



First Quarter 2020

Table of Contents:

Statements of Income	<u>2</u>	Guy Baber	713/296-1892
Balance Sheets	<u>3</u>	gbaber@marathonoil.com	
Statements of Cash Flows	<u>4</u>		
Segment Income Summary	<u>5</u>	John Reid	713/296-4380
United States Supplemental Financial Data	<u>6</u>	jreid@marathonoil.com	
International Supplemental Financial Data	<u>7</u>		
Non-GAAP Reconciliations	<u>8 - 11</u>		

Investor Relations

5555 San Felipe Street
Houston, TX 77056-2723

Additional information regarding Investor Relations,
Financial Highlights, and News Releases can be
reviewed on our website at: www.marathonoil.com

Consolidated Statements of Income
Marathon Oil Corporation

<i>(In millions, except per share data)</i>	1st Qtr 2019	2nd Qtr 2019	3rd Qtr 2019	4th Qtr 2019	Year 2019	1st Qtr 2020
REVENUES AND OTHER INCOME:						
Revenues from contracts with customers	\$ 1,200	\$ 1,381	\$ 1,249	\$ 1,233	\$ 5,063	\$ 1,024
Net gain (loss) on commodity derivatives	(91)	16	47	(44)	(72)	202
Income (loss) from equity method investments	11	31	21	24	87	(12)
Net gain (loss) on disposal of assets	42	(8)	22	(6)	50	9
Other income	35	13	6	8	62	7
Total revenues and other income	1,197	1,433	1,345	1,215	5,190	1,230
COSTS AND EXPENSES:						
Production	187	193	163	169	712	160
Shipping, handling and other operating	154	170	138	143	605	144
Exploration	59	26	22	42	149	28
Depreciation, depletion and amortization	554	605	622	616	2,397	644
Impairments	6	18	—	—	24	97
Taxes other than income	72	79	81	79	311	66
General and administrative	94	87	82	93	356	76
Total costs and expenses	1,126	1,178	1,108	1,142	4,554	1,215
Income from operations	71	255	237	73	636	15
Net interest and other	(49)	(64)	(64)	(67)	(244)	(64)
Other net periodic benefit costs	5	2	2	(6)	3	—
Loss on early extinguishment of debt	—	—	—	(3)	(3)	—
Income (loss) before income taxes	27	193	175	(3)	392	(49)
Estimated income tax provision (benefit)						
Current	(116)	34	11	17	(54)	(2)
Deferred	(31)	(2)	(1)	—	(34)	(1)
Total provision (benefit) for income taxes	(147)	32	10	17	(88)	(3)
NET INCOME (LOSS)	\$ 174	\$ 161	\$ 165	\$ (20)	\$ 480	\$ (46)
<i>Effective income tax rate</i>	<i>(544)%</i>	<i>17%</i>	<i>6%</i>	<i>(567)%</i>	<i>(22)%</i>	<i>6%</i>
Per common share data:						
Basic:						
Weighted average shares (millions)	819	813	802	800	810	794
NET INCOME (LOSS)	\$ 0.21	\$ 0.20	\$ 0.21	\$ (0.03)	\$ 0.59	\$ (0.06)
Diluted:						
Weighted average shares (millions)	820	814	803	800	810	794
NET INCOME (LOSS)	\$ 0.21	\$ 0.20	\$ 0.21	\$ (0.03)	\$ 0.59	\$ (0.06)
Dividends paid per common share	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.20	\$ 0.05

Consolidated Balance Sheets
Marathon Oil Corporation

<i>(In millions)</i>	Mar. 31 2019	June 30 2019	Sept. 30 2019	Dec. 31 2019	Mar. 31 2020
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,019	\$ 961	\$ 1,165	\$ 858	\$ 817
Receivables less allowance for doubtful accounts	1,086	1,144	1,148	1,122	703
Inventories	83	72	71	72	78
Derivative assets	21	33	56	9	193
Other current assets	139	68	80	74	118
Current assets held for sale (a)	428	410	—	—	—
Total current assets	2,776	2,688	2,520	2,135	1,909
Equity method investments	719	684	667	663	628
Property, plant and equipment, net	16,714	16,730	16,717	17,000	16,903
Goodwill	97	95	95	95	—
Other noncurrent assets	440	420	374	352	275
Noncurrent assets held for sale (a)	664	665	—	—	—
Total assets	\$ 21,410	\$ 21,282	\$ 20,373	\$ 20,245	\$ 19,715
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 1,310	\$ 1,401	\$ 1,374	\$ 1,307	\$ 1,104
Payroll and benefits payable	76	88	92	112	68
Accrued taxes	149	77	86	118	72
Other current liabilities	220	216	227	208	198
Long-term debt due within one year	—	600	600	—	—
Current liabilities held for sale (a)	103	89	—	—	—
Total current liabilities	1,858	2,471	2,379	1,745	1,442
Long-term debt	5,501	4,902	4,903	5,501	5,502
Deferred tax liabilities	192	184	183	186	185
Defined benefit postretirement plan obligations	179	179	174	183	172
Asset retirement obligations	192	189	198	243	236
Deferred credits and other liabilities	317	292	265	234	220
Noncurrent liabilities held for sale (a)	963	964	—	—	—
Total liabilities	9,202	9,181	8,102	8,092	7,757
TOTAL STOCKHOLDERS' EQUITY	12,208	12,101	12,271	12,153	11,958
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 21,410	\$ 21,282	\$ 20,373	\$ 20,245	\$ 19,715
Common stock issued	937	937	937	937	937
Common stock held in treasury	117	133	136	141	146
Net shares outstanding at balance sheet date	820	804	801	796	791

