



# Marathon Oil Corporation

## Second Quarter 2020

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August 5, 2020

**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	2nd Qtr 2020	Year 2020
<b>REVENUES AND OTHER INCOME:</b>								
Revenues from contracts with customers	\$ 1,200	\$ 1,381	\$ 1,249	\$ 1,233	\$ 5,063	\$ 1,024	\$ 490	\$ 1,514
Net gain (loss) on commodity derivatives	(91)	16	47	(44)	(72)	202	(70)	132
Income (loss) from equity method investments	11	31	21	24	87	(12)	(152)	(164)
Net gain (loss) on disposal of assets	42	(8)	22	(6)	50	9	(2)	7
Other income	35	13	6	8	62	7	6	13
Total revenues and other income	1,197	1,433	1,345	1,215	5,190	1,230	272	1,502
<b>COSTS AND EXPENSES:</b>								
Production	187	193	163	169	712	160	129	289
Shipping, handling and other operating	154	170	138	143	605	144	105	249
Exploration	59	26	22	42	149	28	26	54
Depreciation, depletion and amortization	554	605	622	616	2,397	644	597	1,241
Impairments	6	18	—	—	24	97	—	97
Taxes other than income	72	79	81	79	311	66	30	96
General and administrative	94	87	82	93	356	76	88	164
Total costs and expenses	1,126	1,178	1,108	1,142	4,554	1,215	975	2,190
<b>Income (loss) from operations</b>	71	255	237	73	636	15	(703)	(688)
Net interest and other	(49)	(64)	(64)	(67)	(244)	(64)	(69)	(133)
Other net periodic benefit cost (credit)	5	2	2	(6)	3	—	7	7
Loss on early extinguishment of debt	—	—	—	(3)	(3)	—	—	—
<b>Income (loss) before income taxes</b>	27	193	175	(3)	392	(49)	(765)	(814)
Estimated income tax provision (benefit)								
Current	(116)	34	11	17	(54)	(2)	(2)	(4)
Deferred	(31)	(2)	(1)	—	(34)	(1)	(13)	(14)
Total provision (benefit) for income taxes	(147)	32	10	17	(88)	(3)	(15)	(18)
<b>NET INCOME (LOSS)</b>	<b>\$ 174</b>	<b>\$ 161</b>	<b>\$ 165</b>	<b>\$ (20)</b>	<b>\$ 480</b>	<b>\$ (46)</b>	<b>\$ (750)</b>	<b>\$ (796)</b>
<i>Effective income tax rate</i>	<i>(544)%</i>	<i>17 %</i>	<i>6 %</i>	<i>(567)%</i>	<i>(22)%</i>	<i>6 %</i>	<i>2 %</i>	<i>2 %</i>
<b>Per common share data:</b>								
<b>Basic:</b>								
Weighted average shares (millions)	819	813	802	800	810	794	790	793
<b>NET INCOME (LOSS)</b>	<b>\$ 0.21</b>	<b>\$ 0.20</b>	<b>\$ 0.21</b>	<b>\$ (0.03)</b>	<b>\$ 0.59</b>	<b>\$ (0.06)</b>	<b>\$ (0.95)</b>	<b>\$ (1.00)</b>
<b>Diluted:</b>								
Weighted average shares (millions)	820	814	803	800	810	794	790	793
<b>NET INCOME (LOSS)</b>	<b>\$ 0.21</b>	<b>\$ 0.20</b>	<b>\$ 0.21</b>	<b>\$ (0.03)</b>	<b>\$ 0.59</b>	<b>\$ (0.06)</b>	<b>\$ (0.95)</b>	<b>\$ (1.00)</b>
<b>Dividends paid per common share</b>	<b>\$ 0.05</b>	<b>\$ 0.05</b>	<b>\$ 0.05</b>	<b>\$ 0.05</b>	<b>\$ 0.20</b>	<b>\$ 0.05</b>	<b>\$ —</b>	<b>\$ 0.05</b>

