

MARATHON OIL CORP
 Form 424B5
 July 13, 2017

Filed pursuant to Rule 424(b)(5)
 Registration No. 333-215733

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and we are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, dated July 13, 2017

Prospectus supplement

(To Prospectus dated January 25, 2017)

\$
 % Senior Notes due 2027

The % Senior Notes due 2027 (the “Notes”) will bear interest at the rate of % per year. We will pay interest on the Notes on and of each year, beginning on , 2017. The Notes will mature on , 2027. We may redeem some or all of the Notes at any time at the redemption prices described under the caption “Description of the Notes—Optional Redemption.”

The Notes will be unsecured, unsubordinated obligations of our company and will rank equally with all of our other existing and future unsecured, unsubordinated indebtedness.

Investing in the Notes involves risks. See “Risk Factors” beginning on page S-3 of this prospectus supplement. Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

	Per Note	Total
Public Offering Price.....	%.....	\$
Underwriting Discount.....	%.....	\$
Proceeds to Marathon Oil (before expenses)....	%.....	\$

Interest on the Notes will accrue from July , 2017.

The Notes will not be listed on any securities exchange. Currently, there is no public market for the Notes.

We expect to deliver the Notes to investors in registered book-entry form only through the facilities of The Depository Trust Company on or about July , 2017.

Joint Book-Running Managers

J.P. Morgan Citigroup

HSBC Mizuho Securities Morgan Stanley Scotiabank SOCIETE GENERALE TD Securities

July , 2017

Table of Contents
Prospectus Supplement

	Page
<u>About This Prospectus Supplement</u>	<u>S-1</u>
<u>Marathon Oil Corporation</u>	<u>S-2</u>
<u>Risk Factors</u>	<u>S-3</u>
<u>Use of Proceeds</u>	<u>S-5</u>
<u>Capitalization</u>	<u>S-6</u>
<u>Ratios of Earnings to Fixed Charges and Earnings to Combined Fixed Charges and Preferred Stock Dividends</u>	<u>S-7</u>
<u>Description of The Notes</u>	<u>S-8</u>
<u>Material U.S. Federal Income Tax Consequences</u>	<u>S-13</u>
<u>Underwriting</u>	<u>S-18</u>
<u>Legal Matters</u>	<u>S-22</u>
<u>Experts</u>	<u>S-22</u>
<u>Where You Can Find More Information</u>	<u>S-23</u>

Prospectus

	Page
<u>About This Prospectus</u>	<u>2</u>
<u>The Company</u>	<u>2</u>
<u>Risk Factors</u>	<u>2</u>
<u>Where You Can Find More Information</u>	<u>2</u>
<u>Forward-Looking Statements</u>	<u>4</u>
<u>Use of Proceeds</u>	<u>5</u>
<u>Ratios of Earnings to Fixed Charges and Earnings to Combined Fixed Charges and Preferred Stock Dividends</u>	<u>5</u>
<u>Description of Debt Securities</u>	<u>6</u>
<u>Description of Capital Stock</u>	<u>16</u>
<u>Description of Warrants</u>	<u>20</u>
<u>Description of Stock Purchase Contracts and Stock Purchase Units</u>	<u>21</u>
<u>Plan of Distribution</u>	<u>22</u>
<u>Legal Matters</u>	<u>23</u>
<u>Experts</u>	<u>23</u>

Table of Contents

About This Prospectus Supplement

This prospectus supplement and the accompanying prospectus are part of a registration statement that we filed with the Securities and Exchange Commission (the “SEC”) using a “shelf” registration process. Under this process, the document we use to offer securities is divided into two parts. The first part is this prospectus supplement, which describes the specific terms of the offering and also updates and supplements information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part is the accompanying prospectus that was filed as part of the registration statement, which provides you with a general description of the securities we may offer. If information varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement. Before purchasing the Notes, you should read carefully both this prospectus supplement and the accompanying prospectus, together with additional information described under the heading “Where You Can Find More Information” in this prospectus supplement.

When making your investment decision in the Notes, you should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus prepared by us or on our behalf. No person is authorized to give any information or to make any representations other than those contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or any free writing prospectus prepared by us or on our behalf. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell or the solicitation of an offer to buy securities other than the securities described in this prospectus supplement, or an offer to sell or the solicitation of an offer to buy any securities in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this prospectus supplement or the accompanying prospectus nor any sale made under this prospectus supplement or the accompanying prospectus shall, under any circumstances, create any implication that there has been no change in the affairs of Marathon Oil Corporation or any of its subsidiaries since the date of this prospectus supplement or that the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus is correct as of any time subsequent to the date of such information.

