

FIRST QUARTER 2017

Financial and Operational Review

May 4, 2017



Forward-Looking Statements and Other Matters

This presentation (and oral statements made regarding the subjects of this presentation) contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These are statements, other than statements of historical fact, that give current expectations or forecasts of future events, including, without limitation: the Company's future performance, business strategy, asset quality, production guidance, drilling plans, 2017 capital plans, cost and expense estimates, asset sales and acquisitions, future financial position, and other plans and objectives for future operations. Words such as "anticipate," "believe," "could," "estimate," "expect," "forecast," "guidance," "intend," "may," "plan," "project," "seek," "should," "target," "will," "would," or similar words may be used to identify forward-looking statements; however, the absence of these words does not mean that the statements are not forward-looking.

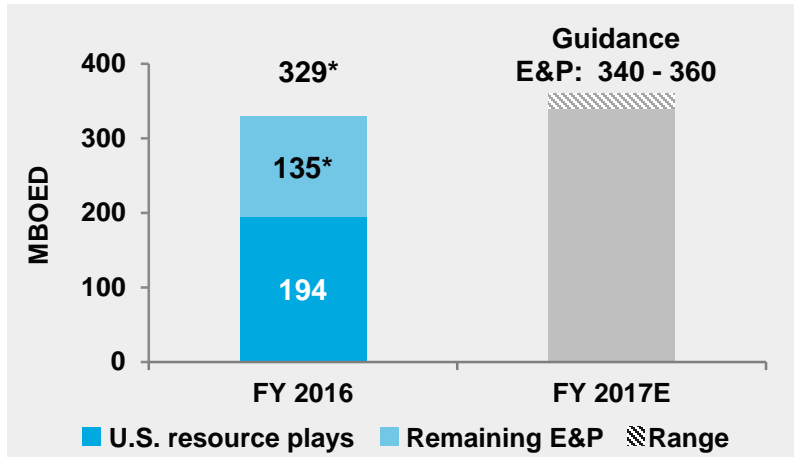
While the Company believes its assumptions concerning future events are reasonable, a number of factors could cause results to differ materially from those projected, including, without limitation: conditions in the oil and gas industry, including supply/demand levels and the resulting impact on price; changes in expected reserve or production levels; changes in political or economic conditions in the jurisdictions in which the Company operates, including changes in foreign currency exchange rates, interest rates, inflation rates, and global and domestic market conditions; capital available for exploration and development; risks related to our hedging activities; well production timing; the inability of any party to satisfy closing conditions with respect to our asset acquisitions and disposition; drilling and operating risks; availability of drilling rigs, materials and labor, including the costs associated therewith; difficulty in obtaining necessary approvals and permits; non-performance by third parties of contractual obligations; unforeseen hazards such as weather conditions; acts of war or terrorism, and the governmental or military response thereto; cyber-attacks; changes in safety, health, environmental, tax and other regulations; other geological, operating and economic considerations; and the risk factors, forward-looking statements and challenges and uncertainties described in the Company's 2016 Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and other public filings and press releases, available at www.MarathonOil.com. Except as required by law, the Company undertakes no obligation to revise or update any forward-looking statements as a result of new information, future events or otherwise.

Reconciliations of the differences between non-GAAP financial measures used in this presentation and their most directly comparable GAAP financial measures are available at www.MarathonOil.com in the 1Q 2017 Investor Packet.

Raising 2017 Production Guidance

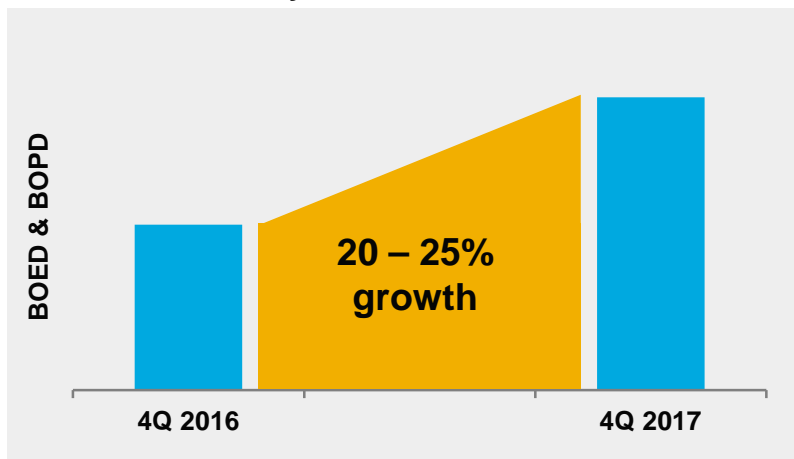
Exit rate momentum positions for a strong 2018