**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	June 30 2020
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 1,019	\$ 961	\$ 1,165	\$ 858	\$ 817	\$ 522
Receivables less allowance for doubtful accounts	1,086	1,144	1,148	1,122	703	620
Inventories	83	72	71	72	78	77
Derivative assets	21	33	56	9	193	79
Other current assets	139	68	80	74	118	107
Current assets held for sale (a)	428	410	—	—	—	—
Total current assets	2,776	2,688	2,520	2,135	1,909	1,405
Equity method investments	719	684	667	663	628	476
Property, plant and equipment, net	16,714	16,730	16,717	17,000	16,903	16,424
Goodwill	97	95	95	95	—	—
Other noncurrent assets	440	420	374	352	275	262
Noncurrent assets held for sale (a)	664	665	—	—	—	—
Total assets	\$ 21,410	\$ 21,282	\$ 20,373	\$ 20,245	\$ 19,715	\$ 18,567
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	\$ 1,310	\$ 1,401	\$ 1,374	\$ 1,307	\$ 1,104	\$ 696
Payroll and benefits payable	76	88	92	112	68	76
Accrued taxes	149	77	86	118	72	77
Other current liabilities	220	216	227	208	198	216
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	1,065
Long-term debt	5,501	4,902	4,903	5,501	5,502	5,503
Deferred tax liabilities	192	184	183	186	185	171
Defined benefit postretirement plan obligations	179	179	174	183	172	194
Asset retirement obligations	192	189	198	243	236	242
Deferred credits and other liabilities	317	292	265	234	220	217
Noncurrent liabilities held for sale (a)	963	964	—	—	—	—
Total liabilities	9,202	9,181	8,102	8,092	7,757	7,392
<b>TOTAL STOCKHOLDERS' EQUITY</b>	12,208	12,101	12,271	12,153	11,958	11,175
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	\$ 21,410	\$ 21,282	\$ 20,373	\$ 20,245	\$ 19,715	\$ 18,567
Common stock issued	937	937	937	937	937	937
Common stock held in treasury	117	133	136	141	146	147
Net shares outstanding at balance sheet date	820	804	801	796	791	790

(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>	<b>Mar. 31</b>	<b>June 30</b>	<b>Sept. 30</b>	<b>Dec. 31</b>	<b>Mar. 31</b>	<b>June 30</b>
	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2020</b>	<b>2020</b>
<b>OPERATING ACTIVITIES:</b>						
Net income (loss)	\$ 174	\$ 335	\$ 500	\$ 480	\$ (46)	\$ (796)
Adjustments to reconcile to net cash provided by operating activities:						
Depreciation, depletion and amortization	554	1,159	1,781	2,397	644	1,241
Impairments	6	24	24	24	97	97
Exploratory dry well costs and unproved property impairments	49	69	85	114	22	40
Net gain on disposal of assets	(42)	(34)	(56)	(50)	(9)	(7)
Loss on early extinguishment of debt	—	—	—	3	—	—
Deferred income taxes	(31)	(33)	(34)	(34)	(1)	(14)
Net (gain) loss on derivative instruments	91	75	28	72	(202)	(132)
Net settlements of derivative instruments	22	27	41	52	31	57
Pension and other post retirement benefits, net	(25)	(41)	(51)	(52)	(11)	(31)
Stock-based compensation	14	32	45	60	15	28
Equity method investments, net	14	12	26	18	28	180
Changes in:						
Current receivables	(73)	(95)	(99)	52	407	489
Inventories	4	3	4	3	(6)	(5)
Current accounts payable and accrued liabilities	(102)	(158)	(164)	(187)	(234)	(456)
Other current assets and liabilities	14	119	108	(4)	(16)	46
All other operating, net	(154)	(182)	(189)	(199)	(18)	(27)
<b>Net cash provided by operating activities</b>	<b>515</b>	<b>1,312</b>	<b>2,049</b>	<b>2,749</b>	<b>701</b>	<b>710</b>
<b>INVESTING ACTIVITIES:</b>						
Additions to property, plant and equipment	(615)	(1,262)	(1,934)	(2,550)	(620)	(946)
Additions to other assets	14	42	41	36	(1)	12
Acquisitions, net of cash acquired	—	—	—	(293)	—	3
Disposal of assets, net of cash transferred to the buyer	13	69	(84)	(76)	3	9
Equity method investments - return of capital	12	49	51	64	7	7
All other investing, net	12	(27)	2	1	—	—
<b>Net cash used in investing activities</b>	<b>(564)</b>	<b>(1,129)</b>	<b>(1,924)</b>	<b>(2,818)</b>	<b>(611)</b>	<b>(915)</b>
<b>FINANCING ACTIVITIES:</b>						
Borrowings	—	—	—	600	—	—
Debt repayments	—	—	—	(600)	—	—
Debt extinguishment costs	—	—	—	(2)	—	—
Purchases of common stock	(30)	(266)	(296)	(362)	(92)	(92)
Dividends paid	(41)	(82)	(122)	(162)	(40)	(40)
All other financing, net	(1)	(2)	(4)	(9)	1	1
<b>Net cash used in financing activities</b>	<b>(72)</b>	<b>(350)</b>	<b>(422)</b>	<b>(535)</b>	<b>(131)</b>	<b>(131)</b>
<b>Effect of exchange rate on cash and cash equivalents</b>	<b>1</b>	<b>1</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(120)</b>	<b>(166)</b>	<b>(297)</b>	<b>(604)</b>	<b>(41)</b>	<b>(336)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,462</b>	<b>1,462</b>	<b>1,462</b>	<b>1,462</b>	<b>858</b>	<b>858</b>
<b>Cash and cash equivalents at end of period (a)</b>	<b>\$ 1,342</b>	<b>\$ 1,296</b>	<b>\$ 1,165</b>	<b>\$ 858</b>	<b>\$ 817</b>	<b>\$ 522</b>

