



Third Quarter 2019

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Consolidated Statements of Income
Marathon Oil Corporation

<i>(Dollars in millions except per share data)</i>	1st Qtr 2018	2nd Qtr 2018	3rd Qtr 2018	4th Qtr 2018	Year 2018	1st Qtr 2019	2nd Qtr 2019	3rd Qtr 2019	Year 2019
REVENUES AND OTHER INCOME:									
Revenues from contracts with customers	\$ 1,537	\$ 1,447	\$ 1,538	\$ 1,380	\$ 5,902	\$ 1,200	\$ 1,381	\$ 1,249	\$ 3,830
Net gain (loss) on commodity derivatives	(102)	(152)	(70)	310	(14)	(91)	16	47	(28)
Income from equity method investments	37	60	64	64	225	11	31	21	63
Net gain (loss) on disposal of assets	257	50	16	(4)	319	42	(8)	22	56
Other income	4	12	119	15	150	35	13	6	54
Total revenues and other income	1,733	1,417	1,667	1,765	6,582	1,197	1,433	1,345	3,975
COSTS AND EXPENSES:									
Production	217	205	215	205	842	187	193	163	543
Shipping, handling and other operating	130	126	152	167	575	154	170	138	462
Exploration	52	65	56	116	289	59	26	22	107
Depreciation, depletion and amortization	590	612	626	613	2,441	554	605	622	1,781
Impairments	8	34	8	25	75	6	18	—	24
Taxes other than income	64	65	86	84	299	72	79	81	232
General and administrative	100	105	101	88	394	94	87	82	263
Total costs and expenses	1,161	1,212	1,244	1,298	4,915	1,126	1,178	1,108	3,412
Income from operations	572	205	423	467	1,667	71	255	237	563
Net interest and other	(45)	(65)	(58)	(58)	(226)	(49)	(64)	(64)	(177)
Other net periodic benefit costs	(3)	—	(8)	(3)	(14)	5	2	2	9
Income before income taxes	524	140	357	406	1,427	27	193	175	395
Estimated income tax provision (benefit)									
Current	199	19	35	26	279	(116)	34	11	(71)
Deferred	(31)	25	68	(10)	52	(31)	(2)	(1)	(34)
Total provision (benefit) for income taxes	168	44	103	16	331	(147)	32	10	(105)
NET INCOME	\$ 356	\$ 96	\$ 254	\$ 390	\$ 1,096	\$ 174	\$ 161	\$ 165	\$ 500
<i>Effective income tax expense (benefit) rate</i>	32%	31%	29%	4%	23%	(544)%	17%	6%	(27)%
Per common share data:									
Basic:									
Weighted average shares (millions)	851	854	848	828	846	819	813	802	813
NET INCOME	\$ 0.42	\$ 0.11	\$ 0.30	\$ 0.47	\$ 1.30	\$ 0.21	\$ 0.20	\$ 0.21	\$ 0.62
Diluted:									
Weighted average shares (millions)	852	855	849	829	847	820	814	803	813
NET INCOME	\$ 0.42	\$ 0.11	\$ 0.30	\$ 0.47	\$ 1.29	\$ 0.21	\$ 0.20	\$ 0.21	\$ 0.62
Dividends paid per common share	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.20	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.15