Total E&P Available for Sale Volumes



- 2017 total E&P annual production growth of **6%** at the midpoint, divestiture adjusted
 - Raising full-year E&P production guidance 5 MBOED
- Resource plays on track to resume sequential growth in 2Q
- 4Q16 to 4Q17 oil & boe growth of **20 - 25%** in resource plays
 - Raised from previous guidance of 15 - 20%

U.S. Resource Play Production



*Adjusted for divestitures of 13 MBOED in FY16
Excluding Libya and discontinued operations

First Quarter Highlights

Strong operational results; entered N. Delaware and exited Canadian Oil Sands

Operations

E&P production 338 MBOED

N.A. E&P production 208 MBOED, above top end of guidance

N.A. E&P production expenses down 20% from year-ago quarter

Well Results

STACK Yost pilot avg IP30 of 990 BOED, in line with expectations

Bakken E. Myrmidon wells to sales avg IP30 of 1,875 BOED

Eagle Ford production up 5% sequentially

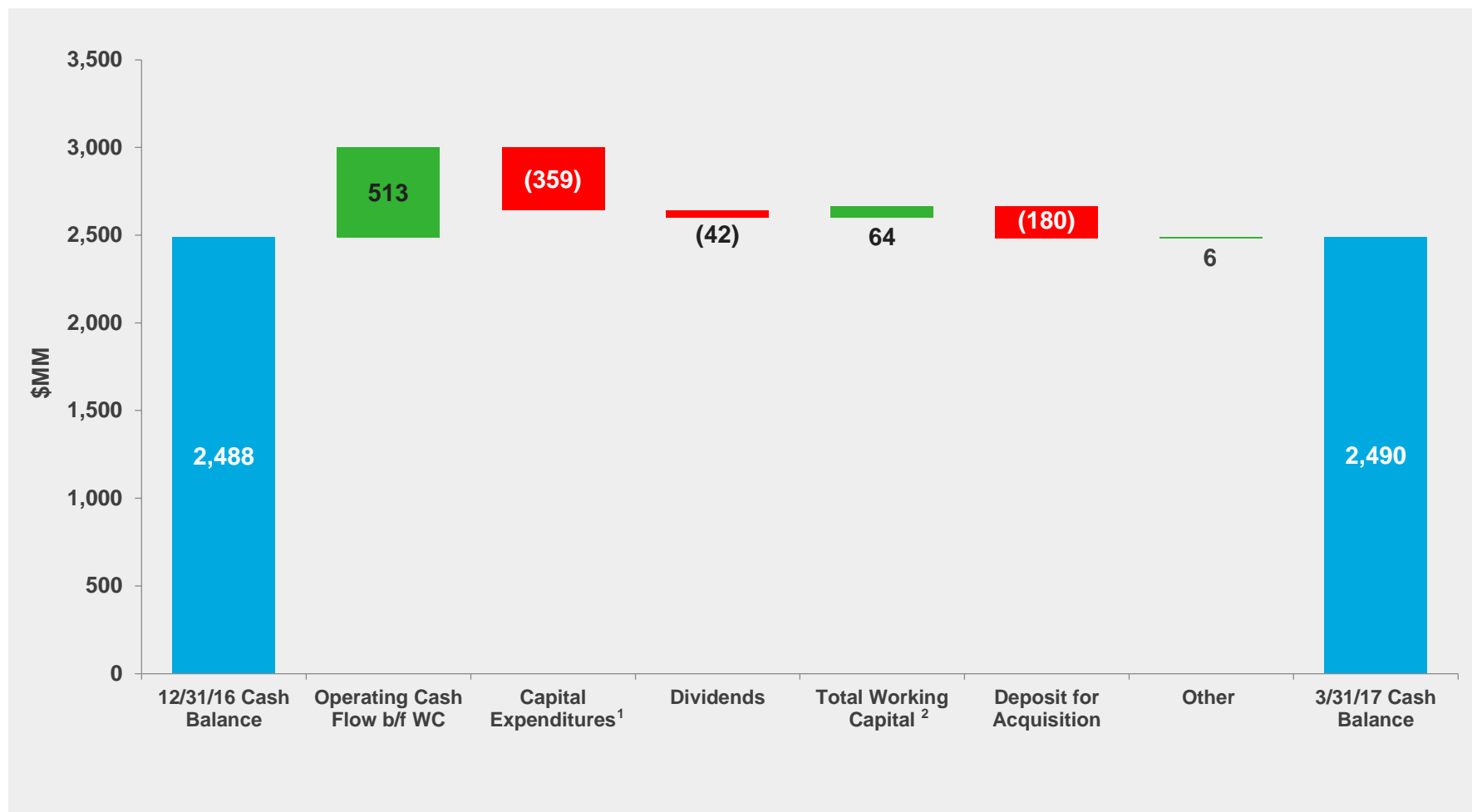
Portfolio

Announced acquisitions of 91,000 net surface acres in Permian basin for \$1.8B

Announced divestiture of Canadian Oil Sands for \$2.5B

Positive 1Q Cash Flow From Continuing Operations

Cash on hand remains \$2.5B; liquidity at \$5.8B



¹Including accruals

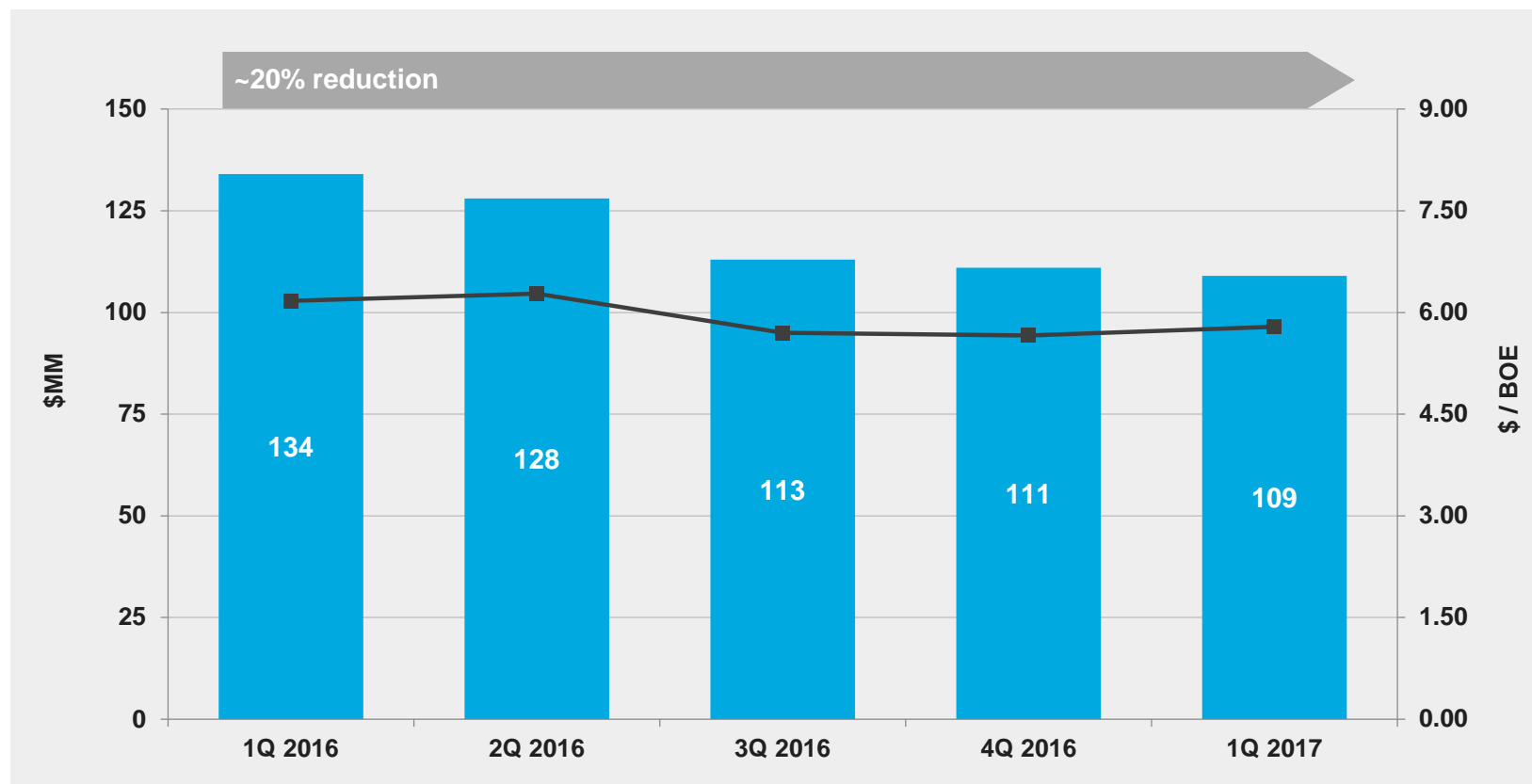
²Total working capital includes \$(12)MM and \$76MM of working capital changes associated with operating activities and investing activities, respectively