(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	2nd Qtr 2020	Year 2020
Segment income (loss)								
United States	\$ 132	\$ 215	\$ 180	\$ 148	\$ 675	\$ (20)	\$ (365)	\$ (385)
International	61	96	43	33	233	(1)	(6)	(7)
<b>Segment income (loss)</b>	<b>193</b>	<b>311</b>	<b>223</b>	<b>181</b>	<b>908</b>	<b>(21)</b>	<b>(371)</b>	<b>(392)</b>
Not allocated to segments - Corporate items:								
Net interest and other	(49)	(64)	(64)	(67)	(244)	(64)	(69)	(133)
Other net periodic benefit cost (credit)	3	1	2	(6)	—	—	7	7
General and administrative	(58)	(48)	(43)	(55)	(204)	(40)	(53)	(93)
Other income and costs	40	1	(7)	1	35	(2)	5	3
Income tax (provision) benefit	134	(12)	—	1	123	2	4	6
Adjustments for special items not allocated to segments								
Net gain (loss) on disposal of assets	42	(8)	22	(6)	50	9	(2)	7
Proved property impairments	(6)	(18)	—	—	(24)	(2)	—	(2)
Goodwill impairment	—	—	—	—	—	(95)	—	(95)
Pension settlement	—	(2)	—	(10)	(12)	(2)	(14)	(16)
Pension curtailment	—	—	—	—	—	—	17	17
Unrealized gain (loss) on derivative instruments	(113)	11	33	(55)	(124)	171	(96)	75
Reduction in workforce	—	—	—	—	—	—	(13)	(13)
Impairment of equity method investment	—	—	—	—	—	—	(152)	(152)
Other	(12)	(11)	(1)	(4)	(28)	(2)	(13)	(15)
<b>Net income (loss)</b>	<b>\$ 174</b>	<b>\$ 161</b>	<b>\$ 165</b>	<b>\$ (20)</b>	<b>\$ 480</b>	<b>\$ (46)</b>	<b>\$ (750)</b>	<b>\$ (796)</b>

**United States Supplemental Financial Data  
Marathon Oil Corporation**

<i>(In millions, except per BOE statistics)</i>
Revenues from contracts with customers (a)
Net gain on commodity derivatives
Other income
<b>Less Costs and Expenses:</b>
Production
Shipping, handling and other operating (b)
Exploration
DD&A
Taxes other than income
General and administrative
Income (loss) before taxes
Income tax provision (benefit)
<b>Segment income (loss)</b>
Effective tax rate
<b>Net sales volumes (mboed)</b>

1st Qtr 2019	2nd Qtr 2019	3rd Qtr 2019	4th Qtr 2019	Year 2019
\$ 1,062	\$ 1,200	\$ 1,172	\$ 1,168	\$ 4,602
22	5	14	11	52
1	4	3	5	13
139	147	147	155	588
140	147	137	137	561
59	26	22	42	149
514	561	589	586	2,250
74	79	80	78	311
29	31	34	33	127
130	218	180	153	681
(2)	3	—	5	6
\$ 132	\$ 215	\$ 180	\$ 148	\$ 675
(2)%	1%	—%	3%	1%
297	330	339	328	323

