



Marathon Oil Corporation

Second Quarter 2022

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August 3, 2022

Consolidated Statements of Income
Marathon Oil Corporation

<i>(In millions, except per share data)</i>	1st Qtr 2021	2nd Qtr 2021	3rd Qtr 2021	4th Qtr 2021	Year 2021	1st Qtr 2022	2nd Qtr 2022	Year 2022
REVENUES AND OTHER INCOME:								
Revenues from contracts with customers	\$ 1,177	\$ 1,254	\$ 1,438	\$ 1,732	\$ 5,601	\$ 1,761	\$ 2,168	\$ 3,929
Net gain (loss) on commodity derivatives	(153)	(166)	(79)	15	(383)	(143)	(27)	(170)
Income (loss) from equity method investments	44	49	86	74	253	127	152	279
Net gain (loss) on disposal of assets	—	1	7	(27)	(19)	—	(1)	(1)
Other income	3	5	1	6	15	8	11	19
Total revenues and other income	1,071	1,143	1,453	1,800	5,467	1,753	2,303	4,056
COSTS AND EXPENSES:								
Production	121	126	131	156	534	152	164	316
Shipping, handling and other operating	152	167	219	189	727	185	191	376
Exploration	21	25	63	27	136	11	8	19
Depreciation, depletion and amortization	496	532	522	516	2,066	423	436	859
Impairments	1	46	13	—	60	—	2	2
Taxes other than income	74	74	88	109	345	104	140	244
General and administrative	89	68	70	64	291	73	68	141
Total costs and expenses	954	1,038	1,106	1,061	4,159	948	1,009	1,957
Income (loss) from operations	117	105	347	739	1,308	805	1,294	2,099
Net interest and other	(13)	(59)	(57)	(59)	(188)	(22)	(54)	(76)
Other net periodic benefit (costs) credits	3	(1)	—	3	5	4	5	9
Loss on early extinguishment of debt	—	(19)	(102)	—	(121)	—	—	—
Income (loss) before income taxes	107	26	188	683	1,004	787	1,245	2,032
Estimated income tax provision (benefit)								
Current	14	13	29	29	85	31	50	81
Deferred	(4)	(3)	(25)	5	(27)	(548)	229	(319)
Total provision (benefit) for income taxes	10	10	4	34	58	(517)	279	(238)
NET INCOME (LOSS)	\$ 97	\$ 16	\$ 184	\$ 649	\$ 946	\$ 1,304	\$ 966	\$ 2,270
<i>Effective income tax rate</i>	9 %	38 %	2 %	5 %	6 %	(66)%	22 %	(12)%
Per common share data:								
Basic:								
Weighted average shares (millions)	789	789	789	771	787	730	703	717
NET INCOME (LOSS)	\$ 0.12	\$ 0.02	\$ 0.23	\$ 0.84	\$ 1.20	\$ 1.79	\$ 1.37	\$ 3.17
Diluted:								
Weighted average shares (millions)	789	789	789	773	788	732	705	719
NET INCOME (LOSS)	\$ 0.12	\$ 0.02	\$ 0.23	\$ 0.84	\$ 1.20	\$ 1.78	\$ 1.37	\$ 3.16
Dividends paid per common share	\$ 0.03	\$ 0.04	\$ 0.05	\$ 0.06	\$ 0.18	\$ 0.07	\$ 0.08	\$ 0.15

