



Marathon Oil Corporation

First Quarter 2021

Table of Contents:

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

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: <https://ir.marathonoil.com/>

May 5, 2021

Consolidated Statements of Income
Marathon Oil Corporation

<i>(In millions, except per share data)</i>	1st Qtr 2020	2nd Qtr 2020	3rd Qtr 2020	4th Qtr 2020	Year 2020	1st Qtr 2021
REVENUES AND OTHER INCOME:						
Revenues from contracts with customers	\$ 1,024	\$ 490	\$ 761	\$ 822	\$ 3,097	\$ 1,177
Net gain (loss) on commodity derivatives	202	(70)	(1)	(15)	116	(153)
Income (loss) from equity method investments	(12)	(152)	(10)	13	(161)	44
Net gain (loss) on disposal of assets	9	(2)	1	1	9	—
Other income	7	6	3	9	25	3
Total revenues and other income	1,230	272	754	830	3,086	1,071
COSTS AND EXPENSES:						
Production	160	129	129	137	555	121
Shipping, handling and other operating	144	105	183	164	596	152
Exploration	28	26	27	100	181	21
Depreciation, depletion and amortization	644	597	554	521	2,316	496
Impairments	97	—	1	46	144	1
Taxes other than income	66	30	49	55	200	74
General and administrative	76	88	53	57	274	89
Total costs and expenses	1,215	975	996	1,080	4,266	954
Income (loss) from operations	15	(703)	(242)	(250)	(1,180)	117
Net interest and other	(64)	(69)	(62)	(61)	(256)	(13)
Other net periodic benefit costs (credits)	—	7	(6)	(2)	(1)	3
Loss on early extinguishment of debt	—	—	—	(28)	(28)	—
Income (loss) before income taxes	(49)	(765)	(310)	(341)	(1,465)	107
Estimated income tax provision (benefit)						
Current	(2)	(2)	(6)	18	8	14
Deferred	(1)	(13)	13	(21)	(22)	(4)
Total provision (benefit) for income taxes	(3)	(15)	7	(3)	(14)	10
NET INCOME (LOSS)	\$ (46)	\$ (750)	\$ (317)	\$ (338)	\$ (1,451)	\$ 97
<i>Effective income tax rate</i>	6 %	2 %	(2)%	1 %	1 %	9 %
Per common share data:						
Basic:						
Weighted average shares (millions)	794	789	790	790	792	789
NET INCOME (LOSS)	\$ (0.06)	\$ (0.95)	\$ (0.40)	\$ (0.43)	\$ (1.83)	\$ 0.12
Diluted:						
Weighted average shares (millions)	794	789	790	790	792	789
NET INCOME (LOSS)	\$ (0.06)	\$ (0.95)	\$ (0.40)	\$ (0.43)	\$ (1.83)	\$ 0.12
Dividends paid per common share	\$ 0.05	\$ —	\$ —	\$ 0.03	\$ 0.08	\$ 0.03

Consolidated Balance Sheets
Marathon Oil Corporation

<i>(In millions)</i>	Mar. 31 2020	June 30 2020	Sept. 30 2020	Dec. 31 2020	Mar. 31 2021
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 817	\$ 522	\$ 1,119	\$ 742	\$ 1,125
Receivables less allowance for doubtful accounts	703	620	643	747	921
Inventories	78	77	77	76	78
Derivative assets	193	79	61	23	—
Other current assets	118	107	22	24	26
Total current assets	1,909	1,405	1,922	1,612	2,150
Equity method investments	628	476	467	447	460
Property, plant and equipment, net	16,903	16,424	16,029	15,638	15,313
Other noncurrent assets	275	262	245	259	310
Total assets	\$ 19,715	\$ 18,567	\$ 18,663	\$ 17,956	\$ 18,233
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 1,104	\$ 696	\$ 730	\$ 837	\$ 918
Payroll and benefits payable	68	76	72	57	37
Accrued taxes	72	77	45	72	78
Other current liabilities	198	216	219	247	366
Long-term debt due within one year	—	—	500	—	500
Total current liabilities	1,442	1,065	1,566	1,213	1,899
Long-term debt	5,502	5,503	5,405	5,404	4,905
Deferred tax liabilities	185	171	184	163	160
Defined benefit postretirement plan obligations	172	194	182	180	176
Asset retirement obligations	236	242	236	241	251
Deferred credits and other liabilities	220	217	198	194	171
Total liabilities	7,757	7,392	7,771	7,395	7,562
TOTAL STOCKHOLDERS' EQUITY	11,958	11,175	10,892	10,561	10,671
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 19,715	\$ 18,567	\$ 18,663	\$ 17,956	\$ 18,233
Common stock issued	937	937	937	937	937
Common stock held in treasury	146	147	147	148	149
Net shares outstanding at balance sheet date	791	790	790	789	788