See the 1Q 2017 Investor Packet at www.Marathonoil.com for non-GAAP reconciliations

Continued Cost Reductions in N.A. E&P

~20% YoY reduction in absolute production expenses

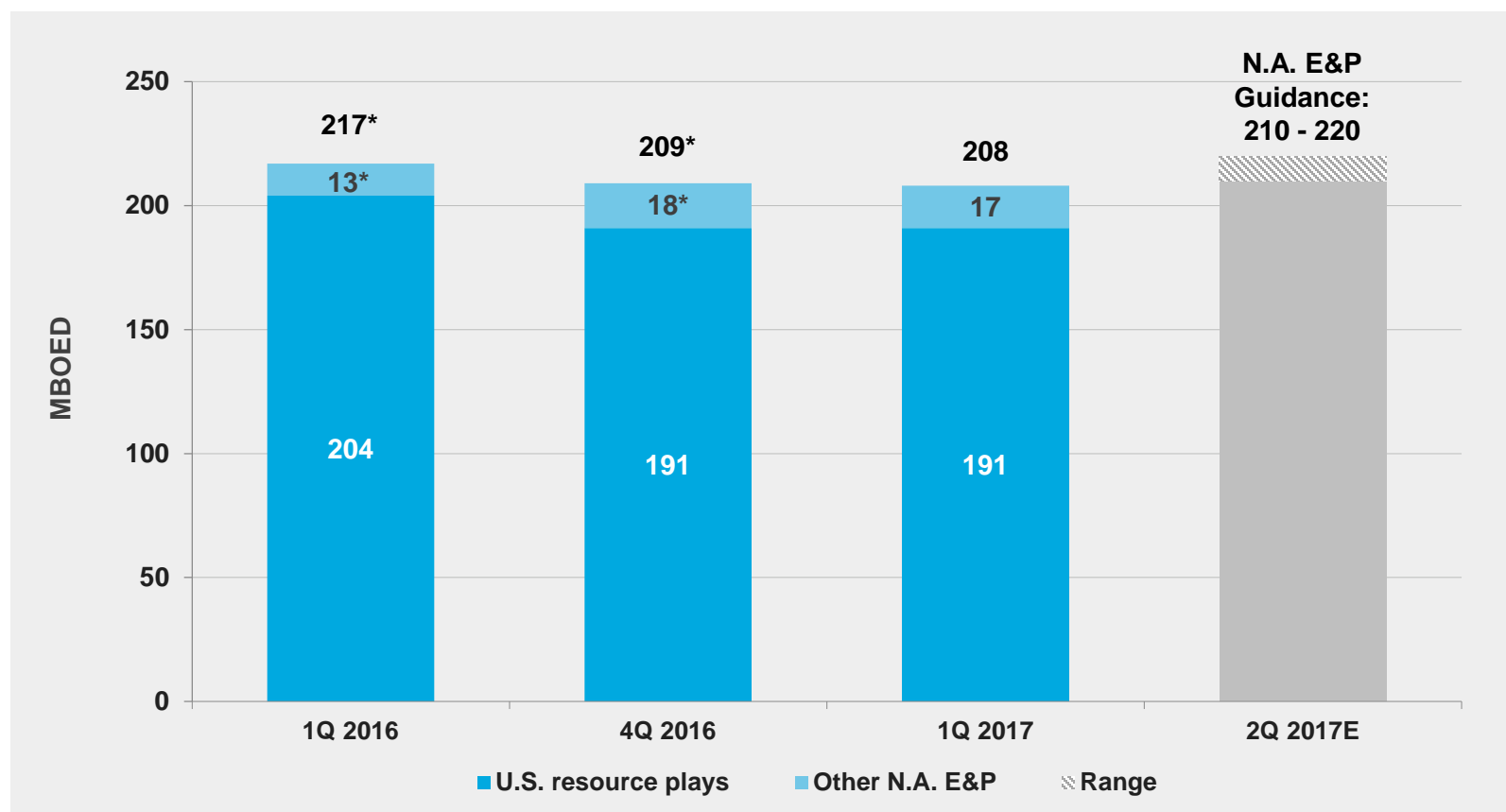
N.A. E&P Production Expenses



N.A. E&P Production Above Top End of 1Q Guidance