As used in this prospectus supplement, the terms “Marathon Oil,” “we,” “us” and “our” may, depending upon the context, refer to Marathon Oil Corporation or to Marathon Oil Corporation and its consolidated subsidiaries taken as a whole.

Extended Settlement

Delivery of the Notes is expected to be made against payment therefor on or about July , 2017, which is the 7th business day following the date of pricing of the Notes (such settlement being referred to as “T+7”). Under Rule 15c6-1 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), trades in the secondary market generally are required to settle in three business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of pricing of the Notes or the three succeeding business days will be required, by virtue of the fact that the Notes initially will settle in T+7, to specify an alternate settlement cycle at the time of any such trade to prevent failed settlement and should consult their own advisors.

Table of Contents

Marathon Oil Corporation

General

We are an independent exploration and production company based in Houston, Texas, focused on U.S. unconventional resource plays with operations in the United States, Africa and Europe. We have two reportable operating segments. Both of these segments are organized and managed based upon geographic location and the nature of the products and services it offers.

United States E&P - explores for, produces and markets crude oil and condensate, natural gas liquids (“NGLs”) and natural gas in the United States

International E&P - explores for, produces and markets crude oil and condensate, NGLs and natural gas outside of the United States and produces and markets products manufactured from natural gas, such as liquefied natural gas and methanol, in Equatorial Guinea

Recent Developments

On May 31, 2017, we completed the sale of our shares in our wholly owned subsidiary Marathon Oil Canada Corporation (the “Canadian business”), which included our 20 percent non-operated interest in the Athabasca Oil Sands Project, to 10084751 Canada Limited, an affiliate of Shell Canada Limited, and Canadian Natural Resources Limited for proceeds of approximately \$2.5 billion, before closing adjustments. Under the terms of the share purchase agreement, approximately \$1.75 billion was paid to us upon closing and the remaining \$750 million in proceeds will be paid in the first quarter of 2018. The effective date of the transaction was January 1, 2017. Full-year 2016 net synthetic crude oil production in the Canadian business averaged approximately 48,000 net barrels per day. Marathon Oil Canada Corporation and Shell Canada Limited are both party to the Athabasca Oil Sands Project joint venture and related agreements. Pro forma information giving effect to the transaction may be found in our current report on Form 8-K filed with the SEC on June 5, 2017. As this transaction closed in the second quarter of 2017, we concluded that our North American E&P segment would be renamed to our United States E&P segment, effective June 30, 2017, as all our remaining properties within the segment are located within the United States.

In March 2017, we entered into separate agreements to acquire approximately 91,000 net surface acres in the Permian basin, including over 70,000 net surface acres in the Northern Delaware basin of New Mexico. We executed a purchase agreement with BC Operating, Inc. and other sellers for \$1.1 billion in cash, excluding closing adjustments, to acquire approximately 70,000 net surface acres and current production of approximately 5,000 net barrels of oil equivalent. We executed purchase agreements with Black Mountain Oil & Gas and other sellers for \$700 million in cash, excluding closing adjustments, to acquire approximately 21,000 net surface acres. We closed on the acquisition from BC Operating, Inc. and other sellers on May 1, 2017 and closed our remaining acquisition from Black Mountain Oil & Gas and other sellers on June 1, 2017. Both transactions were funded from existing cash on hand. The effective dates of the transactions were January 1, 2017 and March 1, 2017, respectively.

Our principal executive offices are located at 5555 San Felipe Street, Houston, Texas 77056-2723, and our telephone number is (713) 629-6600. Our common stock trades on the New York Stock Exchange under the symbol “MRO”.

Table of Contents

Risk Factors

Before making an investment in the Notes, you should consider carefully the risk factors identified in Part I, Item 1A. “Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2016. You should also carefully consider the other information set forth in this prospectus supplement, the accompanying prospectus, any free writing prospectus prepared by us or on our behalf and the documents incorporated by reference in this prospectus supplement before making an investment decision with respect to the Notes. Additional risks and uncertainties not presently known to us, or that we currently deem immaterial, may also materially impair our business operations. The events discussed in the risk factors incorporated by reference in this prospectus supplement and the accompanying prospectus may occur. If they do, our business, results of operations or financial condition could be materially adversely affected. In such case, the trading price of our securities, including the Notes, could decline and you might lose all or part of your investment.

Risks Relating to the Notes

Our financial condition is dependent on the earnings of our subsidiaries.