Consolidated Balance Sheets
Marathon Oil Corporation

<i>(In millions)</i>	Mar. 31 2021	June 30 2021	Sept. 30 2021	Dec. 31 2021	Mar. 31 2022	June 30 2022
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 1,125	\$ 970	\$ 485	\$ 580	\$ 681	\$ 1,162
Receivables, net	921	1,008	1,068	1,142	1,443	1,512
Inventories	78	78	77	77	78	93
Other current assets	26	19	25	22	28	41
Total current assets	2,150	2,075	1,655	1,821	2,230	2,808
Equity method investments	460	458	489	450	522	528
Property, plant and equipment, net	15,313	15,019	14,734	14,499	14,422	14,357
Deferred tax assets	—	—	—	—	554	325
Other noncurrent assets	310	248	283	224	253	268
Total assets	\$ 18,233	\$ 17,800	\$ 17,161	\$ 16,994	\$ 17,981	\$ 18,286
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 918	\$ 937	\$ 1,028	\$ 1,110	\$ 1,299	\$ 1,523
Payroll and benefits payable	37	49	64	74	42	50
Accrued taxes	78	95	131	157	169	143
Other current liabilities	366	461	417	260	405	388
Long-term debt due within one year	500	33	36	36	106	273
Total current liabilities	1,899	1,575	1,676	1,637	2,021	2,377
Long-term debt	4,905	4,875	3,977	3,978	3,908	3,709
Deferred tax liabilities	160	156	132	136	144	146
Defined benefit postretirement plan obligations	176	151	137	137	132	124
Asset retirement obligations	251	272	286	288	296	278
Deferred credits and other liabilities	171	137	157	132	114	120
Total liabilities	7,562	7,166	6,365	6,308	6,615	6,754
TOTAL STOCKHOLDERS' EQUITY	10,671	10,634	10,796	10,686	11,366	11,532
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 18,233	\$ 17,800	\$ 17,161	\$ 16,994	\$ 17,981	\$ 18,286
Common stock issued	937	937	937	937	937	937
Common stock held in treasury	149	148	148	194	220	248
Net shares outstanding at balance sheet date	788	789	789	743	717	689

Consolidated Statements of Cash Flows (YTD)

Marathon Oil Corporation

<i>(In millions)</i>	Mar. 31 2021	June 30 2021	Sept. 30 2021	Dec. 31 2021	Mar. 31 2022	June 30 2022
OPERATING ACTIVITIES:						
Net income (loss)	\$ 97	\$ 113	\$ 297	\$ 946	\$ 1,304	\$ 2,270
Adjustments to reconcile to net cash provided by operating activities:						
Depreciation, depletion and amortization	496	1,028	1,550	2,066	423	859
Impairments	1	47	60	60	—	2
Exploratory dry well costs and unproved property impairments	17	39	101	125	8	14
Net (gain) loss on disposal of assets	—	(1)	(8)	19	—	1
Loss on early extinguishment of debt	—	19	121	121	—	—
Deferred income taxes	(4)	(7)	(32)	(27)	(548)	(319)
Unrealized (gain) loss on derivative instruments	82	157	130	(16)	114	71
Pension and other post retirement benefits, net	(7)	(14)	(25)	(31)	(9)	(16)
Stock-based compensation	6	17	29	40	9	18
Equity method investments, net	(14)	(17)	(57)	(76)	(79)	(85)
Changes in:						
Current receivables	(175)	(253)	(313)	(389)	(307)	(376)
Inventories	(2)	(2)	(1)	(1)	(2)	(16)
Current accounts payable and accrued liabilities	101	121	228	369	101	278
Other current assets and liabilities	61	73	66	46	(5)	(7)
All other operating, net	(37)	(43)	(53)	(13)	58	51
Net cash provided by operating activities	622	1,277	2,093	3,239	1,067	2,745
INVESTING ACTIVITIES:						
Additions to property, plant and equipment	(209)	(483)	(772)	(1,046)	(332)	(687)
Acquisitions, net of cash acquired	—	—	—	(47)	—	2
Disposal of assets, net of cash transferred to the buyer	3	15	29	22	2	4
Equity method investments - return of capital	—	6	15	61	7	7
All other investing, net	(1)	(1)	—	—	—	—
Net cash used in investing activities	(207)	(463)	(728)	(1,010)	(323)	(674)
FINANCING ACTIVITIES:						
Debt repayments	—	(500)	(1,400)	(1,400)	—	(32)
Debt extinguishment costs	—	(19)	(117)	(117)	—	—
Shares repurchased under buyback programs	—	—	—	(724)	(592)	(1,352)
Dividends paid	(23)	(55)	(94)	(141)	(52)	(108)
Purchases of shares for tax withholding obligations	(9)	(9)	(10)	(10)	(21)	(21)
All other financing, net	—	(3)	(1)	1	22	24
Net cash provided by (used in) financing activities	(32)	(586)	(1,622)	(2,391)	(643)	(1,489)
Net increase (decrease) in cash and cash equivalents	383	228	(257)	(162)	101	582
Cash and cash equivalents at beginning of period	742	742	742	742	580	580
Cash and cash equivalents at end of period	\$ 1,125	\$ 970	\$ 485	\$ 580	\$ 681	\$ 1,162

