploration	2	—	3	—	5	1	1	1	—	3
DD&A	75	89	102	62	328	54	50	49	44	197
General and administrative	6	9	6	8	29	9	9	7	7	32
Income before taxes	143	105	210	288	746	302	168	146	129	745
Income tax provision	50	46	106	170	372	170	26	30	46	272
Segment income	93	59	104	118	374	132	142	116	83	473
<i>Effective tax rate</i>	35%	44%	50%	59%	50%	56%	15%	21%	36%	37%
Capital expenditures (a)	9	14	4	15	42	6	16	6	11	39
Net sales volumes (mboed)	126	135	165	153	145	147	121	112	108	122
Costs and Expenses per BOE (b)										
Production (c)	\$ 3.91	\$ 4.86	\$ 4.98	\$ 4.18	\$ 4.51	\$ 5.07	\$ 4.71	\$ 4.22	\$ 5.40	\$ 4.86
Shipping, handling and other operating	1.30	1.05	2.07	1.32	1.47	1.45	0.87	1.51	2.52	1.56
Exploration	0.12	0.02	0.22	—	0.09	0.09	0.08	0.09	0.04	0.08
DD&A	6.61	7.23	6.68	4.40	6.19	4.13	4.53	4.71	4.49	4.44
General and administrative (c)	0.59	0.71	0.38	0.58	0.55	0.67	0.81	0.70	0.62	0.70
International income per BOE	\$ 8.12	\$ 4.89	\$ 6.79	\$ 8.39	\$ 7.06	\$ 10.00	\$ 13.07	\$ 11.21	\$ 8.30	\$ 10.65
Equatorial Guinea										
EG - Income from equity method investments	69	51	63	73	256	37	60	64	64	225
EG - Net income excl. equity method investments	18	7	22	23	70	20	44	38	8	110
EG Total Net Income	87	58	85	96	326	57	104	102	72	335
EG Net Income before DD&A, Tax, and Exploration (EBITDAX) (d)	\$ 161	\$ 134	\$ 183	\$ 186	\$ 664	\$ 124	\$ 192	\$ 190	\$ 153	\$ 659

(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>	1st Qtr 2017	2nd Qtr 2017	3rd Qtr 2017	4th Qtr 2017	Year 2017
Net income (loss) from continuing operations	\$ (50)	\$ (153)	\$ (599)	\$ (28)	\$ (830)
Adjustments for special items (pre-tax):					
Net (gain) loss on disposal of assets	—	(6)	(19)	(32)	(57)
Proved property impairments	—	—	201	24	225
Exploratory dry well costs, unproved property impairments and other	—	—	250	—	250
Pension settlement	14	3	8	7	32
Unrealized (gain) loss on derivative instruments	(77)	(43)	56	145	81
Reduction of U.K. ARO estimated costs	—	—	—	(53)	(53)
Other	1	(3)	(5)	5	(2)
Provision (benefit) for income taxes related to special items from continuing operations	—	—	(1)	(12)	(13)
Valuation allowance	—	—	41	—	41
Adjustments for special items from continuing operations	\$ (62)	\$ (49)	\$ 531	\$ 84	\$ 504
Adjusted net income (loss) from continuing operations (a)	\$ (112)	\$ (202)	\$ (68)	\$ 56	\$ (326)

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	4th Qtr 2018	Year 2018
\$ 356	\$ 96	\$ 254	\$ 390	\$ 1,096
(257)	(50)	(16)	4	(319)
8	34	8	25	75
—	—	—	40	40
4	2	10	5	21
43	45	(19)	(336)	(267)
—	(8)	(113)	—	(121)
—	—	—	6	6
—	7	76	(13)	70
—	—	—	—	—
\$ (202)	\$ 30	\$ (54)	\$ (269)	\$ (495)
\$ 154	\$ 126	\$ 200	\$ 121	\$ 601