Consolidated Balance Sheets
Marathon Oil Corporation

<i>(In millions)</i>	Mar. 31 2018	June 30 2018	Sept. 30 2018	Dec. 31 2018	Mar. 31 2019	June 30 2019	Sept. 30 2019
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 1,613	\$ 1,667	\$ 1,564	\$ 1,462	\$ 1,019	\$ 961	\$ 1,165
Receivables less allowance for doubtful accounts	1,100	1,176	1,335	1,079	1,086	1,144	1,148
Inventories	110	117	110	96	83	72	71
Other current assets	66	92	31	257	160	101	136
Current assets held for sale (a)	13	35	25	27	428	410	—
Total current assets	2,902	3,087	3,065	2,921	2,776	2,688	2,520
Equity method investments	806	788	757	745	719	684	667
Property, plant and equipment, net	16,931	16,881	16,899	16,804	16,714	16,730	16,717
Goodwill	98	98	97	97	97	95	95
Other noncurrent assets	849	860	912	723	440	420	374
Noncurrent assets held for sale (a)	48	157	48	31	664	665	—
Total assets	\$ 21,634	\$ 21,871	\$ 21,778	\$ 21,321	\$ 21,410	\$ 21,282	\$ 20,373
LIABILITIES							
Current liabilities:							
Accounts payable	\$ 1,335	\$ 1,428	\$ 1,479	\$ 1,320	\$ 1,310	\$ 1,401	\$ 1,374
Payroll and benefits payable	85	109	127	154	76	88	92
Accrued taxes	128	99	128	181	149	77	86
Other current liabilities	359	405	405	170	220	216	227
Long-term debt due within one year	—	—	—	—	—	600	600
Current liabilities held for sale (a)	2	3	3	7	103	89	—
Total current liabilities	1,909	2,044	2,142	1,832	1,858	2,471	2,379
Long-term debt	5,495	5,497	5,498	5,499	5,501	4,902	4,903
Deferred tax liabilities	221	237	215	199	192	184	183
Defined benefit postretirement plan obligations	331	311	286	195	179	179	174
Asset retirement obligations	1,445	1,364	1,243	1,081	192	189	198
Deferred credits and other liabilities	197	194	340	279	317	292	265
Noncurrent liabilities held for sale (a)	2	92	10	108	963	964	—
Total liabilities	9,600	9,739	9,734	9,193	9,202	9,181	8,102
TOTAL STOCKHOLDERS' EQUITY	12,034	12,132	12,044	12,128	12,208	12,101	12,271
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 21,634	\$ 21,871	\$ 21,778	\$ 21,321	\$ 21,410	\$ 21,282	\$ 20,373
Common stock issued	937	937	937	937	937	937	937
Common stock held in treasury	84	83	99	118	117	133	136
Net shares outstanding at balance sheet date	853	854	838	819	820	804	801

(a) The following summarizes our held for sale activity: Our U.K. business from March 31, 2019 to June 30, 2019; our Atrush block in Kurdistan from June 30, 2018 to March 31, 2019; our working interest in the Droszky field in the Gulf of Mexico at December 31, 2018; and our Sarsang block in Kurdistan from March 31, 2018 to June 30, 2018.