We are a holding company and our assets consist primarily of direct and indirect ownership interests in, and our business is conducted substantially through, our subsidiaries. We rely primarily on dividends or other distributions from our subsidiaries to meet our obligations for payment of principal and interest on our outstanding debt obligations and corporate expenses. Consequently, our ability to repay our debt, including the Notes, depends on the earnings of our subsidiaries, as well as our ability to receive funds from our subsidiaries through dividends or other payments or distributions. The ability of our subsidiaries to pay dividends, repay intercompany debt or make other advances to us is subject to restrictions imposed by applicable laws (including bankruptcy laws), tax considerations and the terms of agreements governing our subsidiaries. Our foreign subsidiaries in particular may be subject to currency controls, repatriation restrictions, withholding obligations on payments to us, and other limits. If we do not receive such funds from our subsidiaries, we may be unable to pay interest or principal on the Notes when due.

Because we are a holding company, the Notes are structurally subordinated to all of the indebtedness of our subsidiaries.

The Notes are our general unsecured obligations and are not guaranteed by any of our subsidiaries. We are a legal entity separate and distinct from our subsidiaries, and holders of the Notes will be able to look only to us for payments on the Notes. In addition, because we are a holding company, our right to participate in any distribution of assets of any subsidiary upon its liquidation or reorganization or otherwise, and the ability of holders of the Notes to benefit indirectly from that kind of distribution, is subject to the prior claims of creditors of that subsidiary, except to the extent that we are recognized as a creditor of that subsidiary. All obligations of our subsidiaries will have to be satisfied before any of the assets of such subsidiaries would be available for distribution, upon a liquidation or otherwise, to us. Excluding intercompany liabilities and liabilities associated with the Canadian business, as of March 31, 2017, our subsidiaries had approximately \$1 million of indebtedness, and approximately \$4,319 million of other liabilities, which includes trade payables, asset retirement obligations and income taxes payable. We also have joint ventures and subsidiaries in which we own less than 100% of the equity so that, in addition to the structurally senior claims of creditors of those entities, the equity interests of our joint venture partners or other shareholders in any dividend or other distribution made by these entities would need to be satisfied on a proportionate basis with us. These joint ventures and less-than-wholly owned subsidiaries may also be subject to restrictions on their ability to distribute cash to us in their financing or other agreements and, as a result, we may not be able to access their cash flow to service our debt obligations, including in respect of the Notes. Accordingly, the Notes are structurally subordinated to all existing and future liabilities of our subsidiaries and all liabilities of any of our future subsidiaries. The Notes do not restrict our ability to incur additional unsecured debt or to take other actions that could negatively impact holders of the Notes.

Neither we nor our subsidiaries are restricted under the terms of the Notes from incurring additional unsecured debt. In addition, the limited covenants applicable to the Notes do not require us or our subsidiaries to achieve or maintain any minimum financial results relating to our financial position or results of operations. Further, the indenture does not contain provisions that would afford holders of the Notes protection in the event of a sudden and significant decline in

S-3

Table of Contents

our credit quality or a takeover, recapitalization or highly leveraged or similar transaction. Our ability and the ability of our subsidiaries to recapitalize, incur additional debt and take a number of other actions that are not limited by the terms of the Notes could adversely affect our capital structure or credit rating or have the effect of diminishing our ability to make payments on the Notes when due. In addition, neither we nor our subsidiaries are restricted by the terms of the Notes from repurchasing common stock or any subordinated indebtedness that we may incur in the future. The Notes will be effectively junior to all secured indebtedness unless they are entitled to be equally and ratably secured.

The Notes are our senior unsecured obligations and rank equally with all our other unsecured indebtedness. The Notes will be effectively subordinated to any secured debt we may incur in the future to the extent of the value of the assets securing such debt. Although the indenture with respect to the Notes limits our ability to incur secured debt, if we default on the Notes, become bankrupt, liquidate or reorganize, any secured creditors could use our assets securing their debt to satisfy their secured debt before you would receive any payment on the Notes. If the value of the collateral is not sufficient to pay any secured debt in full, our secured creditors would share the value of our other assets, if any, with you and the holders of other claims against us that rank equally with the Notes. Excluding indebtedness associated with the Canadian business, as of March 31, 2017, we had approximately \$7,301 million of consolidated indebtedness outstanding, none of which was secured.

There is no established trading market for the Notes and you may not be able to sell the Notes.

The Notes are a new issue of securities with no established trading market. Although the underwriters may make a market in the Notes, they are not obligated to do so and any of their market making activities may be terminated or limited at any time. We do not intend to apply for listing of the Notes on any securities exchange or for quotation on any automated dealer quotation system. Accordingly, we cannot assure you as to the liquidity of any market that may develop for the Notes, the ability of holders of the Notes to sell their Notes or the prices at which their Notes could be sold. The liquidity of any market for the Notes will depend on the number of holders of these Notes, the interest of securities dealers in making a market in these Notes and other factors. Further, if markets were to develop, the market prices for the Notes may be adversely affected by changes in our financial performance, changes in the overall market for similar securities and performance or prospects for companies in our industry.