Segment Income Summary
Marathon Oil Corporation

<i>(In millions)</i>	1st Qtr 2021	2nd Qtr 2021	3rd Qtr 2021	4th Qtr 2021	Year 2021	1st Qtr 2022	2nd Qtr 2022	Year 2022
Segment income (loss)								
United States	\$ 212	\$ 207	\$ 305	\$ 553	\$ 1,277	\$ 661	\$ 846	\$ 1,507
International	50	68	93	106	317	115	160	275
Segment income (loss)	262	275	398	659	1,594	776	1,006	1,782
Not allocated to segments - Corporate items:								
Net interest and other	(54)	(67)	(65)	(16)	(202)	4	(53)	(49)
Other net periodic benefit (costs) credits	3	4	3	4	14	4	5	9
General and administrative	(40)	(36)	(38)	(32)	(146)	(40)	(38)	(78)
Other income and costs	(5)	(5)	(5)	(6)	(21)	(6)	(4)	(10)
Income tax (provision) benefit	—	2	17	(17)	2	11	18	29
Not allocated to segments - Adjustments for special items:								
Net gain (loss) on disposal of assets	—	1	7	(27)	(19)	—	(1)	(1)
Proved property impairments	(1)	(46)	(13)	—	(60)	—	(2)	(2)
Exploratory dry well costs, unproved property impairments and other	—	(7)	(48)	(16)	(71)	—	—	—
Pension settlement	—	(5)	(3)	(1)	(9)	—	—	—
Unrealized gain (loss) on derivative instruments	(82)	(75)	27	146	16	(114)	43	(71)
Unrealized gain (loss) on interest rate swaps (a)	41	8	8	(43)	14	(26)	(1)	(27)
Reduction in workforce (b)	(11)	(1)	—	—	(12)	—	—	—
Loss on early extinguishment of debt	—	(19)	(102)	—	(121)	—	—	—
Other (c)	(16)	(13)	(2)	(5)	(36)	(27)	2	(25)
Provision (benefit) for income taxes related to special items	—	—	—	3	3	37	(9)	28
Valuation allowance	—	—	—	—	—	685	—	685
Total special items	(69)	(157)	(126)	57	(295)	555	32	587
Not allocated to segments - Total	(165)	(259)	(214)	(10)	(648)	528	(40)	488
Net income (loss)	\$ 97	\$ 16	\$ 184	\$ 649	\$ 946	\$ 1,304	\$ 966	\$ 2,270

(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 and year ended 2021, balances include \$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 Segment Supplemental Financial Data
Marathon Oil Corporation

<i>(In millions, except per BOE statistics)</i>
Revenues from contracts with customers (a)
Net realized gain (loss) on commodity derivatives
Other income
Less Costs and Expenses:
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)
Segment income (loss)
Effective tax rate
Net sales volumes (mboed)

1st Qtr 2021	2nd Qtr 2021	3rd Qtr 2021	4th Qtr 2021	Year 2021
\$ 1,132	\$ 1,189	\$ 1,375	\$ 1,638	\$ 5,334
(71)	(91)	(106)	(131)	(399)
1	3	—	3	7
111	113	119	137	480
144	153	209	180	686
21	18	15	11	65
472	506	499	495	1,972
74	76	88	108	346
23	27	29	28	107
217	208	310	551	1,286
5	1	5	(2)	9
\$ 212	\$ 207	\$ 305	\$ 553	\$ 1,277
2 %	— %	2 %	— %	1 %
275	283	281	304	286

1st Qtr 2022	2nd Qtr 2022	Year 2022
\$ 1,714	\$ 2,089	\$ 3,803
(29)	(70)	(99)
4	2	6
141	150	291
150	187	337
11	8	19
404	415	819
99	139	238
30	27	57
854	1,095	1,949
193	249	442
\$ 661	\$ 846	\$ 1,507
23 %	23 %	23 %
280	283	282

