



Marathon Oil Corporation

First Quarter 2022

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

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

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

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
Segment income (loss)						
United States	\$ 212	\$ 207	\$ 305	\$ 553	\$ 1,277	\$ 661
International	50	68	93	106	317	115
Segment income (loss)	262	275	398	659	1,594	776
Not allocated to segments - Corporate items:						
Net interest and other	(54)	(67)	(65)	(16)	(202)	4
Other net periodic benefit (costs) credits	3	4	3	4	14	4
General and administrative	(40)	(36)	(38)	(32)	(146)	(40)
Other income and costs	(5)	(5)	(5)	(6)	(21)	(6)
Income tax (provision) benefit	—	2	17	(17)	2	11
Not allocated to segments - Adjustments for special items:						
Net gain (loss) on disposal of assets	—	1	7	(27)	(19)	—
Proved property impairments	(1)	(46)	(13)	—	(60)	—
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)
Unrealized gain (loss) on interest rate swaps (a)	41	8	8	(43)	14	(26)
Reduction in workforce (b)	(11)	(1)	—	—	(12)	—
Loss on early extinguishment of debt	—	(19)	(102)	—	(121)	—
Other (c)	(16)	(13)	(2)	(5)	(36)	(27)
Benefit for income taxes related to special items	—	—	—	3	3	37
Valuation allowance	—	—	—	—	—	685
Total special items	(69)	(157)	(126)	57	(295)	555
Not allocated to segments - Total	(165)	(259)	(214)	(10)	(648)	528
Net income (loss)	\$ 97	\$ 16	\$ 184	\$ 649	\$ 946	\$ 1,304

(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>	1st Qtr 2021	2nd Qtr 2021	3rd Qtr 2021	4th Qtr 2021	Year 2021	1st Qtr 2022
Revenues from contracts with customers (a)	\$ 1,132	\$ 1,189	\$ 1,375	\$ 1,638	\$ 5,334	\$ 1,714
Net realized gain (loss) on commodity derivatives	(71)	(91)	(106)	(131)	(399)	(29)
Other income	1	3	—	3	7	4
Less Costs and Expenses:						
Production	111	113	119	137	480	141
Shipping, handling and other operating (b)	144	153	209	180	686	150
Exploration	21	18	15	11	65	11
DD&A	472	506	499	495	1,972	404
Taxes other than income	74	76	88	108	346	99
General and administrative	23	27	29	28	107	30
Income (loss) before taxes	217	208	310	551	1,286	854
Income tax provision (benefit)	5	1	5	(2)	9	193
Segment income (loss)	\$ 212	\$ 207	\$ 305	\$ 553	\$ 1,277	\$ 661
Effective tax rate	2 %	— %	2 %	— %	1 %	23 %
Net sales volumes (mboed)	275	283	281	304	286	280

Costs and Expenses per BOE (c)	1st Qtr 2021	2nd Qtr 2021	3rd Qtr 2021	4th Qtr 2021	Year 2021	1st Qtr 2022
Production	\$ 4.46	\$ 4.41	\$ 4.59	\$ 4.90	\$ 4.60	\$ 5.59
Shipping, handling and other operating (d)	5.43	4.81	5.69	5.81	5.44	5.77
Exploration	0.86	0.69	0.57	0.41	0.63	0.44
DD&A	19.05	19.65	19.29	17.71	18.90	16.02
Taxes other than income	2.97	2.98	3.37	3.89	3.32	3.93
General and administrative	0.92	1.04	1.15	1.00	1.03	1.18

(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 2021	2nd Qtr 2021	3rd Qtr 2021	4th Qtr 2021	Year 2021	1st Qtr 2022
Revenues from contracts with customers	\$ 45	\$ 65	\$ 63	\$ 94	\$ 267	\$ 47
Income (loss) from equity method investments	44	49	86	74	253	127
Other income	1	2	—	1	4	2
Less Costs and Expenses:						
Production	10	13	12	19	54	11
Shipping, handling and other operating	4	2	7	3	16	9
DD&A	19	18	17	14	68	15
General and administrative	2	4	3	4	13	3
Income (loss) before taxes	55	79	110	129	373	138
Income tax provision (benefit)	5	11	17	23	56	23
Segment income (loss)	\$ 50	\$ 68	\$ 93	\$ 106	\$ 317	\$ 115
Effective tax rate	9 %	14 %	15 %	18 %	15 %	17 %
Net sales volumes (mboed)	66	65	61	53	61	61
Costs and Expenses per BOE (a)						
Production	\$ 1.68	\$ 2.17	\$ 2.17	\$ 4.05	\$ 2.45	\$ 1.92
Shipping, handling and other operating	0.72	0.34	1.23	0.54	0.71	1.61
DD&A	3.09	3.08	3.12	2.95	3.07	2.80
General and administrative	0.46	0.46	0.60	0.68	0.54	0.49
Equatorial Guinea						
Dividends	\$ 31	\$ 44	\$ 47	\$ 55	\$ 177	\$ 47
Return of capital	—	6	9	46	61	7
Total cash distributions	\$ 31	\$ 50	\$ 56	\$ 101	\$ 238	\$ 54
Income (loss) from equity method investments	\$ 44	\$ 49	\$ 86	\$ 74	\$ 253	\$ 127