Consolidated Statements of Cash Flows (YTD)
Marathon Oil Corporation

<i>(In millions)</i>	Mar. 31 2018	June 30 2018	Sept. 30 2018	Dec. 31 2018	Mar. 31 2019	June 30 2019	Sept. 30 2019
OPERATING ACTIVITIES:							
Net income	\$ 356	\$ 452	\$ 706	\$ 1,096	\$ 174	\$ 335	\$ 500
Adjustments to reconcile to net cash provided by operating activities:							
Depreciation, depletion and amortization	590	1,202	1,828	2,441	554	1,159	1,781
Impairments	8	42	50	75	6	24	24
Exploratory dry well costs and unproved property impairments	42	93	144	255	49	69	85
Net gain on disposal of assets	(257)	(307)	(323)	(319)	(42)	(34)	(56)
Deferred income taxes	(31)	(6)	62	52	(31)	(33)	(34)
Net loss on derivative instruments	102	254	324	14	91	75	28
Net settlements of derivative instruments	(59)	(166)	(255)	(281)	22	27	41
Pension and other post retirement benefits, net	(34)	(51)	(60)	(65)	(25)	(41)	(51)
Stock-based compensation	14	28	40	53	14	32	45
Equity method investments, net	32	27	42	45	14	12	26
Changes in:							
Current receivables	(130)	(256)	(389)	(133)	(73)	(95)	(99)
Inventories	(9)	(17)	(11)	(1)	4	3	4
Current accounts payable and accrued liabilities	81	133	334	179	(102)	(158)	(164)
Other current assets and liabilities	(25)	(8)	21	(22)	14	119	108
All other operating, net	(31)	(4)	(134)	(155)	(154)	(182)	(189)
Net cash provided by operating activities	649	1,416	2,379	3,234	515	1,312	2,049
INVESTING ACTIVITIES:							
Additions to property, plant and equipment	(662)	(1,300)	(2,069)	(2,753)	(615)	(1,262)	(1,934)
Additions to other assets	(72)	(129)	(135)	(26)	14	42	41
Acquisitions, net of cash acquired	(4)	(25)	(25)	(25)	—	—	—
Disposal of assets, net of cash transferred to the buyer	1,180	1,183	1,249	1,264	13	69	(84)
Equity method investments - return of capital	9	32	48	57	12	49	51
All other investing, net	(2)	7	11	13	12	(27)	2
Net cash provided by (used in) investing activities	449	(232)	(921)	(1,470)	(564)	(1,129)	(1,924)
FINANCING ACTIVITIES:							
Purchases of common stock	(9)	(11)	(349)	(713)	(30)	(266)	(296)
Dividends paid	(42)	(85)	(128)	(169)	(41)	(82)	(122)
All other financing, net	2	18	22	23	(1)	(2)	(4)
Net cash used in financing activities	(49)	(78)	(455)	(859)	(72)	(350)	(422)
Effect of exchange rate on cash and cash equivalents	1	(2)	(2)	(2)	1	1	—
Net increase (decrease) in cash and cash equivalents	1,050	1,104	1,001	899	(120)	(166)	(297)
Cash and cash equivalents at beginning of period	563	563	563	563	1,462	1,462	1,462
Cash and cash equivalents at end of period (a)	\$ 1,613	\$ 1,667	\$ 1,564	\$ 1,462	\$ 1,342	\$ 1,296	\$ 1,165

(a) As of June 30, 2019 and March 31, 2019, cash and cash equivalents at end of period include \$335 million and \$323 million, respectively, of cash held for sale primarily related to our U.K. business.

Segment Income Summary
Marathon Oil Corporation

<i>(Dollars in millions)</i>	1st Qtr 2018	2nd Qtr 2018	3rd Qtr 2018	4th Qtr 2018	Year 2018	1st Qtr 2019	2nd Qtr 2019	3rd Qtr 2019	Year 2019
Segment income									
United States	\$ 125	\$ 123	\$ 201	\$ 159	\$ 608	\$ 132	\$ 215	\$ 180	\$ 527
International	132	142	116	83	473	61	96	43	200
Segment income	257	265	317	242	1,081	193	311	223	727
Not allocated to segments - Corporate items:									
Net interest and other	(45)	(65)	(58)	(58)	(226)	(49)	(64)	(64)	(177)
Other net periodic benefit costs	(1)	—	(1)	—	(2)	3	1	2	6
General and administrative	(55)	(61)	(57)	(43)	(216)	(58)	(48)	(43)	(149)
Other income and costs	(7)	(2)	(6)	(11)	(26)	40	1	(7)	34
Income tax (provision) benefit	5	(18)	(71)	4	(80)	134	(12)	—	122
Adjustments for special items not allocated to segments									
Net gain (loss) on dispositions	257	50	16	(4)	319	42	(8)	22	56
Proved property impairments	(8)	(34)	(8)	(25)	(75)	(6)	(18)	—	(24)
Exploratory dry well costs, unproved property impairments and other	—	—	—	(40)	(40)	—	—	—	—
Pension settlement	(4)	(2)	(10)	(5)	(21)	—	(2)	—	(2)
Unrealized gain (loss) on derivative instruments	(43)	(45)	19	336	267	(113)	11	33	(69)
Reduction of U.K. ARO estimated costs	—	8	113	—	121	—	—	—	—
Other	—	—	—	(6)	(6)	(12)	(11)	(1)	(24)
Net income	\$ 356	\$ 96	\$ 254	\$ 390	\$ 1,096	\$ 174	\$ 161	\$ 165	\$ 500