1st Qtr 2020	2nd Qtr 2020	Year 2020
\$ 970	\$ 462	\$ 1,432
31	26	57
4	3	7
143	114	257
140	91	231
28	26	54
617	569	1,186
66	30	96
32	32	64
(21)	(371)	(392)
(1)	(6)	(7)
\$ (20)	\$ (365)	\$ (385)
5%	2%	2%
338	308	323

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

\$ 5.21	\$ 4.89	\$ 4.75	\$ 5.13	\$ 4.98
4.49	4.57	4.10	4.25	4.34
2.20	0.86	0.72	1.37	1.26
19.27	18.72	18.90	19.42	19.07
2.78	2.63	2.57	2.61	2.64
1.11	1.04	1.05	1.11	1.08

\$ 4.63	\$ 4.09	\$ 4.37
3.88	2.86	3.39
0.91	1.20	1.05
20.03	20.28	20.15
2.13	1.07	1.63
1.04	1.13	1.09

- (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	2nd Qtr 2020	Year 2020
Revenues from contracts with customers	\$ 138	\$ 181	\$ 77	\$ 65	\$ 461	\$ 54	\$ 28	\$ 82
Income (loss) from equity method investments	11	31	21	24	87	(12)	—	(12)
Other income	3	2	2	2	9	2	2	4
<b>Less Costs and Expenses:</b>								
Production	50	46	16	14	126	17	15	32
Shipping, handling and other operating	13	10	1	2	26	3	1	4
DD&A	34	38	25	24	121	21	22	43
General and administrative	7	8	5	5	25	4	3	7
Other net periodic benefit costs	(2)	(1)	—	—	(3)	—	—	—
Income (loss) before taxes	50	113	53	46	262	(1)	(11)	(12)
Income tax provision (benefit)	(11)	17	10	13	29	—	(5)	(5)
<b>Segment income (loss)</b>	<b>\$ 61</b>	<b>\$ 96</b>	<b>\$ 43</b>	<b>\$ 33</b>	<b>\$ 233</b>	<b>\$ (1)</b>	<b>\$ (6)</b>	<b>\$ (7)</b>
Effective tax rate	(22)%	15%	19%	28%	11%	—%	45%	42%
<b>Net sales volumes (mboed)</b>	<b>88</b>	<b>107</b>	<b>88</b>	<b>83</b>	<b>91</b>	<b>81</b>	<b>84</b>	<b>83</b>
<b>Costs and Expenses per BOE (a)</b>								
Production	\$ 6.22	\$ 4.72	\$ 1.98	\$ 1.82	\$ 3.76	\$ 2.35	\$ 1.88	\$ 2.11
Shipping, handling and other operating	1.68	0.96	0.08	0.34	0.78	0.43	0.09	0.26
DD&A	4.22	3.92	3.15	3.04	3.61	2.86	2.86	2.86
General and administrative	0.86	0.84	0.55	0.64	0.73	0.53	0.42	0.47
<b>Equatorial Guinea</b>								
EG - Income (loss) from equity method investments	\$ 11	\$ 31	\$ 21	\$ 24	\$ 87	\$ (12)	\$ —	\$ (12)
EG - Net income (loss) excluding equity method investments	6	44	22	17	89	9	(5)	4
EG Total Net Income (Loss)	\$ 17	\$ 75	\$ 43	\$ 41	\$ 176	\$ (3)	\$ (5)	\$ (8)
<b>EG Net Income before DD&amp;A, Tax, and Exploration (EBITDAX) (b)</b>	<b>\$ 69</b>	<b>\$ 142</b>	<b>\$ 101</b>	<b>\$ 96</b>	<b>\$ 408</b>	<b>\$ 34</b>	<b>\$ 22</b>	<b>\$ 56</b>