<i>(Dollars in millions)</i>	1st Qtr 2017	2nd Qtr 2017	3rd Qtr 2017	4th Qtr 2017	Year 2017
Net income (loss)	\$ (4,957)	\$ (139)	\$ (599)	\$ (28)	\$ (5,723)
Adjustments for special items from continuing operations (pre-tax):					
Net (gain) loss on dispositions	—	(6)	(19)	(32)	(57)
Proved property impairments	—	—	201	24	225
Exploratory dry well costs, unproved property impairments and other	—	—	250	—	250
Pension settlement	14	3	8	7	32
Unrealized (gain) loss on derivative instruments	(77)	(43)	56	145	81
Reduction of U.K. ARO estimated costs	—	—	—	(53)	(53)
Other	1	(3)	(5)	5	(2)
Provision (benefit) for income taxes related to special items from continuing operations	—	—	(1)	(12)	(13)
Valuation allowance	—	—	41	—	41
Adjustments for special items from continuing operations	\$ (62)	\$ (49)	\$ 531	\$ 84	\$ 504
Adjustments for special items from discontinued operations (pre-tax):					
Canadian oil sands business impairment (b)	6,636	—	—	—	6,636
Net (gain) loss on disposal of assets (b)	—	43	—	—	43
Provision (benefit) for income taxes related to special items from discontinued operations (b)	(1,674)	—	—	—	(1,674)
Adjusted net income (loss) (a)	\$ (57)	\$ (145)	\$ (68)	\$ 56	\$ (214)

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	4th Qtr 2018	Year 2018
\$ 356	\$ 96	\$ 254	\$ 390	\$ 1,096
(257)	(50)	(16)	4	(319)
8	34	8	25	75
—	—	—	40	40
4	2	10	5	21
43	45	(19)	(336)	(267)
—	(8)	(113)	—	(121)
—	—	—	6	6
—	7	76	(13)	70
—	—	—	—	—
\$ (202)	\$ 30	\$ (54)	\$ (269)	\$ (495)
\$ 154	\$ 126	\$ 200	\$ 121	\$ 601

<i>(Dollars in millions except per share data)</i>	1st Qtr 2017	2nd Qtr 2017	3rd Qtr 2017	4th Qtr 2017	Year 2017
Per common share data:					
Diluted:					
Weighted average shares (millions)	849	850	850	850	850
Adjusted net income (loss) from continuing operations (a)	\$ (112)	\$ (202)	\$ (68)	\$ 56	\$ (326)
Adjusted net income (loss) from continuing operations per share (a)	\$ (0.13)	\$ (0.24)	\$ (0.08)	\$ 0.07	\$ (0.38)
Adjusted net income (loss) (a)	\$ (57)	\$ (145)	\$ (68)	\$ 56	\$ (214)
Adjusted net income (loss) per share (a)	\$ (0.07)	\$ (0.17)	\$ (0.08)	\$ 0.07	\$ (0.25)

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	4th Qtr 2018	Year 2018
852	855	849	829	847
\$ 154	\$ 126	\$ 200	\$ 121	\$ 601
\$ 0.18	\$ 0.15	\$ 0.24	\$ 0.15	\$ 0.71
\$ 154	\$ 126	\$ 200	\$ 121	\$ 601
\$ 0.18	\$ 0.15	\$ 0.24	\$ 0.15	\$ 0.71

(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>	1st Qtr 2018	2nd Qtr 2018	3rd Qtr 2018	4th Qtr 2018	Year 2018
Cash additions to Property, Plant, and Equipment	\$ 662	\$ 638	\$ 769	\$ 684	\$ 2,753
Minus: Working Capital associated with PPE	(40)	24	(65)	13	(68)
Property, Plant and Equipment Additions	\$ 622	\$ 662	\$ 704	\$ 697	\$ 2,685