United States Supplemental Financial Data
Marathon Oil Corporation

<i>(Dollars in millions except per BOE statistics)</i>	1st Qtr 2018	2nd Qtr 2018	3rd Qtr 2018	4th Qtr 2018	Year 2018	1st Qtr 2019	2nd Qtr 2019	3rd Qtr 2019	Year 2019
Revenues from contracts with customers (a)	\$ 1,125	\$ 1,221	\$ 1,347	\$ 1,193	\$ 4,886	\$ 1,062	\$ 1,200	\$ 1,172	\$ 3,434
Net gain (loss) on commodity derivatives	(59)	(107)	(89)	(26)	(281)	22	5	14	41
Other income	3	2	2	9	16	1	4	3	8
Less Costs and Expenses:									
Production	151	153	172	149	625	139	147	147	433
Shipping, handling and other operating (b)	111	117	136	135	499	140	147	137	424
Exploration	51	64	55	76	246	59	26	22	107
DD&A	528	556	571	562	2,217	514	561	589	1,664
Taxes other than income	64	68	86	83	301	74	79	80	233
General and administrative	36	35	37	38	146	29	31	34	94
Income before taxes	128	123	203	133	587	130	218	180	528
Income tax provision (benefit)	3	—	2	(26)	(21)	(2)	3	—	1
Segment income	\$ 125	\$ 123	\$ 201	\$ 159	\$ 608	\$ 132	\$ 215	\$ 180	\$ 527
Effective tax rate	2%	—%	1%	(20)%	(4)%	(2)%	1%	—%	—%
Net sales volumes (mboed)	284	298	303	305	298	297	330	339	322

Costs and Expenses per BOE (c)	1st Qtr 2018	2nd Qtr 2018	3rd Qtr 2018	4th Qtr 2018	Year 2018	1st Qtr 2019	2nd Qtr 2019	3rd Qtr 2019	Year 2019
Production	\$ 5.89	\$ 5.66	\$ 6.14	\$ 5.31	\$ 5.75	\$ 5.21	\$ 4.89	\$ 4.75	\$ 4.94
Shipping, handling and other operating (d)	4.25	4.20	4.78	4.27	4.38	4.49	4.57	4.10	4.38
Exploration	1.98	2.35	1.99	2.66	2.25	2.20	0.86	0.72	1.22
DD&A	20.66	20.48	20.47	19.98	20.39	19.27	18.72	18.90	18.95
Taxes other than income	2.49	2.53	3.05	3.00	2.77	2.78	2.63	2.57	2.65
General and administrative	1.41	1.29	1.29	1.38	1.34	1.11	1.04	1.05	1.07

- (a) Includes marketing revenue.
- (b) Includes marketing expense.
- (c) Costs and expenses per BOE are based upon volumes sold.
- (d) Excludes marketing expense.

International Supplemental Financial Data
Marathon Oil Corporation

<i>(Dollars in millions except per BOE statistics)</i>	1st Qtr 2018	2nd Qtr 2018	3rd Qtr 2018	4th Qtr 2018	Year 2018	1st Qtr 2019	2nd Qtr 2019	3rd Qtr 2019	Year 2019
Revenues from contracts with customers	\$ 412	\$ 226	\$ 191	\$ 187	\$ 1,016	\$ 138	\$ 181	\$ 77	\$ 396
Income from equity method investments	37	60	64	64	225	11	31	21	63
Other income	1	2	4	5	12	3	2	2	7
Less Costs and Expenses:									
Production	67	52	43	53	215	50	46	16	112
Shipping, handling and other operating	19	10	16	25	70	13	10	1	24
Exploration	1	1	1	—	3	—	—	—	—
DD&A	54	50	49	44	197	34	38	25	97
General and administrative	9	9	7	7	32	7	8	5	20
Other net periodic benefit costs	(2)	(2)	(3)	(2)	(9)	(2)	(1)	—	(3)
Income before taxes	302	168	146	129	745	50	113	53	216
Income tax provision (benefit)	170	26	30	46	272	(11)	17	10	16
Segment income	\$ 132	\$ 142	\$ 116	\$ 83	\$ 473	\$ 61	\$ 96	\$ 43	\$ 200
Effective tax rate	56%	15%	21%	36%	37%	(22)%	15%	19%	7%
Net sales volumes (mboed)	147	121	112	108	122	88	107	88	94