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

\$ 4.46	\$ 4.41	\$ 4.59	\$ 4.90	\$ 4.60
5.43	4.81	5.69	5.81	5.44
0.86	0.69	0.57	0.41	0.63
19.05	19.65	19.29	17.71	18.90
2.97	2.98	3.37	3.89	3.32
0.92	1.04	1.15	1.00	1.03

\$ 5.59	\$ 5.80	\$ 5.70
5.77	5.45	5.61
0.44	0.30	0.37
16.02	16.11	16.06
3.93	5.39	4.67
1.18	1.07	1.13

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

International Segment Supplemental Financial Data
Marathon Oil Corporation

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

1st Qtr 2021	2nd Qtr 2021	3rd Qtr 2021	4th Qtr 2021	Year 2021
\$ 45	\$ 65	\$ 63	\$ 94	\$ 267
44	49	86	74	253
1	2	—	1	4
10	13	12	19	54
4	2	7	3	16
19	18	17	14	68
2	4	3	4	13
55	79	110	129	373
5	11	17	23	56
\$ 50	\$ 68	\$ 93	\$ 106	\$ 317
9 %	14 %	15 %	18 %	15 %
66	65	61	53	61

1st Qtr 2022	2nd Qtr 2022	Year 2022
\$ 47	\$ 79	\$ 126
127	152	279
2	2	4
11	14	25
9	1	10
15	16	31
3	3	6
138	199	337
23	39	62
\$ 115	\$ 160	\$ 275
17 %	20 %	18 %
61	60	60

Costs and Expenses per BOE (a)
Production
Shipping, handling and other operating
DD&A
General and administrative

\$ 1.68	\$ 2.17	\$ 2.17	\$ 4.05	\$ 2.45
0.72	0.34	1.23	0.54	0.71
3.09	3.08	3.12	2.95	3.07
0.46	0.46	0.60	0.68	0.54

\$ 1.92	\$ 2.83	\$ 2.37
1.61	0.07	0.84
2.80	2.80	2.80
0.49	0.59	0.54

Equatorial Guinea
Dividends
Return of capital
Total cash distributions
Income (loss) from equity method investments

\$ 31	\$ 44	\$ 47	\$ 55	\$ 177
—	6	9	46	61
\$ 31	\$ 50	\$ 56	\$ 101	\$ 238
\$ 44	\$ 49	\$ 86	\$ 74	\$ 253

\$ 47	\$ 146	\$ 193
7	—	7
\$ 54	\$ 146	\$ 200
\$ 127	\$ 152	\$ 279

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

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 2021	2nd Qtr 2021	3rd Qtr 2021	4th Qtr 2021	Year 2021	1st Qtr 2022	2nd Qtr 2022	Year 2022
Net income (loss)	\$ 97	\$ 16	\$ 184	\$ 649	\$ 946	\$ 1,304	\$ 966	\$ 2,270
Adjustments for special items (pre-tax):								
Net (gain) loss on disposal of assets	—	(1)	(7)	27	19	—	1	1
Proved property impairments	1	46	13	—	60	—	2	2
Exploratory dry well costs, unproved property impairments and other	—	7	48	16	71	—	—	—
Pension settlement	—	5	3	1	9	—	—	—
Unrealized (gain) loss on derivative instruments	82	75	(27)	(146)	(16)	114	(43)	71
Unrealized (gain) on interest rate swaps	(41)	(8)	(8)	43	(14)	26	1	27
Reduction in workforce	11	1	—	—	12	—	—	—
Loss on early extinguishment of debt	—	19	102	—	121	—	—	—
Other	16	13	2	5	36	27	(2)	25
Provision (benefit) for income taxes related to special items	—	—	—	(3)	(3)	(37)	9	(28)
Valuation allowance	—	—	—	—	—	(685)	—	(685)
Adjustments for special items	69	157	126	(57)	295	(555)	(32)	(587)
Adjusted net income (loss) (a)	\$ 166	\$ 173	\$ 310	\$ 592	\$ 1,241	\$ 749	\$ 934	\$ 1,683

