



# Marathon Oil Corporation

## Second Quarter 2023

### Table of Contents:

Statements of Income	<a href="#">2</a>	Guy Baber	713/296-1892
Balance Sheets	<a href="#">3</a>	<a href="mailto:gbaber@marathonoil.com">gbaber@marathonoil.com</a>	
Statements of Cash Flows	<a href="#">4</a>		
Segment Income Summary	<a href="#">5</a>	John Reid	713/296-4380
United States Segment Supplemental Financial Data	<a href="#">6</a>	<a href="mailto:jreid@marathonoil.com">jreid@marathonoil.com</a>	
International Segment Supplemental Financial Data	<a href="#">7</a>		
Non-GAAP Reconciliations	<a href="#">8 - 12</a>		

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August 2, 2023

**Consolidated Statements of Income**  
**Marathon Oil Corporation**

<i>(In millions, except per share data)</i>	1st Qtr 2022	2nd Qtr 2022	3rd Qtr 2022	4th Qtr 2022	Year 2022	1st Qtr 2023	2nd Qtr 2023	Year 2023
<b>REVENUES AND OTHER INCOME:</b>								
Revenues from contracts with customers	\$ 1,761	\$ 2,168	\$ 2,008	\$ 1,603	\$ 7,540	\$ 1,567	\$ 1,484	\$ 3,051
Net gain (loss) on commodity derivatives	(143)	(27)	41	15	(114)	15	3	18
Income from equity method investments	127	152	190	144	613	80	22	102
Net gain (loss) on disposal of assets	—	(1)	2	(39)	(38)	5	—	5
Other income	8	11	6	10	35	13	4	17
Total revenues and other income	1,753	2,303	2,247	1,733	8,036	1,680	1,513	3,193
<b>COSTS AND EXPENSES:</b>								
Production	152	164	193	181	690	201	214	415
Shipping, handling and other operating	185	191	199	158	733	162	161	323
Exploration	11	8	73	18	110	15	11	26
Depreciation, depletion and amortization	423	436	460	434	1,753	520	559	1,079
Impairments	—	2	2	3	7	—	—	—
Taxes other than income	104	140	137	103	484	95	43	138
General and administrative	73	68	79	88	308	82	71	153
Total costs and expenses	948	1,009	1,143	985	4,085	1,075	1,059	2,134
<b>Income from operations</b>	805	1,294	1,104	748	3,951	605	454	1,059
Net interest and other	(22)	(54)	(52)	(60)	(188)	(82)	(92)	(174)
Other net periodic benefit credits	4	5	5	2	16	3	3	6
<b>Income before income taxes</b>	787	1,245	1,057	690	3,779	526	365	891
Estimated income tax provision (benefit)								
Current	31	50	58	45	184	24	8	32
Deferred	(548)	229	182	120	(17)	85	70	155
Total provision (benefit) for income taxes	(517)	279	240	165	167	109	78	187
<b>NET INCOME</b>	<b>\$ 1,304</b>	<b>\$ 966</b>	<b>\$ 817</b>	<b>\$ 525</b>	<b>\$ 3,612</b>	<b>\$ 417</b>	<b>\$ 287</b>	<b>\$ 704</b>
<i>Effective income tax rate</i>	<i>(66)%</i>	<i>22 %</i>	<i>23 %</i>	<i>24 %</i>	<i>4 %</i>	<i>21 %</i>	<i>21 %</i>	<i>21 %</i>
<b>Per common share data:</b>								
<b>Basic:</b>								
Weighted average shares (millions)	730	703	670	635	685	628	614	622
<b>NET INCOME</b>	<b>\$ 1.79</b>	<b>\$ 1.37</b>	<b>\$ 1.22</b>	<b>\$ 0.83</b>	<b>\$ 5.27</b>	<b>\$ 0.66</b>	<b>\$ 0.47</b>	<b>\$ 1.13</b>
<b>Diluted:</b>								
Weighted average shares (millions)	732	705	672	637	687	629	615	623
<b>NET INCOME</b>	<b>\$ 1.78</b>	<b>\$ 1.37</b>	<b>\$ 1.22</b>	<b>\$ 0.82</b>	<b>\$ 5.26</b>	<b>\$ 0.66</b>	<b>\$ 0.47</b>	<b>\$ 1.13</b>
<b>Dividends paid per common share</b>	<b>\$ 0.07</b>	<b>\$ 0.08</b>	<b>\$ 0.08</b>	<b>\$ 0.09</b>	<b>\$ 0.32</b>	<b>\$ 0.10</b>	<b>\$ 0.10</b>	<b>\$ 0.20</b>