Consolidated Statements of Cash Flows (YTD)

Marathon Oil Corporation

<i>(In millions)</i>	Mar. 31 2020	June 30 2020	Sept. 30 2020	Dec. 31 2020	Mar. 31 2021
OPERATING ACTIVITIES:					
Net income (loss)	\$ (46)	\$ (796)	\$ (1,113)	\$ (1,451)	\$ 97
Adjustments to reconcile to net cash provided by operating activities:					
Depreciation, depletion and amortization	644	1,241	1,795	2,316	496
Impairments	97	97	98	144	1
Exploratory dry well costs and unproved property impairments	22	40	63	159	17
Net gain on disposal of assets	(9)	(7)	(8)	(9)	—
Loss on early extinguishment of debt	—	—	—	28	—
Deferred income taxes	(1)	(14)	(2)	(22)	(4)
Unrealized (gain) loss on derivative instruments	(171)	(75)	(39)	27	82
Pension and other post retirement benefits, net	(11)	(31)	(35)	(43)	(7)
Stock-based compensation	15	28	43	57	6
Equity method investments, net	28	180	189	210	(14)
Changes in:					
Current receivables	407	489	467	367	(175)
Inventories	(6)	(5)	(5)	(4)	(2)
Current accounts payable and accrued liabilities	(234)	(456)	(478)	(381)	101
Other current assets and liabilities	(16)	46	83	75	61
All other operating, net	(18)	(27)	(3)	—	(37)
Net cash provided by operating activities	701	710	1,055	1,473	622
INVESTING ACTIVITIES:					
Additions to property, plant and equipment	(620)	(946)	(1,090)	(1,343)	(209)
Additions to other assets	(1)	12	15	15	—
Acquisitions, net of cash acquired	—	3	(1)	(1)	—
Disposal of assets, net of cash transferred to the buyer	3	9	9	18	3
Equity method investments - return of capital	7	7	7	7	—
All other investing, net	—	—	—	1	(1)
Net cash used in investing activities	(611)	(915)	(1,060)	(1,303)	(207)
FINANCING ACTIVITIES:					
Borrowings	—	—	400	400	—
Debt repayments	—	—	—	(500)	—
Debt extinguishment costs	—	—	—	(27)	—
Purchases of common stock	(92)	(92)	(92)	(92)	(9)
Dividends paid	(40)	(40)	(40)	(64)	(23)
All other financing, net	1	1	(2)	(3)	—
Net cash provided by (used in) financing activities	(131)	(131)	266	(286)	(32)
Net increase (decrease) in cash and cash equivalents	(41)	(336)	261	(116)	383
Cash and cash equivalents at beginning of period	858	858	858	858	742
Cash and cash equivalents at end of period	\$ 817	\$ 522	\$ 1,119	\$ 742	\$ 1,125