Costs and Expenses per BOE (a)	1st Qtr 2018	2nd Qtr 2018	3rd Qtr 2018	4th Qtr 2018	Year 2018	1st Qtr 2019	2nd Qtr 2019	3rd Qtr 2019	Year 2019
Production	\$ 5.07	\$ 4.71	\$ 4.22	\$ 5.40	\$ 4.86	\$ 6.22	\$ 4.72	\$ 1.98	\$ 4.33
Shipping, handling and other operating	1.45	0.87	1.51	2.52	1.56	1.68	0.96	0.08	0.91
Exploration	0.09	0.08	0.09	0.04	0.08	0.03	0.01	—	0.02
DD&A	4.13	4.53	4.71	4.49	4.44	4.22	3.92	3.15	3.77
General and administrative	0.67	0.81	0.70	0.62	0.70	0.86	0.84	0.55	0.76

Equatorial Guinea	1st Qtr 2018	2nd Qtr 2018	3rd Qtr 2018	4th Qtr 2018	Year 2018	1st Qtr 2019	2nd Qtr 2019	3rd Qtr 2019	Year 2019
EG - Income from equity method investments	\$ 37	\$ 60	\$ 64	\$ 64	\$ 225	\$ 11	\$ 31	\$ 21	\$ 63
EG - Net income excl. equity method investments	20	44	38	8	110	6	44	22	72
EG Total Net Income	\$ 57	\$ 104	\$ 102	\$ 72	\$ 335	\$ 17	\$ 75	\$ 43	\$ 135
EG Net Income before DD&A, Tax, and Exploration (EBITDAX) (b)	\$ 124	\$ 192	\$ 190	\$ 153	\$ 659	\$ 69	\$ 142	\$ 101	\$ 312

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

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

Non-GAAP Reconciliations
Marathon Oil Corporation

Marathon Oil Corporation (“Marathon”) supplements its use of GAAP financial measures with non-GAAP financial measures as described on the following pages:

<i>(Dollars in millions)</i>	1st Qtr 2018	2nd Qtr 2018	3rd Qtr 2018	4th Qtr 2018	Year 2018	1st Qtr 2019	2nd Qtr 2019	3rd Qtr 2019	Year 2019
Net income	\$ 356	\$ 96	\$ 254	\$ 390	\$ 1,096	\$ 174	\$ 161	\$ 165	\$ 500
Adjustments for special items (pre-tax):									
Net (gain) loss on disposal of assets	(257)	(50)	(16)	4	(319)	(42)	8	(22)	(56)
Proved property impairments	8	34	8	25	75	6	18	—	24
Exploratory dry well costs, unproved property impairments and other	—	—	—	40	40	—	—	—	—
Pension settlement	4	2	10	5	21	—	2	—	2
Unrealized (gain) loss on derivative instruments	43	45	(19)	(336)	(267)	113	(11)	(33)	69
Reduction of U.K. ARO estimated costs	—	(8)	(113)	—	(121)	—	—	—	—
Other	—	—	—	6	6	12	11	1	24
Provision (benefit) for income taxes related to special items	—	7	76	(13)	70	(7)	—	—	(7)
Adjustments for special items	(202)	30	(54)	(269)	(495)	82	28	(54)	56
Adjusted net income (a)	\$ 154	\$ 126	\$ 200	\$ 121	\$ 601	\$ 256	\$ 189	\$ 111	\$ 556