<i>(In millions, except per share data)</i>	1st Qtr 2021	2nd Qtr 2021	3rd Qtr 2021	4th Qtr 2021	Year 2021	1st Qtr 2022	2nd Qtr 2022	Year 2022
Per common share data:								
Diluted:								
Weighted average shares (millions)	789	789	789	773	788	732	705	719
Adjusted net income (loss) (a)	\$ 166	\$ 173	\$ 310	\$ 592	\$ 1,241	\$ 749	\$ 934	\$ 1,683
Adjusted net income (loss) per share (a)	\$ 0.21	\$ 0.22	\$ 0.39	\$ 0.77	\$ 1.57	\$ 1.02	\$ 1.32	\$ 2.34

(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, changes in our valuation allowance, 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>(Per share)</i>
Adjusted Net Income (Loss) Per Diluted Share
Net income (loss)
Adjustments for special items (pre-tax):
Net (gain) loss on disposal of assets
Proved property impairments
Exploratory dry well costs, unproved property impairments and other
Pension settlement
Unrealized (gain) loss on derivative instruments
Unrealized (gain) on interest rate swaps
Reduction in workforce
Loss on early extinguishment of debt
Other
Provision (benefit) for income taxes related to special items
Valuation allowance
Adjustments for special items
Adjusted net income (loss) (a)

1st Qtr 2021	2nd Qtr 2021	3rd Qtr 2021	4th Qtr 2021	Year 2021
\$ 0.12	\$ 0.02	\$ 0.23	\$ 0.84	\$ 1.20
—	—	(0.01)	0.03	0.02
—	0.06	0.02	—	0.08
—	0.01	0.06	0.02	0.09
—	0.01	—	—	0.01
0.10	0.10	(0.03)	(0.19)	(0.02)
(0.05)	(0.01)	(0.01)	0.06	(0.02)
0.01	—	—	—	0.02
—	0.02	0.13	—	0.15
0.03	0.01	—	0.01	0.04
—	—	—	—	—
—	—	—	—	—
0.09	0.20	0.16	(0.07)	0.37
\$ 0.21	\$ 0.22	\$ 0.39	\$ 0.77	\$ 1.57

1st Qtr 2022	2nd Qtr 2022	Year 2022
\$ 1.78	\$ 1.37	\$ 3.16
—	—	—
—	—	—
—	—	—
—	—	—
0.16	(0.06)	0.10
0.04	—	0.04
—	—	—
—	—	—
0.03	—	0.03
(0.05)	0.01	(0.04)
(0.94)	—	(0.95)
(0.76)	(0.05)	(0.82)
\$ 1.02	\$ 1.32	\$ 2.34

(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, changes in our valuation allowance, 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 2021	2nd Qtr 2021	3rd Qtr 2021	4th Qtr 2021	Year 2021	1st Qtr 2022	2nd Qtr 2022	Year 2022
Cash additions to Property, Plant, and Equipment	\$ 209	\$ 274	\$ 289	\$ 274	\$ 1,046	\$ 332	\$ 355	\$ 687
Change in capital accrual	(25)	15	19	(23)	(14)	16	20	36
Additions to other assets	—	—	—	—	—	—	—	—
Capital Expenditures (accrued) (a)	\$ 184	\$ 289	\$ 308	\$ 251	\$ 1,032	\$ 348	\$ 375	\$ 723

<i>(In millions)</i>	1st Qtr 2021	2nd Qtr 2021	3rd Qtr 2021	4th Qtr 2021	Year 2021	1st Qtr 2022	2nd Qtr 2022	Year 2022
Adjusted Free Cash Flow (a)								
Net cash provided by operating activities	\$ 622	\$ 655	\$ 816	\$ 1,146	\$ 3,239	\$ 1,067	\$ 1,678	\$ 2,745
Adjustments:								
Changes in working capital	15	46	(41)	(45)	(25)	213	(92)	121
Capital expenditures (accrued) (a)	(184)	(289)	(308)	(251)	(1,032)	(348)	(375)	(723)
EG return of capital and other	(10)	8	11	48	57	8	2	10
Adjusted Free Cash Flow (a)	\$ 443	\$ 420	\$ 478	\$ 898	\$ 2,239	\$ 940	\$ 1,213	\$ 2,153

(a) Non-GAAP financial measure.

