

MARATHON OIL CORP
Form 10-Q
May 10, 2010

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, 2010

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
(State or other jurisdiction of incorporation or organization)

25-0996816
(I.R.S. Employer Identification No.)

5555 San Felipe Road, 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

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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) S m a l l e r r e p o r t i n g
company 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 709,502,223 shares of Marathon Oil Corporation common stock outstanding as of April 30, 2010.

MARATHON OIL CORPORATION

Form 10-Q

Quarter Ended March 31, 2010

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Unless the context otherwise indicates, references in this Form 10-Q to "Marathon," "we," "our," or "us" 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 exerts significant influence by virtue of its ownership interest).

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,	
	2010	2009
Revenues and other income:		
Sales and other operating revenues (including consumer excise taxes)	\$15,849	\$10,156
Sales to related parties	20	20
Income from equity method investments	105	47
Net gain on disposal of assets	813	4
Other income	33	52
Total revenues and other income	16,820	10,279
Costs and expenses:		
Cost of revenues (excludes items below)	12,881	7,357
Purchases from related parties	133	95
Consumer excise taxes	1,212	1,174
Depreciation, depletion and amortization	649	660
Long-lived asset impairments	434	-
Selling, general and administrative expenses	298	291
Other taxes	115	102
Exploration expenses	98	62
Total costs and expenses	15,820	9,741
Income from operations	1,000	538
Net interest and other financing costs	(30)	(16)
Income from continuing operations before income taxes	970	522
Provision for income taxes	513	257
Income from continuing operations	457	265
Discontinued operations	-	17
Net income	\$457	\$282

Per Share Data

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Basic:		
Income from continuing operations	\$0.64	\$0.37
Discontinued operations	\$-	\$0.03
Net income	\$0.64	\$0.40
Diluted:		
Income from continuing operations	\$0.64	\$0.37
Discontinued operations	\$-	\$0.03
Net income	\$0.64	\$0.40
Dividends paid	\$0.24	\$0.24

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

MARATHON OIL CORPORATION

Consolidated Balance Sheets (Unaudited)

	March 31,	December
(In millions, except per share data)	2010	31, 2009
Assets		
Current assets:		
Cash and cash equivalents	\$2,718	\$2,057
Receivables, less allowance for doubtful accounts of \$14 and \$14	4,860	4,677
Receivables from United States Steel	22	22
Receivables from related parties	70	60
Inventories	3,848	3,622
Other current assets		