(a) The following summarizes our held for sale activity: Our U.K. business from March 31, 2019 to June 30, 2019 and our Atrush block in Kurdistan during March 31, 2019

Consolidated Statements of Cash Flows (YTD)
Marathon Oil Corporation

<i>(In millions)</i>	Mar. 31 2019	June 30 2019	Sept. 30 2019	Dec. 31 2019	Mar. 31 2020
OPERATING ACTIVITIES:					
Net income (loss)	\$ 174	\$ 335	\$ 500	\$ 480	\$ (46)
Adjustments to reconcile to net cash provided by operating activities:					
Depreciation, depletion and amortization	554	1,159	1,781	2,397	644
Impairments	6	24	24	24	97
Exploratory dry well costs and unproved property impairments	49	69	85	114	22
Net gain on disposal of assets	(42)	(34)	(56)	(50)	(9)
Loss on early extinguishment of debt	—	—	—	3	—
Deferred income taxes	(31)	(33)	(34)	(34)	(1)
Net (gain) loss on derivative instruments	91	75	28	72	(202)
Net settlements of derivative instruments	22	27	41	52	31
Pension and other post retirement benefits, net	(25)	(41)	(51)	(52)	(11)
Stock-based compensation	14	32	45	60	15
Equity method investments, net	14	12	26	18	28
Changes in:					
Current receivables	(73)	(95)	(99)	52	407
Inventories	4	3	4	3	(6)
Current accounts payable and accrued liabilities	(102)	(158)	(164)	(187)	(234)
Other current assets and liabilities	14	119	108	(4)	(16)
All other operating, net	(154)	(182)	(189)	(199)	(18)
Net cash provided by operating activities	515	1,312	2,049	2,749	701
INVESTING ACTIVITIES:					
Additions to property, plant and equipment	(615)	(1,262)	(1,934)	(2,550)	(620)
Additions to other assets	14	42	41	36	(1)
Acquisitions, net of cash acquired	—	—	—	(293)	—
Disposal of assets, net of cash transferred to the buyer	13	69	(84)	(76)	3
Equity method investments - return of capital	12	49	51	64	7
All other investing, net	12	(27)	2	1	—
Net cash used in investing activities	(564)	(1,129)	(1,924)	(2,818)	(611)
FINANCING ACTIVITIES:					
Borrowings	—	—	—	600	—
Debt repayments	—	—	—	(600)	—
Debt extinguishment costs	—	—	—	(2)	—
Purchases of common stock	(30)	(266)	(296)	(362)	(92)
Dividends paid	(41)	(82)	(122)	(162)	(40)
All other financing, net	(1)	(2)	(4)	(9)	1
Net cash used in financing activities	(72)	(350)	(422)	(535)	(131)
Effect of exchange rate on cash and cash equivalents	1	1	—	—	—
Net decrease in cash and cash equivalents	(120)	(166)	(297)	(604)	(41)
Cash and cash equivalents at beginning of period	1,462	1,462	1,462	1,462	858
Cash and cash equivalents at end of period (a)	\$ 1,342	\$ 1,296	\$ 1,165	\$ 858	\$ 817

(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 2019	2nd Qtr 2019	3rd Qtr 2019	4th Qtr 2019	Year 2019	1st Qtr 2020
Segment income (loss)						
United States	\$ 132	\$ 215	\$ 180	\$ 148	\$ 675	\$ (20)
International	61	96	43	33	233	(1)
Segment income (loss)	193	311	223	181	908	(21)
Not allocated to segments - Corporate items:						
Net interest and other	(49)	(64)	(64)	(67)	(244)	(64)
Other net periodic benefit costs	3	1	2	(6)	—	—
General and administrative	(58)	(48)	(43)	(55)	(204)	(40)
Other income and costs	40	1	(7)	1	35	(2)
Income tax (provision) benefit	134	(12)	—	1	123	2
Adjustments for special items not allocated to segments						
Net gain (loss) on disposal of assets	42	(8)	22	(6)	50	9
Proved property impairments	(6)	(18)	—	—	(24)	(2)
Goodwill impairment	—	—	—	—	—	(95)
Pension settlement	—	(2)	—	(10)	(12)	(2)
Unrealized gain (loss) on derivative instruments	(113)	11	33	(55)	(124)	171
Other	(12)	(11)	(1)	(4)	(28)	(2)
Net income (loss)	\$ 174	\$ 161	\$ 165	\$ (20)	\$ 480	\$ (46)