Our credit ratings may not reflect all risks of your investment in the Notes.

The credit ratings assigned to the Notes are limited in scope and do not address all material risks relating to an investment in the Notes, but rather reflect only the view of each rating agency at the time the rating is issued. There can be no assurance that such credit ratings will remain in effect for any given period of time or that a rating will not be lowered, suspended or withdrawn entirely by the applicable rating agency, if, in such rating agency's judgment, circumstances so warrant. Agency credit ratings are not a recommendation to buy, sell or hold any security. Each agency's rating should be evaluated independently of any other agency's rating. Actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under review for a downgrade, could affect the market value of the Notes and increase our corporate borrowing costs. Neither we, the trustee nor any underwriter undertakes any obligation to maintain the ratings or to advise holders of Notes of any change in ratings.

Table of Contents

Use of Proceeds

We estimate that the net proceeds we will receive from the sale of the Notes in this offering will be approximately \$, after deducting the underwriting discount and our expenses of the offering. We intend to use the net proceeds, together with cash on hand, to redeem in full our 6.00% senior notes due 2017 (the “2017 Notes”), 5.90% senior notes due 2018 (the “2018 Notes”) and 7.50% senior notes due 2019 (the “2019 Notes” and, together with the 2018 Notes and the 2019 Notes, the “Target Notes”). If we do not redeem all of the Target Notes, or the aggregate amount of Target Notes redeemed is less than the net proceeds of this offering, we will use the remainder of those proceeds for general corporate purposes. Pending any specific application, we may initially invest funds in short term marketable securities or apply them to the reduction of short term indebtedness.

S-5

Table of Contents

Capitalization

The following table sets forth our cash and cash equivalents and consolidated capitalization as of March 31, 2017:

•on an actual basis; and

•as adjusted to give effect to this offering and the use of the proceeds thereof, together with cash on hand, to redeem in full our 2017 Notes, 2018 Notes and 2019 Notes.

You should read the following table in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our historical financial statements and the notes thereto that are incorporated by reference into this prospectus supplement and the accompanying prospectus.

	Actual	As Adjusted
	(Dollars in millions)	
Cash and cash equivalents ^(a)	\$2,490	\$
Debt (including short term liabilities)		
6.000% notes due 2017	682	—
5.900% notes due 2018	854	—
7.500% notes due 2019	228	—
2.700% notes due 2020	600	600
2.800% notes due 2022	1,000	1,000
9.375% notes due 2022	32	32
Senior A notes due 2022	3	3
8.500% notes due 2023	70	70
8.125% notes due 2023	131	131
3.850% notes due 2025	900	900
% notes due 2027 offered hereby	—	
6.800% notes due 2032	550	550
6.600% notes due 2037	750	750
5.200% notes due 2045	500	500
Capital lease obligation of consolidated subsidiary due 2017 - 2018	1	1
5.125% obligation relating to revenue bond due 2037	1,000	1,000
Unamortized discount	(8)	
Fair value adjustments ^(b)	4	4
Unamortized debt issuance cost	(33)	
Total debt	7,264	
Stockholders’ Equity ^(a)	12,584	12,584
Total liabilities and stockholders’ equity	\$24,537	\$

(a) As adjusted figure does not include make-whole premium costs, accrued interest expense, or termination of the forward starting swaps associated with the debt expected to be repaid.

(b) From time to time we use interest rate swaps to manage our exposure to interest rate risk associated with fixed interest rate debt in our portfolio. Changes in the fair value of the hedged item and the related derivative are recognized immediately in net income with an offsetting effect included in the basis of the hedged item. Amount does not include the termination of the forward starting swaps.

S-6

Table of Contents

Ratios of Earnings to Fixed Charges and Earnings to Combined Fixed Charges and Preferred Stock Dividends

Our ratios of earnings to fixed charges and earnings to combined fixed charges and preferred stock dividends for each of the periods indicated, in each case determined on a total enterprise basis, are as follows:

	Year ended December 31,					Three Months ended March 31,
	2012	2013	2014	2015	2016	2017
Ratio of earnings to fixed charges*	9.59	6.85	3.91	(5.35)	(1.76)	0.99
Income (loss) from continuing operations before income taxes	\$2,913	\$2,104	\$1,021	\$(2,439)	\$(1,164)	\$(16)
Income from equity method investments	\$370	\$423	\$424	\$145	\$175	\$69
Income (loss) from continuing operations before income taxes and income from equity method investments	\$2,543	\$1,681	\$597	\$(2,584)	\$(1,339)	\$(85)
Add (deduct)						
Fixed charges	\$338	\$360	\$352	\$382	\$421	\$105
Capitalized interest	\$(68)	\$(27)	\$(33)	\$(26)	\$(23)	