<i>(Dollars in millions except per share data)</i>	1st Qtr 2018	2nd Qtr 2018	3rd Qtr 2018	4th Qtr 2018	Year 2018	1st Qtr 2019	2nd Qtr 2019	3rd Qtr 2019	Year 2019
Per common share data:									
Diluted:									
Weighted average shares (millions)	852	855	849	829	847	820	814	803	813
Adjusted net income (a)	\$ 154	\$ 126	\$ 200	\$ 121	\$ 601	\$ 256	\$ 189	\$ 111	\$ 556
Adjusted net income per share (a)	\$ 0.18	\$ 0.15	\$ 0.24	\$ 0.15	\$ 0.71	\$ 0.31	\$ 0.23	\$ 0.14	\$ 0.68

(a) Non-GAAP financial measure.

Our presentation of adjusted net income and adjusted net income per share is a non-GAAP measure. Adjusted net income is defined as net income adjusted for gains or losses on dispositions, certain property impairments, unrealized gains or losses on commodity derivative instruments, pension settlement losses and other items that could be considered “non-operating” or “non-core” in nature. Management believes this is useful to investors as another tool to meaningfully represent our operating performance and to compare Marathon to certain competitors. Adjusted net income and adjusted net income per share should not be considered in isolation or as an alternative to, or more meaningful than, net income or net income per share as determined in accordance with U.S. GAAP.

Non-GAAP Reconciliations
Marathon Oil Corporation

<i>(In millions)</i>	1st Qtr 2019			2nd Qtr 2019			3rd Qtr 2019			Year 2019		
Cash additions to Property, Plant, and Equipment	\$	615	\$	647	\$	672	\$	1,934				
Minus: Working Capital associated with PPE		(1)		54		3		56				
Property, Plant and Equipment Additions	\$	614	\$	701	\$	675	\$	1,990				

<i>(In millions)</i>	1st Qtr 2019			2nd Qtr 2019			3rd Qtr 2019			Year 2019		
	Dev Cap Expenditures	REx Cap Expenditures	Total	Dev Cap Expenditures	REx Cap Expenditures	Total	Dev Cap Expenditures	REx Cap Expenditures	Total	Dev Cap Expenditures	REx Cap Expenditures	Total
United States												
Property, Plant and Equipment Additions	\$ 565	\$ 41	\$ 606	\$ 627	\$ 59	\$ 686	\$ 639	\$ 28	\$ 667	\$ 1,831	\$ 128	\$ 1,959
Additions to other assets and acquisitions	—	(14)	(14)	—	(28)	(28)	—	1	1	—	(41)	(41)
M&S Inventory	(4)	—	(4)	(2)	—	(2)	(1)	—	(1)	(7)	—	(7)
Exploration costs other than well costs	—	10	10	—	6	6	—	6	6	—	22	22
Total Development and REx Capital Expenditures	\$ 561	\$ 37	\$ 598	\$ 625	\$ 37	\$ 662	\$ 638	\$ 35	\$ 673	\$ 1,824	\$ 109	\$ 1,933

<i>(In millions)</i>	1st Qtr 2019			2nd Qtr 2019			3rd Qtr 2019			Year 2019		
	Dev Cap Expenditures	REx Cap Expenditures	Total	Dev Cap Expenditures	REx Cap Expenditures	Total	Dev Cap Expenditures	REx Cap Expenditures	Total	Dev Cap Expenditures	REx Cap Expenditures	Total
International												
Property, Plant and Equipment Additions	\$ 5	\$ —	\$ 5	\$ 10	\$ —	\$ 10	\$ 1	\$ —	\$ 1	\$ 16	\$ —	\$ 16
M&S Inventory	—	—	—	(4)	—	(4)	—	—	—	(4)	—	(4)
Total Development and REx Capital Expenditures	\$ 5	\$ —	\$ 5	\$ 6	\$ —	\$ 6	\$ 1	\$ —	\$ 1	\$ 12	\$ —	\$ 12