**Consolidated Balance Sheets**  
**Marathon Oil Corporation**

<i>(In millions)</i>	Mar. 31 2022	June 30 2022	Sept. 30 2022	Dec. 31 2022	Mar. 31 2023	June 30 2023
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 681	\$ 1,162	\$ 1,109	\$ 334	\$ 178	\$ 215
Receivables, net	1,443	1,512	1,358	1,146	1,215	1,294
Inventories	78	93	103	125	136	136
Other current assets	28	41	66	66	77	58
Total current assets	2,230	2,808	2,636	1,671	1,606	1,703
Equity method investments	522	528	568	577	657	430
Property, plant and equipment, net	14,422	14,357	14,245	17,377	17,463	17,524
Other noncurrent assets	807	593	409	315	286	262
Total assets	\$ 17,981	\$ 18,286	\$ 17,858	\$ 19,940	\$ 20,012	\$ 19,919
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	\$ 1,299	\$ 1,523	\$ 1,480	\$ 1,279	\$ 1,480	\$ 1,537
Payroll and benefits payable	42	50	76	90	41	50
Accrued taxes	169	143	168	171	176	102
Other current liabilities	405	388	305	364	318	305
Long-term debt due within one year	106	273	402	402	131	131
Total current liabilities	2,021	2,377	2,431	2,306	2,146	2,125
Long-term debt	3,908	3,709	3,579	5,521	5,723	5,724
Deferred tax liabilities	144	146	159	167	209	278
Defined benefit postretirement plan obligations	132	124	117	100	99	105
Asset retirement obligations	296	278	283	295	296	299
Deferred credits and other liabilities	114	120	102	154	151	144
Total liabilities	6,615	6,754	6,671	8,543	8,624	8,675
<b>TOTAL STOCKHOLDERS' EQUITY</b>	11,366	11,532	11,187	11,397	11,388	11,244
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	\$ 17,981	\$ 18,286	\$ 17,858	\$ 19,940	\$ 20,012	\$ 19,919
Common stock issued	937	937	937	937	937	937
Common stock held in treasury	220	248	294	304	315	331
Net shares outstanding at balance sheet date	717	689	643	633	622	606