United States Supplemental Financial Data
Marathon Oil Corporation

<i>(In millions, except per BOE statistics)</i>	1st Qtr 2019	2nd Qtr 2019	3rd Qtr 2019	4th Qtr 2019	Year 2019	1st Qtr 2020
Revenues from contracts with customers (a)	\$ 1,062	\$ 1,200	\$ 1,172	\$ 1,168	\$ 4,602	\$ 970
Net gain (loss) on commodity derivatives	22	5	14	11	52	31
Other income	1	4	3	5	13	4
Less Costs and Expenses:						
Production	139	147	147	155	588	143
Shipping, handling and other operating (b)	140	147	137	137	561	140
Exploration	59	26	22	42	149	28
DD&A	514	561	589	586	2,250	617
Taxes other than income	74	79	80	78	311	66
General and administrative	29	31	34	33	127	32
Income (loss) before taxes	130	218	180	153	681	(21)
Income tax provision (benefit)	(2)	3	—	5	6	(1)
Segment income (loss)	\$ 132	\$ 215	\$ 180	\$ 148	\$ 675	\$ (20)
Effective tax rate	(2)%	1%	—%	3%	1%	5%
Net sales volumes (mboed)	297	330	339	328	323	338

Costs and Expenses per BOE (c)	1st Qtr 2019	2nd Qtr 2019	3rd Qtr 2019	4th Qtr 2019	Year 2019	1st Qtr 2020
Production	\$ 5.21	\$ 4.89	\$ 4.75	\$ 5.13	\$ 4.98	\$ 4.63
Shipping, handling and other operating (d)	4.49	4.57	4.10	4.25	4.34	3.88
Exploration	2.20	0.86	0.72	1.37	1.26	0.91
DD&A	19.27	18.72	18.90	19.42	19.07	20.03
Taxes other than income	2.78	2.63	2.57	2.61	2.64	2.13
General and administrative	1.11	1.04	1.05	1.11	1.08	1.04

(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>(In millions, except per BOE statistics)</i>	1st Qtr 2019	2nd Qtr 2019	3rd Qtr 2019	4th Qtr 2019	Year 2019	1st Qtr 2020
Revenues from contracts with customers	\$ 138	\$ 181	\$ 77	\$ 65	\$ 461	\$ 54
Income (loss) from equity method investments	11	31	21	24	87	(12)
Other income	3	2	2	2	9	2
Less Costs and Expenses:						
Production	50	46	16	14	126	17
Shipping, handling and other operating	13	10	1	2	26	3
DD&A	34	38	25	24	121	21
General and administrative	7	8	5	5	25	4
Other net periodic benefit costs	(2)	(1)	—	—	(3)	—
Income before taxes	50	113	53	46	262	(1)
Income tax provision (benefit)	(11)	17	10	13	29	—
Segment income (loss)	\$ 61	\$ 96	\$ 43	\$ 33	\$ 233	\$ (1)
Effective tax rate	(22)%	15%	19%	28%	11%	—%
Net sales volumes (mboed)	88	107	88	83	91	81
Costs and Expenses per BOE (a)						
Production	\$ 6.22	\$ 4.72	\$ 1.98	\$ 1.82	\$ 3.76	\$ 2.35
Shipping, handling and other operating	1.68	0.96	0.08	0.34	0.78	0.43
DD&A	4.22	3.92	3.15	3.04	3.61	2.86
General and administrative	0.86	0.84	0.55	0.64	0.73	0.53
Equatorial Guinea						
EG - Income (loss) from equity method investments	\$ 11	\$ 31	\$ 21	\$ 24	\$ 87	\$ (12)
EG - Net income excl. equity method investments	6	44	22	17	89	9
EG Total Net Income (Loss)	\$ 17	\$ 75	\$ 43	\$ 41	\$ 176	\$ (3)
EG Net Income before DD&A, Tax, and Exploration (EBITDAX) (b)	\$ 69	\$ 142	\$ 101	\$ 96	\$ 408	\$ 34