Our presentation of capital expenditures (accrued) is a non-GAAP measure. Capital expenditures (accrued) is defined as cash additions to property, plant and equipment adjusted for the change in capital accrual 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 capital accrual and other items. Capital expenditures (accrued) 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 adjusted free cash flow is a non-GAAP measure. Adjusted free cash flow before dividend ("adjusted free cash flow") is defined as net cash provided by operating activities before changes in working capital (adjusted CFO), capital expenditures (accrued), and EG 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. Adjusted 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 2021	June 30 2021	Sept. 30 2021	Dec. 31 2021	Mar. 31 2022	June 30 2022
Adjusted CFO (QTD)						
Net cash provided by operating activities	\$ 622	\$ 655	\$ 816	\$ 1,146	\$ 1,067	\$ 1,678
Current receivables	(175)	(78)	(60)	(76)	(307)	\$ (69)
Inventories	(2)	—	1	—	(2)	(14)
Current accounts payable and accrued expenses	101	20	107	141	101	177
Other current assets and liabilities	61	12	(7)	(20)	(5)	(2)
Changes in working capital	(15)	(46)	41	45	(213)	92
Adjusted CFO (a)	\$ 637	\$ 701	\$ 775	\$ 1,101	\$ 1,280	\$ 1,586

(a) Non-GAAP financial measure.

Our presentation of Adjusted CFO is a non-GAAP measure. Adjusted CFO is defined as net cash provided by operating activities adjusted for changes in working capital. 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. Adjusted CFO 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 2021	2nd Qtr 2021	3rd Qtr 2021	4th Qtr 2021	Year 2021	1st Qtr 2022	2nd Qtr 2022	Year 2022
Reinvestment rate (a)								
Adjusted CFO (a)	\$ 637	\$ 701	\$ 775	\$ 1,101	\$ 3,214	\$ 1,280	\$ 1,586	\$ 2,866
EG return of capital and other	(10)	8	11	48	57	8	2	10
Sources of Cash	627	709	786	1,149	3,271	1,288	1,588	2,876
Capital expenditures (accrued) (a)	\$ 184	\$ 289	\$ 308	\$ 251	\$ 1,032	\$ 348	\$ 375	\$ 723
Reinvestment rate (a)	29 %	41 %	39 %	22 %	32 %	27 %	24 %	25 %

(a) Non-GAAP financial measure.

Our presentation of reinvestment rate is a non-GAAP measure. The reinvestment rate is defined as total capital expenditures (accrued) divided by adjusted CFO and EG return of capital and other. Management believes the reinvestment rate is useful to investors to demonstrate the Company's commitment to generating cash for use towards investor-friendly purposes (which includes balance sheet enhancement, base dividend and other return of capital).

Non-GAAP Reconciliations
Marathon Oil Corporation

<i>(In millions)</i>	1st Qtr 2021	2nd Qtr 2021	3rd Qtr 2021	4th Qtr 2021	Year 2021	1st Qtr 2022	2nd Qtr 2022	Year 2022
Net income (loss)	\$ 97	\$ 16	\$ 184	\$ 649	\$ 946	\$ 1,304	\$ 966	\$ 2,270
Adjustments to net income (loss):								
DD&A	496	532	522	516	2,066	423	436	859
Tax	10	10	4	34	58	(517)	279	(238)
Exploration	21	25	63	27	136	11	8	19
Net interest and other	13	59	57	59	188	22	54	76
EBITDAX	637	642	830	1,285	3,394	1,243	1,743	2,986
EBITDAX special items adjustments:								
Net (gain) loss on disposal of assets	—	(1)	(7)	27	19	—	1	1
Proved property impairments	1	46	13	—	60	—	2	2
Pension settlement	—	5	3	1	9	—	—	—
Unrealized (gain) loss on derivative instruments	82	75	(27)	(146)	(16)	114	(43)	71
Reduction in workforce	11	1	—	—	12	—	—	—
Loss on early extinguishment of debt	—	19	102	—	121	—	—	—
Other	16	13	3	6	38	27	(4)	23
Adjustments for special items	110	158	87	(112)	243	141	(44)	97
Adjusted EBITDAX (a)	\$ 747	\$ 800	\$ 917	\$ 1,173	\$ 3,637	\$ 1,384	\$ 1,699	\$ 3,083

(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.