(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	2nd Qtr 2020	Year 2020
<b>Net income (loss)</b>	\$ 174	\$ 161	\$ 165	\$ (20)	\$ 480	\$ (46)	\$ (750)	\$ (796)
Adjustments for special items (pre-tax):								
Net (gain) loss on disposal of assets	(42)	8	(22)	6	(50)	(9)	2	(7)
Proved property impairments	6	18	—	—	24	2	—	2
Goodwill impairment	—	—	—	—	—	95	—	—
Pension settlement	—	2	—	10	12	2	14	16
Pension curtailment	—	—	—	—	—	—	(17)	(17)
Unrealized (gain) loss on derivative instruments	113	(11)	(33)	55	124	(171)	96	(75)
Reduction in workforce	—	—	—	—	—	—	13	13
Impairment of equity method investment	—	—	—	—	—	—	152	152
Other	12	11	1	4	28	2	13	15
Benefit for income taxes related to special items	(7)	—	—	—	(7)	—	—	—
<b>Adjustments for special items</b>	82	28	(54)	75	131	(79)	273	194
<b>Adjusted net income (loss) (a)</b>	<b>\$ 256</b>	<b>\$ 189</b>	<b>\$ 111</b>	<b>\$ 55</b>	<b>\$ 611</b>	<b>\$ (125)</b>	<b>\$ (477)</b>	<b>\$ (602)</b>

  

<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	2nd Qtr 2020	Year 2020
<b>Per common share data:</b>								
<b>Diluted:</b>								
Weighted average shares (millions)	820	814	803	800	810	794	790	793
Adjusted net income (loss) (a)	\$ 256	\$ 189	\$ 111	\$ 55	\$ 611	\$ (125)	\$ (477)	\$ (602)
<b>Adjusted net income (loss) per share (a)</b>	<b>\$ 0.31</b>	<b>\$ 0.23</b>	<b>\$ 0.14</b>	<b>\$ 0.07</b>	<b>\$ 0.75</b>	<b>\$ (0.16)</b>	<b>\$ (0.60)</b>	<b>\$ (0.76)</b>

(a) Non-GAAP financial measure.

Our presentation of adjusted net income (loss) and adjusted net income (loss) per share is a non-GAAP measure. Adjusted net income (loss) is defined as net income (loss) adjusted for gains/losses on dispositions, impairments of proved property, goodwill, and equity method investments, unrealized derivative gain/loss on commodity instruments, effects of pension settlement losses and curtailments 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 (loss) and adjusted net income (loss) per share should not be considered in isolation or as an alternative to, or more meaningful than, net income (loss) or net income (loss) per share as determined in accordance with U.S. GAAP.



**Non-GAAP Reconciliations**  
**Marathon Oil Corporation**

<i>(In millions)</i>	1st Qtr 2020	2nd Qtr 2020	Year 2020
Cash additions to Property, Plant, and Equipment	\$ 620	\$ 326	\$ 946
Minus: Working Capital associated with PPE	(52)	(187)	(239)
<b>Property, Plant and Equipment Additions</b>	<b>\$ 568</b>	<b>\$ 139</b>	<b>\$ 707</b>
Exploration costs other than well costs	6	8	14
M&S Inventory and other	5	(10)	(5)
<b>Total Capital Expenditures</b>	<b>\$ 579</b>	<b>\$ 137</b>	<b>\$ 716</b>

**Non-GAAP Reconciliations**  
**Marathon Oil Corporation**

<i>(In millions)</i>	Mar. 31 2019	June 30 2019	Sept. 30 2019	Dec. 31 2019	Mar. 31 2020	June 30 2020
<b>Cash Flows (QTD)</b>						
<b>Changes in Working Capital</b>						
Current receivables	\$ (73)	\$ (22)	\$ (4)	\$ 151	\$ 407	\$ 82
Inventories	4	(1)	1	(1)	(6)	1
Current accounts payable and accrued expenses	(102)	(56)	(6)	(23)	(234)	(222)
Other current assets and liabilities	14	105	(11)	(112)	(16)	62
<b>Total changes in operating working capital</b>	<b>\$ (157)</b>	<b>\$ 26</b>	<b>\$ (20)</b>	<b>\$ 15</b>	<b>\$ 151</b>	<b>\$ (77)</b>
Change in M&S Inventory	4	6	1	1	(4)	(3)
<b>Total changes in operating working capital less M&amp;S inventory</b>	<b>(161)</b>	<b>20</b>	<b>(21)</b>	<b>14</b>	<b>155</b>	<b>(74)</b>
<b>Changes in investing working capital</b>	<b>(1)</b>	<b>54</b>	<b>3</b>	<b>(15)</b>	<b>(52)</b>	<b>(187)</b>
<b>Total changes in working capital</b>	<b>\$ (162)</b>	<b>\$ 74</b>	<b>\$ (18)</b>	<b>\$ (1)</b>	<b>\$ 103</b>	<b>\$ (261)</b>
Net cash provided by operating activities	\$ 515	\$ 797	\$ 737	\$ 700	\$ 701	\$ 9
Total changes in operating working capital	(157)	26	(20)	15	151	(77)
<b>Net cash provided by operating activities before changes in operating working capital (a)</b>	<b>\$ 672</b>	<b>\$ 771</b>	<b>\$ 757</b>	<b>\$ 685</b>	<b>\$ 550</b>	<b>\$ 86</b>
Exploration costs other than well costs	(10)	(6)	(6)	(13)	(6)	(8)
<b>Net cash provided by operating activities before changes in operating working capital and exploration costs (a)</b>	<b>\$ 682</b>	<b>\$ 777</b>	<b>\$ 763</b>	<b>\$ 698</b>	<b>\$ 556</b>	<b>\$ 94</b>