<i>(In millions)</i>	1st Qtr 2019			2nd Qtr 2019			3rd Qtr 2019			Year 2019		
	Dev Cap Expenditures	REx Cap Expenditures	Total	Dev Cap Expenditures	REx Cap Expenditures	Total	Dev Cap Expenditures	REx Cap Expenditures	Total	Dev Cap Expenditures	REx Cap Expenditures	Total
Not allocated to segments												
Property, Plant and Equipment Additions	\$ 3	\$ —	\$ 3	\$ 5	\$ —	\$ 5	\$ 7	\$ —	\$ 7	\$ 15	\$ —	\$ 15
Total Development and REx Capital Expenditures	\$ 3	\$ —	\$ 3	\$ 5	\$ —	\$ 5	\$ 7	\$ —	\$ 7	\$ 15	\$ —	\$ 15

Total Capital Expenditures	\$	606	\$	673	\$	681	\$	1,960
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<i>(In millions)</i>	1st Qtr 2019			2nd Qtr 2019			3rd Qtr 2019			Year 2019		
Organic Free Cash Flow												
Net cash flow provided by operating activities	\$	515	\$	797	\$	737	\$	2,049				
Adjustments:												
Changes in working capital		157		(26)		20		151				
Exploration costs other than well costs		10		6		6		22				
Development capital expenditures		(569)		(636)		(646)		(1,851)				
Dividends		(41)		(41)		(40)		(122)				
EG LNG return of capital and other		8		37		4		49				
Organic Free Cash Flow (a)	\$	80	\$	137	\$	81	\$	298				

(a) Non-GAAP financial measure.

Our presentation of organic free cash flow is a non-GAAP measure. Organic free cash flow is defined as net cash provided by operating activities adjusted for working capital, exploration costs (other than well costs), development capital expenditures, dividends, and EG LNG return of capital. Management believes this is useful to investors as a measure of Marathon's ability to fund its capital expenditure programs and dividend payments, service debt, and other distributions to stockholders. Organic free cash flow should not be considered in isolation or as an alternative to, or more meaningful than, net cash provided by operating activities as determined in accordance with U.S. GAAP.

Non-GAAP Reconciliations
Marathon Oil Corporation

<i>(In millions)</i>	Mar. 31 2018	June 30 2018	Sept. 30 2018	Dec. 31 2018	Mar. 31 2019	June 30 2019	Sept. 30 2019
Cash Flows (YTD)							
Net cash provided by operating activities	\$ 649	\$ 1,416	\$ 2,379	\$ 3,234	\$ 515	\$ 1,312	\$ 2,049
Exclude changes in:							
Current receivables	(130)	(256)	(389)	(133)	(73)	(95)	(99)
Inventories	(9)	(17)	(11)	(1)	4	3	4
Current accounts payable and accrued expenses	81	133	334	179	(102)	(158)	(164)
Other current assets and liabilities	(25)	(8)	21	(22)	14	119	108
Total changes in working capital	(83)	(148)	(45)	23	(157)	(131)	(151)
Net cash provided by operating activities before changes in working capital (a)	\$ 732	\$ 1,564	\$ 2,424	\$ 3,211	\$ 672	\$ 1,443	\$ 2,200

(a) Non-GAAP financial measure.

Our presentation of net cash provided by operations before changes in working capital is a non-GAAP measure. Management believes this is useful to investors as an indicator of Marathon's ability to generate cash quarterly or year-to-date by eliminating differences caused by the timing of certain working capital items. Net cash provided by operations before changes in working capital should not be considered in isolation or as an alternative to, or more meaningful than, net cash provided by operating activities as determined in accordance with U.S. GAAP.

