

MARATHON OIL CORP
Form 10-Q
May 05, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q
(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period Ended March 31, 2016

OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number 1-5153
Marathon Oil Corporation
(Exact name of registrant as specified in its charter)
Delaware 25-0996816
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)
5555 San Felipe Street, Houston, TX 77056-2723
(Address of principal executive offices)

(713) 629-6600
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

There were 847,648,273 shares of Marathon Oil Corporation common stock outstanding as of April 29, 2016.

MARATHON OIL CORPORATION

Unless the context otherwise indicates, references to “Marathon Oil,” “we,” “our,” or “us” in this Form 10-Q are references to Marathon Oil Corporation, including its wholly-owned and majority-owned subsidiaries, and its ownership interests in equity method investees (corporate entities, partnerships, limited liability companies and other ventures over which Marathon Oil exerts significant influence by virtue of its ownership interest).

For certain industry specific terms used in this Form 10-Q, please see "Definitions" in our 2015 Annual Report on Form 10-K.

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Part I - Financial Information

Item 1. Financial Statements

MARATHON OIL CORPORATION

Consolidated Statements of Income (Unaudited)

(In millions, except per share data)	Three Months Ended March 31,	
	2016	2015
Revenues and other income:		
Sales and other operating revenues, including related party	\$714	\$1,280
Marketing revenues	58	204
Income from equity method investments	14	36
Net gain (loss) on disposal of assets	(60)	1
Other income	4	11
Total revenues and other income	730	1,532
Costs and expenses:		
Production	328	444
Marketing, including purchases from related parties	58	205
Other operating	109	107
Exploration	24	90
Depreciation, depletion and amortization	609	821
Impairments	1	—
Taxes other than income	48	67
General and administrative	151	171
Total costs and expenses	1,328	1,905
Income (loss) from operations	(598)	(373)
Net interest and other	(85)	(47)
Income (loss) before income taxes	(683)	(420)
Provision (benefit) for income taxes	(276)	(144)
Net income (loss)	\$(407)	\$(276)
Net income (loss) per share:		
Basic	\$(0.56)	\$(0.41)
Diluted	\$(0.56)	\$(0.41)
Dividends per share	\$0.05	\$0.21
Weighted average common shares outstanding:		
Basic	730	675
Diluted	730	675

The accompanying notes are an integral part of these consolidated financial statements.

MARATHON OIL CORPORATION

Consolidated Statements of Comprehensive Income (Unaudited)

	Three Months Ended March 31,	
(In millions)	2016	2015
Net income (loss)	\$(407)	\$(276)
Other comprehensive income (loss)		
Postretirement and postemployment plans		
Change in actuarial loss and other	(24)	76
Income tax provision (benefit)	9	(27)
Postretirement and postemployment plans, net of tax	(15)	49
Comprehensive income (loss)	\$(422)	\$(227)

The accompanying notes are an integral part of these consolidated financial statements.

MARATHON OIL CORPORATION
Consolidated Balance Sheets (Unaudited)

	March 31, 2016	December 31, 2015
(In millions, except per share data)		
Assets		
Current assets:		
Cash and cash equivalents	\$2,072	\$ 1,221
Receivables, less reserve of \$4 and \$4	779	912
Inventories	306	313
Other current assets	111	144
Total current assets	3,268	2,590
Equity method investments	959	1,003
Property, plant and equipment, less accumulated depreciation, depletion and amortization of \$22,763 and \$23,260	26,737	27,061
Goodwill	115	115
Other noncurrent assets	1,789	1,542
Total assets	\$32,868	\$ 32,311
Liabilities		
Current liabilities:		
Accounts payable	\$1,084	\$ 1,313
Payroll and benefits payable	79	133
Accrued taxes	151	132
Other current liabilities	211	150
Long-term debt due within one year	1	1
Total current liabilities	1,526	1,729
Long-term debt	7,280	7,276
Deferred tax liabilities	2,368	2,441
Defined benefit postretirement plan obligations	446	