**Consolidated Statements of Cash Flows (YTD)**  
**Marathon Oil Corporation**

<i>(In millions)</i>	Mar. 31 2022	June 30 2022	Sept. 30 2022	Dec. 31 2022	Mar. 31 2023	June 30 2023
<b>OPERATING ACTIVITIES:</b>						
Net income	\$ 1,304	\$ 2,270	\$ 3,087	\$ 3,612	\$ 417	\$ 704
Adjustments to reconcile to net cash provided by operating activities:						
Depreciation, depletion and amortization	423	859	1,319	1,753	520	1,079
Impairments	—	2	4	7	—	—
Exploratory dry well costs and unproved property impairments	8	14	85	101	14	24
Net (gain) loss on disposal of assets	—	1	(1)	38	(5)	(5)
Deferred income taxes	(548)	(319)	(137)	(17)	85	155
Unrealized (gain) loss on derivative instruments	114	71	4	(18)	(2)	2
Pension and other post retirement benefits, net	(9)	(16)	(28)	(35)	(7)	(11)
Stock-based compensation	9	18	28	38	10	21
Equity method investments, net	(79)	(85)	(130)	(139)	(80)	113
Changes in:						
Current receivables	(307)	(376)	(221)	9	(86)	(158)
Inventories	(2)	(16)	(27)	(45)	(12)	(11)
Current accounts payable and accrued liabilities	101	278	300	101	30	37
Other current assets and liabilities	(5)	(7)	(57)	(47)	(9)	10
All other operating, net	58	51	75	70	(10)	(19)
<b>Net cash provided by operating activities</b>	<b>1,067</b>	<b>2,745</b>	<b>4,301</b>	<b>5,428</b>	<b>865</b>	<b>1,941</b>
<b>INVESTING ACTIVITIES:</b>						
Additions to property, plant and equipment	(332)	(687)	(1,117)	(1,450)	(532)	(1,166)
Acquisitions, net of cash acquired	—	2	2	(3,177)	11	9
Disposal of assets, net of cash transferred to the buyer	2	4	8	11	(1)	(1)
Equity method investments - return of capital	7	7	12	12	—	34
All other investing, net	—	—	—	(1)	—	(1)
<b>Net cash used in investing activities</b>	<b>(323)</b>	<b>(674)</b>	<b>(1,095)</b>	<b>(4,605)</b>	<b>(522)</b>	<b>(1,125)</b>
<b>FINANCING ACTIVITIES:</b>						
Borrowings	—	—	—	1,500	—	200
Proceeds from revolving credit facility	—	—	—	450	175	980
Repayments of revolving credit facility	—	—	—	—	(175)	(980)
Debt repayments	—	(32)	(35)	(35)	(70)	(270)
Shares repurchased under buyback programs	(592)	(1,352)	(2,474)	(2,754)	(334)	(706)
Dividends paid	(52)	(108)	(162)	(220)	(63)	(125)
Purchases of shares for tax withholding obligations	(21)	(21)	(21)	(22)	(30)	(30)
All other financing, net	22	24	15	12	(2)	(4)
<b>Net cash used in financing activities</b>	<b>(643)</b>	<b>(1,489)</b>	<b>(2,677)</b>	<b>(1,069)</b>	<b>(499)</b>	<b>(935)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>101</b>	<b>582</b>	<b>529</b>	<b>(246)</b>	<b>(156)</b>	<b>(119)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>580</b>	<b>580</b>	<b>580</b>	<b>580</b>	<b>334</b>	<b>334</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 681</b>	<b>\$ 1,162</b>	<b>\$ 1,109</b>	<b>\$ 334</b>	<b>\$ 178</b>	<b>\$ 215</b>

**Segment Income Summary**  
**Marathon Oil Corporation**

<i>(In millions)</i>	1st Qtr 2022	2nd Qtr 2022	3rd Qtr 2022	4th Qtr 2022	Year 2022	1st Qtr 2023	2nd Qtr 2023	Year 2023
Segment income								
United States	\$ 661	\$ 846	\$ 723	\$ 510	\$ 2,740	\$ 425	\$ 365	\$ 790
International	115	160	181	129	585	89	30	119
<b>Segment income</b>	<b>776</b>	<b>1,006</b>	<b>904</b>	<b>639</b>	<b>3,325</b>	<b>514</b>	<b>395</b>	<b>909</b>
Not allocated to segments - Corporate items:								
Net interest and other	4	(53)	(52)	(52)	(153)	(82)	(92)	(174)
Other net periodic benefit credits	4	5	5	4	18	4	3	7
General and administrative	(40)	(38)	(38)	(38)	(154)	(43)	(37)	(80)
Other income and costs	(6)	(4)	(5)	(7)	(22)	(1)	(1)	(2)
Income tax benefit	11	18	18	17	64	28	27	55
Not allocated to segments - Adjustments for special items:								
Net gain (loss) on disposal of assets	—	(1)	2	(39)	(38)	5	—	5
Proved property impairments	—	(2)	(2)	(3)	(7)	—	—	—
Exploratory dry well costs, unproved property impairments and other	—	—	(62)	(12)	(74)	(10)	(5)	(15)
Pension settlement	—	—	—	(2)	(2)	(1)	—	(1)
Unrealized gain (loss) on derivative instruments	(114)	43	67	22	18	2	(4)	(2)
Unrealized loss on interest rate swaps (a)	(26)	(1)	—	—	(27)	—	—	—
Acquisition transaction costs	—	—	—	(18)	(18)	(1)	—	(1)
Other	(27)	2	(23)	2	(46)	1	(1)	—
Provision (benefit) for income taxes related to special items	37	(9)	3	12	43	1	2	3
Valuation allowance	685	—	—	—	685	—	—	—
<b>Total special items</b>	<b>555</b>	<b>32</b>	<b>(15)</b>	<b>(38)</b>	<b>534</b>	<b>(3)</b>	<b>(8)</b>	<b>(11)</b>
Not allocated to segments - Total	528	(40)	(87)	(114)	287	(97)	(108)	(205)
<b>Net income</b>	<b>\$ 1,304</b>	<b>\$ 966</b>	<b>\$ 817</b>	<b>\$ 525</b>	<b>\$ 3,612</b>	<b>\$ 417</b>	<b>\$ 287</b>	<b>\$ 704</b>