<i>(Dollars in millions)</i>	1st Qtr 2018		2nd Qtr 2018		3rd Qtr 2018		4th 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	Dev Cap Expenditures	REx Cap Expenditures
Property, Plant and Equipment Additions	\$ 608	\$ 14	\$ 599	\$ 63	\$ 564	\$ 140	\$ 526	\$ 171	\$ 2,297	\$ 388
Additions to other assets and acquisitions	—	72	—	78	—	(99)	—	(109)	—	(58)
M&S Inventory	8	—	8	—	(7)	—	(15)	—	(6)	—
Exploration costs other than well costs	2	8	1	13	—	5	(8)	13	(5)	39
Total Development and REx Capital Expenditures	\$ 618	\$ 94	\$ 608	\$ 154	\$ 557	\$ 46	\$ 503	\$ 75	\$ 2,286	\$ 369

<i>(Dollars in millions)</i>	1st Qtr 2018	2nd Qtr 2018	3rd Qtr 2018	4th Qtr 2018	Year 2018
Organic Free Cash Flow					
Net cash flow provided by operating activities	\$ 649	\$ 767	\$ 963	\$ 855	\$ 3,234
Less: Changes in working capital	(83)	(65)	103	68	23
Less: Exploration costs other than well costs	(10)	(14)	(5)	(5)	(34)
Add: Development capital expenditures	(618)	(608)	(557)	(503)	(2,286)
Add: Dividends	(42)	(43)	(43)	(41)	(169)
Add: EG LNG return of capital and other	1	43	25	9	78
Organic Free Cash Flow (a)	\$ 83	\$ 238	\$ 290	\$ 257	\$ 868

<i>(Dollars in millions)</i>	1st Qtr 2018	2nd Qtr 2018	3rd Qtr 2018	4th Qtr 2018	Year 2018
Cash and cash equivalents at end of period	\$ 1,613	\$ 1,667	\$ 1,564	\$ 1,462	\$ 1,462
Less:					
Acquisitions, net of cash acquired (b)	(4)	—	(105)	—	(109)
Disposal of assets, net of cash transferred to buyer	1,180	3	66	15	1,264
Share Buy-back	—	—	(339)	(361)	(700)
REx Capital Expenditures	(94)	(154)	(46)	(75)	(369)
Cash held for sale	—	—	—	(4)	(4)
Total Working Capital	(115)	(33)	31	66	(51)
Cash and cash equivalents at end of period before Acquisitions/Dispositions, REx CAPEX, Financing, and Working Capital (a)	\$ 646	\$ 1,851	\$ 1,957	\$ 1,821	\$ 1,431

(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>	Mar. 31	June 30	Sept. 30	Dec. 31
Cash Flows (YTD)	2017	2017	2017	2017
Net cash provided by operating activities from continuing operations	\$ 501	\$ 923	\$ 1,487	\$ 1,988
Changes in:				
Current receivables	(1)	(15)	(192)	(334)
Inventories	(10)	(5)	4	10
Current accounts payable and accrued expenses	(1)	(41)	189	297
Other current assets and liabilities	15	12	(25)	1
Total changes in working capital	3	(49)	(24)	(26)
U.K. Tax Payment	—	—	—	(108)
Net cash provided by operating activities from continuing operations before changes in working capital and the U.K. tax payment (a)	\$ 498	\$ 972	\$ 1,511	\$ 2,122

Mar. 31	June 30	Sept. 30	Dec. 31
2018	2018	2018	2018
\$ 649	\$ 1,416	\$ 2,379	\$ 3,234
(130)	(256)	(389)	(133)
(9)	(17)	(11)	(1)
81	133	334	179
(25)	(8)	21	(22)
(83)	(148)	(45)	23
—	—	—	—
\$ 732	\$ 1,564	\$ 2,424	\$ 3,211

<i>(Dollars in millions)</i>	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
	2017	2017	2017	2017	2017
Equatorial Guinea EBITDAX					
EG - Income from equity method investments	\$ 69	\$ 51	\$ 63	\$ 73	\$ 256
EG - Net income excl. equity method investments	18	7	22	23	70
EG Total Net Income	87	58	85	96	326
All Other International Segment Income	6	1	19	22	48
Total International Segment Income	93	59	104	118	374
EG Total Net Income	87	58	85	96	326
+Depreciation, Depletion and Amortization	54	54	59	46	213
+Tax	20	22	39	44	125
+Exploration	—	—	—	—	—
+Net interest	—	—	—	—	—
EG Net Income before DD&A, Tax, and Exploration (EBITDAX) (a)	\$ 161	\$ 134	\$ 183	\$ 186	\$ 664