Segment Income Summary
Marathon Oil Corporation

<i>(Dollars in millions)</i>	1st Qtr 2020	2nd Qtr 2020	3rd Qtr 2020	4th Qtr 2020	Year 2020	1st Qtr 2021
Segment income (loss)						
United States	\$ (20)	\$ (365)	\$ (135)	\$ (33)	\$ (553)	\$ 212
International	(1)	(6)	8	29	30	50
Segment income (loss)	(21)	(371)	(127)	(4)	(523)	262
Not allocated to segments - Corporate items:						
Net interest and other	(64)	(69)	(62)	(68)	(263)	(54)
Other net periodic benefit costs (credits)	—	7	(6)	(2)	(1)	3
General and administrative	(40)	(40)	(23)	(25)	(128)	(40)
Other income and costs	(2)	(8)	4	1	(5)	(5)
Income tax (provision) benefit	2	4	(4)	—	2	—
Not allocated to segments - Adjustments for special items:						
Net gain (loss) on disposal of assets	9	(2)	1	1	9	—
Proved property impairments	(2)	—	(1)	(46)	(49)	(1)
Exploratory dry well costs, unproved property impairments and other	—	—	(6)	(78)	(84)	—
Goodwill impairment	(95)	—	—	—	(95)	—
Pension settlement	(2)	(14)	(9)	(5)	(30)	—
Pension curtailment	—	17	—	—	17	—
Unrealized gain (loss) on derivative instruments	171	(96)	(36)	(66)	(27)	(82)
Unrealized gain on interest rate swaps (a)	—	—	—	12	12	41
Reduction in workforce (b)	—	(13)	(2)	(2)	(17)	(11)
Impairment of equity method investment	—	(152)	(18)	(1)	(171)	—
Loss on early extinguishment of debt	—	—	—	(28)	(28)	—
Other (c)	(2)	(13)	(28)	(27)	(70)	(16)
Total special items	79	(273)	(99)	(240)	(533)	(69)
Not allocated to segments - Total	(25)	(379)	(190)	(334)	(928)	(165)
Net income (loss)	\$ (46)	\$ (750)	\$ (317)	\$ (338)	\$ (1,451)	\$ 97

(a) Included within Net interest and other on our consolidated statements of income.

(b) Included within General and administrative on our consolidated statements of income.

(c) For the first quarter 2021, balance includes \$13 million related to the termination of an aircraft lease agreement, which is included within General and administrative on our consolidated statements of income.

United States Supplemental Financial Data
Marathon Oil Corporation

<i>(In millions, except per BOE statistics)</i>	1st Qtr 2020	2nd Qtr 2020	3rd Qtr 2020	4th Qtr 2020	Year 2020	1st Qtr 2021
Revenues from contracts with customers (a)	\$ 970	\$ 462	\$ 722	\$ 770	\$ 2,924	\$ 1,132
Net gain on commodity derivatives	31	26	35	51	143	(71)
Other income	4	3	1	7	15	1
Less Costs and Expenses:						
Production	143	114	118	119	494	111
Shipping, handling and other operating (b)	140	91	154	149	534	144
Exploration	28	26	21	22	97	21
DD&A	617	569	530	495	2,211	472
Taxes other than income	66	30	48	49	193	74
General and administrative	32	32	25	26	115	23
Income (loss) before taxes	(21)	(371)	(138)	(32)	(562)	217
Income tax provision (benefit)	(1)	(6)	(3)	1	(9)	5
Segment income (loss)	\$ (20)	\$ (365)	\$ (135)	\$ (33)	\$ (553)	\$ 212
Effective tax rate	5 %	2 %	2 %	(3)%	2 %	2 %
Net sales volumes (mboed)	338	308	297	280	306	275
Costs and Expenses per BOE (c)						
Production	\$ 4.63	\$ 4.09	\$ 4.32	\$ 4.62	\$ 4.42	\$ 4.46
Shipping, handling and other operating (d)	3.88	2.86	4.63	4.94	4.05	5.43
Exploration	0.91	1.20	0.77	0.84	0.86	0.86
DD&A	20.03	20.28	19.39	19.25	19.76	19.05
Taxes other than income	2.13	1.07	1.77	1.91	1.73	2.97
General and administrative	1.04	1.13	0.93	1.01	1.03	0.92