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

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

<i>(In millions, except per BOE statistics)</i>	1st Qtr 2022	2nd Qtr 2022	3rd Qtr 2022	4th Qtr 2022	Year 2022	1st Qtr 2023	2nd Qtr 2023	Year 2023
Revenues from contracts with customers (a)	\$ 1,714	\$ 2,089	\$ 1,927	\$ 1,538	\$ 7,268	\$ 1,503	\$ 1,440	\$ 2,943
Net realized gain (loss) on commodity derivatives	(29)	(70)	(26)	(7)	(132)	13	7	20
Other income	4	2	4	9	19	11	1	12
<b>Less Costs and Expenses:</b>								
Production	141	150	173	161	625	178	191	369
Shipping, handling and other operating (b)	150	187	171	157	665	159	161	320
Exploration	11	8	11	6	36	5	6	11
DD&A	404	415	441	415	1,675	505	547	1,052
Taxes other than income	99	139	136	101	475	97	43	140
General and administrative	30	27	37	37	131	35	31	66
Income before taxes	854	1,095	936	663	3,548	548	469	1,017
Income tax provision	193	249	213	153	808	123	104	227
<b>Segment income</b>	<b>\$ 661</b>	<b>\$ 846</b>	<b>\$ 723</b>	<b>\$ 510</b>	<b>\$ 2,740</b>	<b>\$ 425</b>	<b>\$ 365</b>	<b>\$ 790</b>
Effective tax rate	23 %	23 %	23 %	23 %	23 %	22 %	22 %	22 %
<b>Net sales volumes (mboed)</b>	<b>280</b>	<b>283</b>	<b>295</b>	<b>277</b>	<b>284</b>	<b>341</b>	<b>356</b>	<b>349</b>

<b>Costs and Expenses per BOE (c)</b>	1st Qtr 2022	2nd Qtr 2022	3rd Qtr 2022	4th Qtr 2022	Year 2022	1st Qtr 2023	2nd Qtr 2023	Year 2023
Production	\$ 5.59	\$ 5.80	\$ 6.40	\$ 6.29	\$ 6.03	\$ 5.82	\$ 5.88	\$ 5.85
Shipping, handling and other operating (d)	5.77	5.45	5.58	5.60	5.60	4.92	4.93	4.92
Exploration	0.44	0.30	0.40	0.24	0.35	0.17	0.15	0.16
DD&A	16.02	16.11	16.20	16.29	16.16	16.46	16.88	16.68
Taxes other than income	3.93	5.39	4.98	3.98	4.58	3.15	1.31	2.21
General and administrative	1.18	1.07	1.36	1.43	1.26	1.13	0.97	1.05