(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>(In millions)</i>	1st Qtr 2019	2nd Qtr 2019	3rd Qtr 2019	4th Qtr 2019	Year 2019	1st Qtr 2020
Net income (loss)	\$ 174	\$ 161	\$ 165	\$ (20)	\$ 480	\$ (46)
Adjustments for special items (pre-tax):						
Net (gain) loss on disposal of assets	(42)	8	(22)	6	(50)	(9)
Proved property impairments	6	18	—	—	24	2
Goodwill impairment	—	—	—	—	—	95
Pension settlement	—	2	—	10	12	2
Unrealized (gain) loss on derivative instruments	113	(11)	(33)	55	124	(171)
Other	12	11	1	4	28	2
Benefit for income taxes related to special items	(7)	—	—	—	(7)	—
Adjustments for special items	82	28	(54)	75	131	(79)
Adjusted net income (loss) (a)	\$ 256	\$ 189	\$ 111	\$ 55	\$ 611	\$ (125)

<i>(In millions, except per share data)</i>	1st Qtr 2019	2nd Qtr 2019	3rd Qtr 2019	4th Qtr 2019	Year 2019	1st Qtr 2020
Per common share data:						
Diluted:						
Weighted average shares (millions)	820	814	803	800	810	794
Adjusted net income (loss) (a)	\$ 256	\$ 189	\$ 111	\$ 55	\$ 611	\$ (125)
Adjusted net income (loss) per share (a)	\$ 0.31	\$ 0.23	\$ 0.14	\$ 0.07	\$ 0.75	\$ (0.16)

(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 2020	
Cash additions to Property, Plant, and Equipment	\$	620
Minus: Working Capital associated with PPE		(52)
Property, Plant and Equipment Additions	\$	568
Non-Development Capital		11
Total Capital Expenditures	\$	579

Non-GAAP Reconciliations
Marathon Oil Corporation

<i>(In millions)</i>	Mar. 31 2019	Dec. 31 2019	Mar. 31 2020
Cash Flows (QTD)			
Changes in Working Capital			
Current receivables	\$ (73)	\$ 151	\$ 407
Inventories	4	(1)	(6)
Current accounts payable and accrued expenses	(102)	(23)	(234)
Other current assets and liabilities	14	(112)	(16)
Total changes in operating working capital	\$ (157)	\$ 15	\$ 151
Changes in investing working capital	(5)	(16)	(48)
Total changes in working capital	\$ (162)	\$ (1)	\$ 103
Net cash provided by operating activities	\$ 515	\$ 700	\$ 701
Total changes in operating working capital	(157)	15	151
Net cash provided by operating activities before changes in operating working capital (a)	\$ 672	\$ 685	\$ 550
Exploration costs other than well costs	10	13	6
Net cash provided by operating activities before changes in operating working capital and exploration costs (a)	\$ 682	\$ 698	\$ 556

(a) Non-GAAP financial measure.

Our presentation of net cash provided by operations before changes in operating working capital and net cash provided by operations before changes in operating working capital and exploration costs are non-GAAP measures. 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 and net cash provided by operations before changes in working capital and exploration costs 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 2019	2nd Qtr 2019	3rd Qtr 2019	4th Qtr 2019	Year 2019	1st Qtr 2020
Equatorial Guinea EBITDAX						
EG - Income from equity method investments	\$ 11	\$ 31	\$ 21	\$ 24	\$ 87	\$ (12)
EG - Net income excl. equity method investments	6	44	22	17	89	9
EG Total Net Income	17	75	43	41	176	(3)
Adjustments to EG total net income:						
DD&A	44	44	41	40	169	37
Tax	8	23	17	15	63	—
EG Net Income before DD&A, Tax, and Exploration (EBITDAX) (a)	\$ 69	\$ 142	\$ 101	\$ 96	\$ 408	\$ 34

(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>(In millions)</i>	1st Qtr 2019	2nd Qtr 2019	3rd Qtr 2019	4th Qtr 2019	Year 2019	1st Qtr 2020
Net income (loss)	\$ 174	\$ 161	\$ 165	\$ (20)	\$ 480	\$ (46)
Adjustments to net income (loss):						
DD&A	554	605	622	616	2,397	644
Tax	(147)	32	10	17	(88)	(3)
Exploration	59	26	22	42	149	28
Net interest and other	49	64	64	67	244	64
EBITDAX	689	888	883	722	3,182	687
Adjustments for special items:						
Net (gain) loss on disposal of assets	(42)	8	(22)	6	(50)	(9)
Proved property impairments	6	18	—	—	24	2
Goodwill impairment	—	—	—	—	—	95
Pension settlement	—	2	—	10	12	2
Unrealized (gain) loss on derivative instruments	113	(11)	(33)	55	124	(171)
Other	12	11	1	4	28	2
Adjustments for special items	89	28	(54)	75	138	(79)
Adjusted EBITDAX (a)	\$ 778	\$ 916	\$ 829	\$ 797	\$ 3,320	\$ 608

(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.