(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 2020	2nd Qtr 2020	3rd Qtr 2020	4th Qtr 2020	Year 2020	1st Qtr 2021
Revenues from contracts with customers	\$ 54	\$ 28	\$ 39	\$ 52	\$ 173	\$ 45
Income (loss) from equity method investments	(12)	—	8	14	10	44
Other income	2	2	1	2	7	1
Less Costs and Expenses:						
Production	17	15	11	16	59	10
Shipping, handling and other operating	3	1	1	3	8	4
DD&A	21	22	19	20	82	19
General and administrative	4	3	3	4	14	2
Income (loss) before taxes	(1)	(11)	14	25	27	55
Income tax provision (benefit)	—	(5)	6	(4)	(3)	5
Segment income (loss)	\$ (1)	\$ (6)	\$ 8	\$ 29	\$ 30	\$ 50
Effective tax rate	— %	45 %	43 %	(16)%	(11)%	9 %
Net sales volumes (mboed)	81	84	71	73	77	66
Costs and Expenses per BOE (a)						
Production	\$ 2.35	\$ 1.88	\$ 1.76	\$ 2.49	\$ 2.12	\$ 1.68
Shipping, handling and other operating	0.43	0.09	0.15	0.51	0.29	0.72
DD&A	2.86	2.86	2.89	2.95	2.89	3.09
General and administrative	0.53	0.42	0.41	0.57	0.48	0.46
Equatorial Guinea						
EG - Income (loss) from equity method investments	\$ (12)	\$ —	\$ 8	\$ 14	\$ 10	\$ 44
EG - Net income (loss) excluding equity method investments	9	(5)	7	12	23	8
EG Total Net Income (Loss)	\$ (3)	\$ (5)	\$ 15	\$ 26	\$ 33	\$ 52
EG Net Income before DD&A, Tax, and Exploration (EBITDAX) (b)	\$ 34	\$ 22	\$ 48	\$ 59	\$ 163	\$ 94

(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 2020	2nd Qtr 2020	3rd Qtr 2020	4th Qtr 2020	Year 2020	1st Qtr 2021
Net income (loss)	\$ (46)	\$ (750)	\$ (317)	\$ (338)	\$ (1,451)	\$ 97
Adjustments for special items (pre-tax):						
Net (gain) loss on disposal of assets	(9)	2	(1)	(1)	(9)	—
Proved property impairments	2	—	1	46	49	1
Exploratory dry well costs, unproved property impairments and other	—	—	6	78	84	—
Goodwill impairment	95	—	—	—	95	—
Pension settlement	2	14	9	5	30	—
Pension curtailment	—	(17)	—	—	(17)	—
Unrealized (gain) loss on derivative instruments	(171)	96	36	66	27	82
Unrealized (gain) on interest rate swaps	—	—	—	(12)	(12)	(41)
Reduction in workforce	—	13	2	2	17	11
Impairment of equity method investment	—	152	18	1	171	—
Loss on early extinguishment of debt	—	—	—	28	28	—
Other	2	13	28	27	70	16
Benefit for income taxes related to special items	—	—	(1)	—	(1)	—
Adjustments for special items	(79)	273	98	240	532	69
Adjusted net income (loss) (a)	\$ (125)	\$ (477)	\$ (219)	\$ (98)	\$ (919)	\$ 166

<i>(In millions, except per share data)</i>	1st Qtr 2020	2nd Qtr 2020	3rd Qtr 2020	4th Qtr 2020	Year 2020	1st Qtr 2021
Per common share data:						
Diluted:						
Weighted average shares (millions)	794	789	790	790	792	789
Adjusted net income (loss) (a)	\$ (125)	\$ (477)	\$ (219)	\$ (98)	\$ (919)	\$ 166
Adjusted net income (loss) per share (a)	\$ (0.16)	\$ (0.60)	\$ (0.28)	\$ (0.12)	\$ (1.16)	\$ 0.21

(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 and certain unproved properties, goodwill and equity method investments, unrealized derivative gain/loss on commodity and interest rate derivative instruments, effects of pension settlements 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	3rd Qtr 2020	4th Qtr 2020	1st Qtr 2021
Cash additions to Property, Plant, and Equipment	\$ 620	\$ 326	\$ 144	\$ 253	\$ 209
Change in working capital associated with PP&E	(52)	(187)	33	14	(25)
Additions to other assets	1	(13)	(3)	—	—
Total Capital Expenditures (a)	\$ 569	\$ 126	\$ 174	\$ 267	\$ 184

<i>(In millions)</i>	1st Qtr 2020	2nd Qtr 2020	3rd Qtr 2020	4th Qtr 2020	1st Qtr 2021
Free Cash Flow					
Net cash flow provided by operating activities	\$ 701	\$ 9	\$ 345	\$ 418	\$ 622
Adjustments:					
Changes in working capital	(151)	77	7	10	15
Capital expenditures	(569)	(126)	(174)	(267)	(184)
EG LNG return of capital and other	1	—	—	—	(10)
Free Cash Flow (a)	\$ (18)	\$ (40)	\$ 178	\$ 161	\$ 443

(a) Non-GAAP financial measure.