(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>	1st Qtr 2022	2nd Qtr 2022	3rd Qtr 2022	4th Qtr 2022	Year 2022	1st Qtr 2023	2nd Qtr 2023	Year 2023
Revenues from contracts with customers	\$ 47	\$ 79	\$ 81	\$ 65	\$ 272	\$ 64	\$ 44	\$ 108
Income from equity method investments	127	152	190	144	613	80	22	102
Other income	2	2	1	2	7	1	3	4
<b>Less Costs and Expenses:</b>								
Production	11	14	20	20	65	23	23	46
Shipping, handling and other operating	9	1	5	3	18	3	—	3
DD&A	15	16	14	15	60	12	10	22
General and administrative	3	3	4	3	13	3	3	6
Income before taxes	138	199	229	170	736	104	33	137
Income tax provision	23	39	48	41	151	15	3	18
<b>Segment income</b>	<b>\$ 115</b>	<b>\$ 160</b>	<b>\$ 181</b>	<b>\$ 129</b>	<b>\$ 585</b>	<b>\$ 89</b>	<b>\$ 30</b>	<b>\$ 119</b>
Effective tax rate	17 %	20 %	21 %	24 %	21 %	14 %	9 %	13 %
<b>Net sales volumes (mboed)</b>	<b>61</b>	<b>60</b>	<b>58</b>	<b>56</b>	<b>59</b>	<b>56</b>	<b>44</b>	<b>50</b>
<b>Costs and Expenses per BOE (a)</b>								
Production	\$ 1.92	\$ 2.83	\$ 3.55	\$ 3.94	\$ 3.04	\$ 4.54	\$ 5.72	\$ 5.06
Shipping, handling and other operating	1.61	0.07	1.13	0.39	0.80	0.64	0.16	0.43
Exploration	—	—	—	—	—	—	0.04	0.02
DD&A	2.80	2.80	2.82	2.88	2.82	2.41	2.42	2.41
General and administrative	0.49	0.59	0.68	0.73	0.62	0.63	0.69	0.66
<b>Equatorial Guinea</b>								
Dividends	\$ 47	\$ 146	\$ 145	\$ 136	\$ 474	\$ —	\$ 215	\$ 215
Return of capital	7	—	5	—	12	—	34	34
Total cash distributions	\$ 54	\$ 146	\$ 150	\$ 136	\$ 486	\$ —	\$ 249	\$ 249
Income from equity method investments	\$ 127	\$ 152	\$ 190	\$ 144	\$ 613	\$ 80	\$ 22	\$ 102

(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 2022	2nd Qtr 2022	3rd Qtr 2022	4th Qtr 2022	Year 2022	1st Qtr 2023	2nd Qtr 2023	Year 2023
<b>Net income</b>	\$ 1,304	\$ 966	\$ 817	\$ 525	\$ 3,612	\$ 417	\$ 287	\$ 704
Adjustments for special items (pre-tax):								
Net (gain) loss on disposal of assets	—	1	(2)	39	38	(5)	—	(5)
Proved property impairments	—	2	2	3	7	—	—	—
Exploratory dry well costs, unproved property impairments and other	—	—	62	12	74	10	5	15
Pension settlement	—	—	—	2	2	1	—	1
Unrealized (gain) loss on derivative instruments	114	(43)	(67)	(22)	(18)	(2)	4	2
Unrealized loss on interest rate swaps	26	1	—	—	27	—	—	—
Acquisition transaction costs	—	—	—	18	18	1	—	1
Other	27	(2)	23	(2)	46	(1)	1	—
Provision (benefit) for income taxes related to special items	(37)	9	(3)	(12)	(43)	(1)	(2)	(3)
Valuation allowance	(685)	—	—	—	(685)	—	—	—
<b>Adjustments for special items</b>	<b>(555)</b>	<b>(32)</b>	<b>15</b>	<b>38</b>	<b>(534)</b>	<b>3</b>	<b>8</b>	<b>11</b>
<b>Adjusted net income (a)</b>	<b>\$ 749</b>	<b>\$ 934</b>	<b>\$ 832</b>	<b>\$ 563</b>	<b>\$ 3,078</b>	<b>\$ 420</b>	<b>\$ 295</b>	<b>\$ 715</b>