1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
2018	2018	2018	2018	2018
\$ 37	\$ 60	\$ 64	\$ 64	\$ 225
20	44	38	8	110
57	104	102	72	335
75	38	14	11	138
132	142	116	83	473
57	104	102	72	335
46	54	52	49	201
20	33	36	31	120
1	—	—	1	2
—	1	—	—	1
\$ 124	\$ 192	\$ 190	\$ 153	\$ 659

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
	2017	2017	2017	2017	2017
Total Company provision (benefit) for income taxes from continuing operations	\$ 34	\$ 41	\$ 141	\$ 160	\$ 376
Minus: Segment provision (benefit) for income taxes	50	46	106	171	373
Minus: Provision (benefit) for income taxes related to special items from continuing operations	—	—	(1)	(12)	(13)
Minus: Valuation Allowance (special item)	—	—	41	—	41
Provision (benefit) for income taxes not allocated to segments excluding impacts of special items (a)	\$ (16)	\$ (5)	\$ (5)	\$ 1	\$ (25)

1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
2018	2018	2018	2018	2018
\$ 168	\$ 44	\$ 103	\$ 16	\$ 331
173	26	32	20	251
—	7	76	(13)	70
—	—	—	—	—
\$ (5)	\$ 11	\$ (5)	\$ 9	\$ 10

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
	2017	2017	2017	2017	2017
Consolidated effective tax expense (benefit) rate on continuing operations	213 %	37 %	31 %	121 %	83 %
Adjustments to consolidated effective tax rate:					
Impact of Libyan operations (b)	(229)%	(30)%	(24)%	(129)%	(78)%
Valuation Allowance	—%	—%	(7)%	—%	(5)%
Consolidated effective tax expense (benefit) rate on continuing operations rate excluding Libya and valuation allowance (a)	(16)%	7 %	—%	8 %	—%

1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD
2018	2018	2018	2018	2018
32 %	31%	29%	4%	23 %
(30)%	—%	—%	—%	(9)%
—%	—%	—%	—%	—%
2 %	31%	29%	4%	14 %

(a) Non-GAAP financial measure.

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

Reserve Calculations
Marathon Oil Corporation

Estimated Net Proved Reserves from Continuing Operations (mmbob)
Beginning balance
Additions (including improved recovery)
Revisions
Acquisitions
Dispositions
Production
Ending balance
Changes in Reserves (excluding dispositions)
Production (excluding dispositions)
Reserve Replacement Ratio (excluding dispositions)
Organic Changes in Reserves (excluding acquisitions and dispositions)
Production (excluding acquisitions and dispositions)
Organic Reserve Replacement Ratio (excluding acquisitions and dispositions)

Year
2017
1,404
116
49
28
(10)
(138)
1,449
193
138
140%
165
136
121%

Year
2018
1,449
102
84
—
(201)
(153)
1,281
186
149
125%
186
149
125%

Costs Incurred from Continuing Operations (Dollars in millions; except per boe data)
Property Acquisition Costs - Proved
Property Acquisition Costs - Unproved
Exploration
Development
Total Company - Costs Incurred from Continuing Operations
Costs Incurred
Organic Changes in Reserves (excluding dispositions)
Finding and development costs per BOE
Costs Incurred
Property Acquisition Costs (Proved and Unproved)
Capitalized Asset Retirement Costs
Organic Finding and Development Costs
Organic Changes in Reserves (excluding acquisitions and dispositions)
Organic Finding and Development Costs per BOE

Year
2017
\$ 192
1,747
923
993
3,855
3,855
193
\$ 19.97
\$ 3,855
(1,939)
197
\$ 2,113
165
\$ 12.81

Year
2018
\$ 222
144
921
1,204
2,491
2,491
186
\$ 13.39
\$ 2,491
(366)
183
\$ 2,308
186
\$ 12.41