Our presentation of total capital expenditures is a non-GAAP measure. Total capital expenditures is defined as cash additions to property, plant and equipment adjusted for the change in working capital associated with property, plant and equipment and additions to other assets. Management believes this is useful to investors as an indicator of Marathon's commitment to capital expenditure discipline by eliminating differences caused by the timing of certain working capital and other items. Total capital expenditures should not be considered in isolation or as an alternative to, or more meaningful than, cash additions to property, plant and equipment as determined in accordance with U.S. GAAP.

Our presentation of free cash flow is a non-GAAP measure. Free cash flow before dividend ("free cash flow" is defined as net cash provided by operating activities adjusted for working capital, capital expenditures, and EG LNG return of capital and other. Management believes this is useful to investors as a measure of Marathon's ability to fund its capital expenditure programs, service debt, and other distributions to stockholders. 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 2020	June 30 2020	Sept. 30 2020	Dec. 31 2020	Mar. 31 2021
Cash Flows (QTD)					
Changes in Working Capital					
Current receivables	\$ 407	\$ 82	\$ (22)	\$ (100)	\$ (175)
Inventories	(6)	1	—	1	(2)
Current accounts payable and accrued expenses	(234)	(222)	(22)	97	101
Other current assets and liabilities	(16)	62	37	(8)	61
Total changes in operating working capital	\$ 151	\$ (77)	\$ (7)	\$ (10)	\$ (15)
Changes in investing working capital	(52)	(187)	33	14	(25)
Total changes in working capital	\$ 99	\$ (264)	\$ 26	\$ 4	\$ (40)
Net cash provided by operating activities	\$ 701	\$ 9	\$ 345	\$ 418	\$ 622
Total changes in operating working capital	151	(77)	(7)	(10)	(15)
Net cash provided by operating activities before changes in operating working capital (a)	\$ 550	\$ 86	\$ 352	\$ 428	\$ 637

(a) Non-GAAP financial measure.

Our presentation of net cash provided by operations before changes in operating 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 2020	2nd Qtr 2020	3rd Qtr 2020	4th Qtr 2020	Year 2020	1st Qtr 2021
Equatorial Guinea EBITDAX						
EG - Income (loss) from equity method investments	\$ (12)	\$ —	\$ 8	\$ 14	\$ 10	\$ 44
EG - Net income (loss) excluding equity method investments	9	(5)	7	12	23	8
EG Total Net Income (Loss)	(3)	(5)	15	26	33	52
Adjustments to EG total net income (loss):						
DD&A	37	30	29	28	124	27
Tax	—	(3)	4	5	6	15
EG Net Income before DD&A, Tax, and Exploration (EBITDAX) (a)	\$ 34	\$ 22	\$ 48	\$ 59	\$ 163	\$ 94

(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 2020	2nd Qtr 2020	3rd Qtr 2020	4th Qtr 2020	Year 2020	1st Qtr 2021
Net income (loss)	\$ (46)	\$ (750)	\$ (317)	\$ (338)	\$ (1,451)	\$ 97
Adjustments to net income (loss):						
DD&A	644	597	554	521	2,316	496
Tax	(3)	(15)	7	(3)	(14)	10
Exploration	28	26	27	100	181	21
Net interest and other	64	69	62	61	256	13
EBITDAX	687	(73)	333	341	1,288	637
EBITDAX special items adjustments:						
Net (gain) loss on disposal of assets	(9)	2	(1)	(1)	(9)	—
Proved property impairments	2	—	1	46	49	1
Goodwill impairment	95	—	—	—	95	—
Pension settlement	2	14	9	5	30	—
Pension curtailment	—	(17)	—	—	(17)	—
Unrealized (gain) loss on derivative instruments	(171)	96	36	66	27	82
Reduction in workforce	—	13	2	2	17	11
Impairment of equity method investment	—	152	18	1	171	—
Loss on early extinguishment of debt	—	—	—	28	28	—
Other	2	13	28	16	59	16
Adjustments for special items	(79)	273	93	163	450	110
Adjusted EBITDAX (a)	\$ 608	\$ 200	\$ 426	\$ 504	\$ 1,738	\$ 747

(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 and certain unproved properties, goodwill and equity method investments, unrealized derivative gain/loss on commodity derivative instruments, effects of pension settlements 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.