(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	2nd Qtr 2020	Year 2020
<b>Equatorial Guinea EBITDAX</b>								
EG - Income (loss) from equity method investments	\$ 11	\$ 31	\$ 21	\$ 24	\$ 87	\$ (12)	\$ —	\$ (12)
EG - Net income (loss) excluding equity method investments	6	44	22	17	89	9	(5)	4
EG Total Net Income (Loss)	17	75	43	41	176	(3)	(5)	(8)
Adjustments to EG total net income (loss):								
DD&A	44	44	41	40	169	37	30	67
Tax	8	23	17	15	63	—	(3)	(3)
<b>EG Net Income before DD&amp;A, Tax, and Exploration (EBITDAX) (a)</b>	<b>\$ 69</b>	<b>\$ 142</b>	<b>\$ 101</b>	<b>\$ 96</b>	<b>\$ 408</b>	<b>\$ 34</b>	<b>\$ 22</b>	<b>\$ 56</b>

(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 (loss) 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 (loss), which is a component of our International segment income (loss) 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	2nd Qtr 2020	Year 2020
<b>Net income (loss)</b>	\$ 174	\$ 161	\$ 165	\$ (20)	\$ 480	\$ (46)	\$ (750)	\$ (796)
Adjustments to net income (loss):								
DD&A	554	605	622	616	2,397	644	597	1,241
Tax	(147)	32	10	17	(88)	(3)	(15)	(18)
Exploration	59	26	22	42	149	28	26	54
Net interest and other	49	64	64	67	244	64	69	133
<b>EBITDAX</b>	689	888	883	722	3,182	687	(73)	614
Adjustments for special items:								
Net (gain) loss on disposal of assets	(42)	8	(22)	6	(50)	(9)	2	(7)
Proved property impairments	6	18	—	—	24	2	—	2
Goodwill impairment	—	—	—	—	—	95	—	95
Pension settlement	—	2	—	10	12	2	14	16
Pension curtailment	—	—	—	—	—	—	(17)	(17)
Unrealized (gain) loss on derivative instruments	113	(11)	(33)	55	124	(171)	96	(75)
Reduction in workforce	—	—	—	—	—	—	13	13
Impairment of equity method investment	—	—	—	—	—	—	152	152
Other	12	11	1	4	28	2	13	15
<b>Adjustments for special items</b>	89	28	(54)	75	138	(79)	273	194
<b>Adjusted EBITDAX (a)</b>	<b>\$ 778</b>	<b>\$ 916</b>	<b>\$ 829</b>	<b>\$ 797</b>	<b>\$ 3,320</b>	<b>\$ 608</b>	<b>\$ 200</b>	<b>\$ 808</b>

(a) Non-GAAP financial measure.

Our presentation of Adjusted EBITDAX is a non-GAAP measure. Adjusted EBITDAX is defined as net income (loss) excluding net interest expense, taxes, DD&A, and exploration, further adjusted for gains/losses on dispositions, impairments of proved property, goodwill, and equity method investments, unrealized derivative gain/loss on commodity instruments, effects of pension settlement losses and curtailments 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 (loss) as determined in accordance with U.S. GAAP.