<i>(In millions, except per share data)</i>	1st Qtr 2022	2nd Qtr 2022	3rd Qtr 2022	4th Qtr 2022	Year 2022	1st Qtr 2023	2nd Qtr 2023	Year 2023
<b>Per common share data:</b>								
<b>Diluted:</b>								
Weighted average shares (millions)	732	705	672	637	687	629	615	623
Adjusted net income (a)	\$ 749	\$ 934	\$ 832	\$ 563	\$ 3,078	\$ 420	\$ 295	\$ 715
<b>Adjusted net income per share (a)</b>	<b>\$ 1.02</b>	<b>\$ 1.32</b>	<b>\$ 1.24</b>	<b>\$ 0.88</b>	<b>\$ 4.48</b>	<b>\$ 0.67</b>	<b>\$ 0.48</b>	<b>\$ 1.15</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 or losses on dispositions, impairments of proved and certain unproved properties, changes in our valuation allowance, unrealized derivative gain or 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>	1st Qtr 2022	2nd Qtr 2022	3rd Qtr 2022	4th Qtr 2022	Year 2022	1st Qtr 2023	2nd Qtr 2023	Year 2023
<b>Adjusted Net Income Per Diluted Share</b>								
<b>Net income</b>	\$ 1.78	\$ 1.37	\$ 1.22	\$ 0.82	\$ 5.26	\$ 0.66	\$ 0.47	\$ 1.13
Adjustments for special items (pre-tax):								
Net (gain) loss on disposal of assets	—	—	—	0.06	0.06	(0.01)	—	(0.01)
Proved property impairments	—	—	—	—	0.01	—	—	—
Exploratory dry well costs, unproved property impairments and other	—	—	0.09	0.02	0.11	0.02	0.01	0.03
Unrealized (gain) loss on derivative instruments	0.16	(0.06)	(0.10)	(0.03)	(0.03)	—	—	—
Unrealized loss on interest rate swaps	0.04	—	—	—	0.04	—	—	—
Acquisition transaction costs	—	—	—	0.03	0.03	—	—	—
Other	0.03	—	0.03	—	0.06	—	—	—
Provision (benefit) for income taxes related to special items	(0.05)	0.01	—	(0.02)	(0.06)	—	—	—
Valuation allowance	(0.94)	—	—	—	(1.00)	—	—	—
<b>Adjustments for special items</b>	<b>(0.76)</b>	<b>(0.05)</b>	<b>0.02</b>	<b>0.06</b>	<b>(0.78)</b>	<b>0.01</b>	<b>0.01</b>	<b>0.02</b>
<b>Adjusted net income (a)</b>	<b>\$ 1.02</b>	<b>\$ 1.32</b>	<b>\$ 1.24</b>	<b>\$ 0.88</b>	<b>\$ 4.48</b>	<b>\$ 0.67</b>	<b>\$ 0.48</b>	<b>\$ 1.15</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 or losses on dispositions, impairments of proved and certain unproved properties, changes in our valuation allowance, unrealized derivative gain or 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 2022	2nd Qtr 2022	3rd Qtr 2022	4th Qtr 2022	Year 2022	1st Qtr 2023	2nd Qtr 2023	Year 2023
Cash additions to Property, Plant, and Equipment	\$ 332	\$ 355	\$ 430	\$ 333	\$ 1,450	\$ 532	\$ 634	\$ 1,166
Change in capital accrual	16	20	(17)	11	30	69	(11)	58
Additions to other assets	—	—	—	—	—	—	—	—
<b>Capital Expenditures (accrued) (a)</b>	<b>\$ 348</b>	<b>\$ 375</b>	<b>\$ 413</b>	<b>\$ 344</b>	<b>\$ 1,480</b>	<b>\$ 601</b>	<b>\$ 623</b>	<b>\$ 1,224</b>

  

<i>(In millions)</i>	1st Qtr 2022	2nd Qtr 2022	3rd Qtr 2022	4th Qtr 2022	Year 2022	1st Qtr 2023	2nd Qtr 2023	Year 2023
<b>Adjusted Free Cash Flow (a)</b>								
Net cash provided by operating activities	\$ 1,067	\$ 1,678	\$ 1,556	\$ 1,127	\$ 5,428	\$ 865	\$ 1,076	\$ 1,941
Adjustments:								
Changes in working capital	213	(92)	(116)	(23)	(18)	77	45	122
Capital expenditures (accrued) (a)	(348)	(375)	(413)	(344)	(1,480)	(601)	(623)	(1,224)
EG return of capital and other financing	8	2	4	3	17	(32)	33	1
<b>Adjusted Free Cash Flow (a)</b>	<b>\$ 940</b>	<b>\$ 1,213</b>	<b>\$ 1,031</b>	<b>\$ 763</b>	<b>\$ 3,947</b>	<b>\$ 309</b>	<b>\$ 531</b>	<b>\$ 840</b>

(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 certain working capital 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 financing. 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 2022	June 30 2022	Sept. 30 2022	Dec. 31 2022	Mar. 31 2023	June 30 2023
<b>Adjusted CFO (QTD)</b>						
<b>Net cash provided by operating activities</b>	\$ 1,067	\$ 1,678	\$ 1,556	\$ 1,127	\$ 865	\$ 1,076
Current receivables	(307)	(69)	155	230	(86)	(72)
Inventories	(2)	(14)	(11)	(18)	(12)	1
Current accounts payable and accrued expenses	101	177	22	(199)	30	7
Other current assets and liabilities	(5)	(2)	(50)	10	(9)	19
<b>Changes in working capital</b>	(213)	92	116	23	(77)	(45)
<b>Adjusted CFO (a)</b>	<b>\$ 1,280</b>	<b>\$ 1,586</b>	<b>\$ 1,440</b>	<b>\$ 1,104</b>	<b>\$ 942</b>	<b>\$ 1,121</b>