<i>(In millions)</i>	1st Qtr 2018	2nd Qtr 2018	3rd Qtr 2018	4th Qtr 2018	Year 2018	1st Qtr 2019	2nd Qtr 2019	3rd Qtr 2019	Year 2019
Equatorial Guinea EBITDAX									
EG - Income from equity method investments	\$ 37	\$ 60	\$ 64	\$ 64	\$ 225	\$ 11	\$ 31	\$ 21	\$ 63
EG - Net income excl. equity method investments	20	44	38	8	110	6	44	22	72
EG Total Net Income	57	104	102	72	335	17	75	43	135
All Other International Segment Income	75	38	14	11	138	44	21	—	65
Total International Segment Income	132	142	116	83	473	61	96	43	200
EG Total Net Income	57	104	102	72	335	17	75	43	135
Adjustments to EG total net income:									
DD&A	46	54	52	49	201	44	44	41	129
Tax	20	33	36	31	120	8	23	17	48
Exploration	1	—	—	1	2	—	—	—	—
Net interest	—	1	—	—	1	—	—	—	—
EG Net Income before DD&A, Tax, and Exploration (EBITDAX) (a)	\$ 124	\$ 192	\$ 190	\$ 153	\$ 659	\$ 69	\$ 142	\$ 101	\$ 312

(a) Non-GAAP financial measure.

Our presentation of E.G. EBITDAX is a non-GAAP measure. E.G. EBITDAX is defined as E.G. net income excluding net interest expense, taxes, depreciation, depletion and amortization (DD&A), and exploration. Management believes this is useful to investors as a measure of E.G.'s ability to contribute to Marathon's funding for its capital expenditure programs as well as for dividend payments, servicing debt, and other distributions to stockholders. E.G. EBITDAX should not be considered in isolation or as an alternative to, or more meaningful than, E.G. net income, which is a component of our International segment income as determined in accordance with U.S. GAAP.

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	1st Qtr 2019	2nd Qtr 2019	3rd Qtr 2019	Year 2019
Net income	\$ 356	\$ 96	\$ 254	\$ 390	\$ 1,096	\$ 174	\$ 161	\$ 165	\$ 500
Adjustments to net income:									
DD&A	590	612	626	613	2,441	554	605	622	1,781
Tax	168	44	103	16	331	(147)	32	10	(105)
Exploration	52	65	56	116	289	59	26	22	107
Net interest	45	65	58	58	226	49	64	64	177
EBITDAX	1,211	882	1,097	1,193	4,383	689	888	883	2,460
Adjustments for special items:									
Net (gain) loss on disposal of assets	(257)	(50)	(16)	4	(319)	(42)	8	(22)	(56)
Proved property impairments	8	34	8	25	75	6	18	—	24
Pension settlement	4	2	10	5	21	—	2	—	2
Unrealized (gain) loss on derivative instruments	43	45	(19)	(336)	(267)	113	(11)	(33)	69
Reduction of U.K. ARO estimated costs	—	(8)	(113)	—	(121)	—	—	—	—
Other	—	—	—	6	6	12	11	1	24
Adjustments for special items	(202)	23	(130)	(296)	(605)	89	28	(54)	63
Adjusted EBITDAX (a)	\$ 1,009	\$ 905	\$ 967	\$ 897	\$ 3,778	\$ 778	\$ 916	\$ 829	\$ 2,523

(a) Non-GAAP financial measure.

Our presentation of Adjusted EBITDAX is a non-GAAP measure. Adjusted EBITDAX is defined as net income excluding net interest expense, taxes, DD&A, and exploration, further adjusted for gains or losses on dispositions, certain property impairments, unrealized gains or losses on commodity derivative instruments, pension settlements and other items that could be considered “non-operating” or “non-core” in nature. Management believes this provides useful information to investors in evaluating our operating and financial performance because it eliminates the impact of certain items affecting comparability from period to period. Adjusted EBITDAX should not be considered in isolation or as an alternative to, or more meaningful than, net income as determined in accordance with U.S. GAAP.