(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
Net income (loss)	\$ 97	\$ 16	\$ 184	\$ 649	\$ 946	\$ 1,304
Adjustments for special items (pre-tax):						
Net (gain) loss on disposal of assets	—	(1)	(7)	27	19	—
Proved property impairments	1	46	13	—	60	—
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
Unrealized (gain) on interest rate swaps	(41)	(8)	(8)	43	(14)	26
Reduction in workforce	11	1	—	—	12	—
Loss on early extinguishment of debt	—	19	102	—	121	—
Other	16	13	2	5	36	27
Benefit for income taxes related to special items	—	—	—	(3)	(3)	(37)
Valuation allowance	—	—	—	—	—	(685)
Adjustments for special items	69	157	126	(57)	295	(555)
Adjusted net income (loss) (a)	\$ 166	\$ 173	\$ 310	\$ 592	\$ 1,241	\$ 749

<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
Per common share data:						
Diluted:						
Weighted average shares (millions)	789	789	789	773	788	732
Adjusted net income (loss) (a)	\$ 166	\$ 173	\$ 310	\$ 592	\$ 1,241	\$ 749
Adjusted net income (loss) per share (a)	\$ 0.21	\$ 0.22	\$ 0.39	\$ 0.77	\$ 1.57	\$ 1.02

(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>	1st Qtr 2021	2nd Qtr 2021	3rd Qtr 2021	4th Qtr 2021	Year 2021	1st Qtr 2022
Adjusted Net Income (Loss) Per Diluted Share						
Net income (loss)	\$ 0.12	\$ 0.02	\$ 0.23	\$ 0.84	\$ 1.20	\$ 1.78
Adjustments for special items (pre-tax):						
Net (gain) loss on disposal of assets	—	—	(0.01)	0.03	0.02	—
Proved property impairments	—	0.06	0.02	—	0.08	—
Exploratory dry well costs, unproved property impairments and other	—	0.01	0.06	0.02	0.09	—
Pension settlement	—	0.01	—	—	0.01	—
Unrealized (gain) loss on derivative instruments	0.10	0.10	(0.03)	(0.19)	(0.02)	0.16
Unrealized (gain) on interest rate swaps	(0.05)	(0.01)	(0.01)	0.06	(0.02)	0.04
Reduction in workforce	0.01	—	—	—	0.02	—
Loss on early extinguishment of debt	—	0.02	0.13	—	0.15	—
Other	0.03	0.01	—	0.01	0.04	0.03
Benefit for income taxes related to special items	—	—	—	—	—	(0.05)
Valuation allowance	—	—	—	—	—	(0.94)
Adjustments for special items	0.09	0.20	0.16	(0.07)	0.37	(0.76)
Adjusted net income (loss) (a)	\$ 0.21	\$ 0.22	\$ 0.39	\$ 0.77	\$ 1.57	\$ 1.02

(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
Cash additions to Property, Plant, and Equipment	\$ 209	\$ 274	\$ 289	\$ 274	\$ 1,046	\$ 332
Change in capital accrual	(25)	15	19	(23)	(14)	16
Additions to other assets	—	—	—	—	—	—
Total Capital Expenditures (accrued) (a)	\$ 184	\$ 289	\$ 308	\$ 251	\$ 1,032	\$ 348

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

(a) Non-GAAP financial measure.

Our presentation of total capital expenditures (accrued) is a non-GAAP measure. Total 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. Total 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, 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
Cash Flows (QTD)					
Net cash provided by operating activities	\$ 622	\$ 655	\$ 816	\$ 1,146	\$ 1,067
Current receivables	(175)	(78)	(60)	(76)	(307)
Inventories	(2)	—	1	—	(2)
Current accounts payable and accrued expenses	101	20	107	141	101
Other current assets and liabilities	61	12	(7)	(20)	(5)
Changes in working capital	(15)	(46)	41	45	(213)
Net cash provided by operating activities before changes in working capital (a)	\$ 637	\$ 701	\$ 775	\$ 1,101	\$ 1,280

(a) Non-GAAP financial measure.

Our presentation of net cash provided by operating activities before changes in 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 operating activities 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 2021	2nd Qtr 2021	3rd Qtr 2021	4th Qtr 2021	Year 2021	1st Qtr 2022
Sources of Cash						
Net cash provided by operating activities before changes in working capital	\$ 637	\$ 701	\$ 775	\$ 1,101	\$ 3,214	\$ 1,280
EG return of capital and other	(10)	8	11	48	57	8
Sources of Cash	627	709	786	1,149	3,271	1,288
Capital expenditures (accrued)	\$ 184	\$ 289	\$ 308	\$ 251	\$ 1,032	\$ 348
Reinvestment rate (a)	29 %	41 %	39 %	22 %	32 %	27 %

(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 net cash provided by operating activities before changes in working capital 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
Net income (loss)	\$ 97	\$ 16	\$ 184	\$ 649	\$ 946	\$ 1,304
Adjustments to net income (loss):						
DD&A	496	532	522	516	2,066	423
Tax	10	10	4	34	58	(517)
Exploration	21	25	63	27	136	11
Net interest and other	13	59	57	59	188	22
EBITDAX	637	642	830	1,285	3,394	1,243
EBITDAX special items adjustments:						
Net (gain) loss on disposal of assets	—	(1)	(7)	27	19	—
Proved property impairments	1	46	13	—	60	—
Pension settlement	—	5	3	1	9	—
Unrealized (gain) loss on derivative instruments	82	75	(27)	(146)	(16)	114
Reduction in workforce	11	1	—	—	12	—
Loss on early extinguishment of debt	—	19	102	—	121	—
Other	16	13	3	6	38	27
Adjustments for special items	110	158	87	(112)	243	141
Adjusted EBITDAX (a)	\$ 747	\$ 800	\$ 917	\$ 1,173	\$ 3,637	\$ 1,384

(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.