<i>(In millions)</i>	1st Qtr 2022	2nd Qtr 2022	3rd Qtr 2022	4th Qtr 2022	Year 2022	1st Qtr 2023	2nd Qtr 2023	Year 2023
Reinvestment rate (a)								
Adjusted CFO (a)	\$ 1,280	\$ 1,586	\$ 1,440	\$ 1,104	\$ 5,410	\$ 942	\$ 1,121	\$ 2,063
EG return of capital and other financing	8	2	4	3	17	(32)	33	1
Sources of Cash	1,288	1,588	1,444	1,107	5,427	910	1,154	2,064
Capital expenditures (accrued) (a)	\$ 348	\$ 375	\$ 413	\$ 344	\$ 1,480	\$ 601	\$ 623	\$ 1,224
<b>Reinvestment rate (a)</b>	27 %	24 %	29 %	31 %	27 %	66 %	54 %	59 %

(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.

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 financing. 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 2022	2nd Qtr 2022	3rd Qtr 2022	4th Qtr 2022	Year 2022	1st Qtr 2023	2nd Qtr 2023	Year 2023
<b>Net income</b>	\$ 1,304	\$ 966	\$ 817	\$ 525	\$ 3,612	\$ 417	\$ 287	\$ 704
Adjustments to net income:								
DD&A	423	436	460	434	1,753	520	559	1,079
Tax	(517)	279	240	165	167	109	78	187
Exploration	11	8	73	18	110	15	11	26
Net interest and other	22	54	52	60	188	82	92	174
<b>EBITDAX</b>	1,243	1,743	1,642	1,202	5,830	1,143	1,027	2,170
EBITDAX special items adjustments:								
Net (gain) loss on disposal of assets	—	1	(2)	39	38	(5)	—	(5)
Proved property impairments	—	2	2	3	7	—	—	—
Pension settlement	—	—	—	2	2	1	—	1
Unrealized (gain) loss on derivative instruments	114	(43)	(67)	(22)	(18)	(2)	4	2
Acquisition transaction costs	—	—	—	10	10	1	—	1
Other	27	(4)	23	(3)	43	(1)	1	—
<b>Adjustments for special items</b>	141	(44)	(44)	29	82	(6)	5	(1)
<b>Adjusted EBITDAX (a)</b>	<b>\$ 1,384</b>	<b>\$ 1,699</b>	<b>\$ 1,598</b>	<b>\$ 1,231</b>	<b>\$ 5,912</b>	<b>\$ 1,137</b>	<b>\$ 1,032</b>	<b>\$ 2,169</b>

<i>(In millions)</i>	1st Qtr 2022	2nd Qtr 2022	3rd Qtr 2022	4th Qtr 2022	Year 2022	1st Qtr 2023	2nd Qtr 2023	Year 2023
<b>Equatorial Guinea EBITDAX</b>								
International segment income	\$ 115	\$ 160	\$ 181	\$ 129	\$ 585	\$ 89	\$ 30	\$ 119
Adjustments:								
DD&A	25	24	23	23	95	22	15	37
Tax	35	54	59	52	200	26	8	34
Net interest and other	—	1	—	(2)	(1)	—	—	—
<b>E.G. EBITDAX (a)</b>	<b>\$ 175</b>	<b>\$ 239</b>	<b>\$ 263</b>	<b>\$ 202</b>	<b>\$ 879</b>	<b>\$ 137</b>	<b>\$ 53</b>	<b>\$ 190</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, depreciation, depletion and amortization ("DD&A"), and exploration, further adjusted for gains or losses on dispositions, impairments of proved and certain unproved properties, unrealized derivative gain or 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.

Our presentation of E.G. EBITDAX is a non-GAAP measure. E.G. EBITDAX is defined as International segment income (loss) excluding net interest expense and other, 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, International segment income (loss) as determined in accordance with U.S. GAAP.