Positioned to resume quarterly resource play growth in 2Q

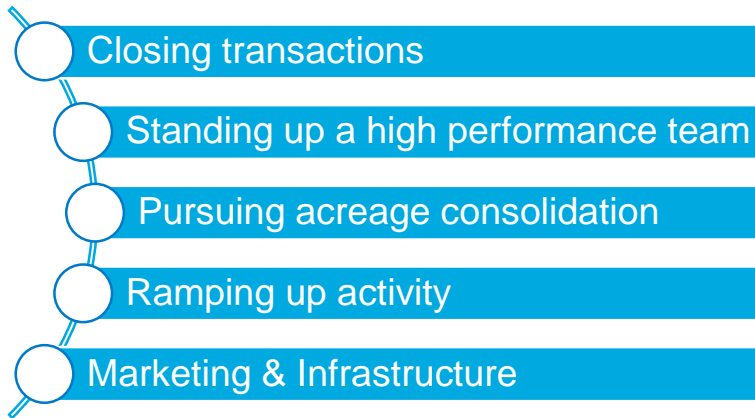
Available for Sale Volumes



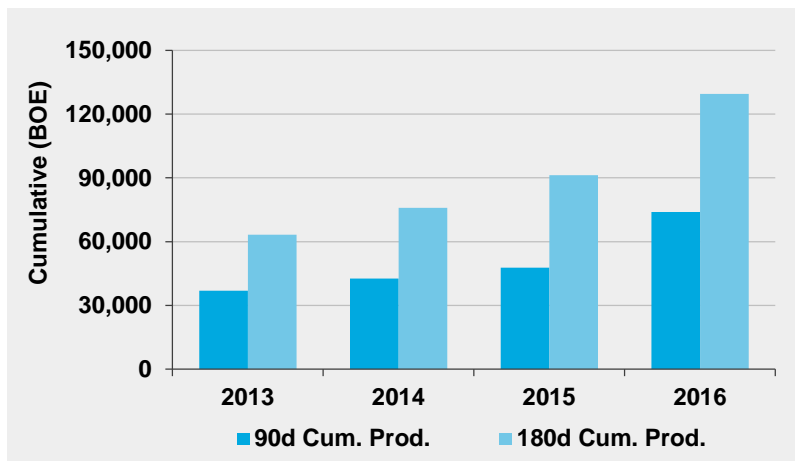
Northern Delaware Integration On Track

Closed BC Operating May 1st

Current Focus:



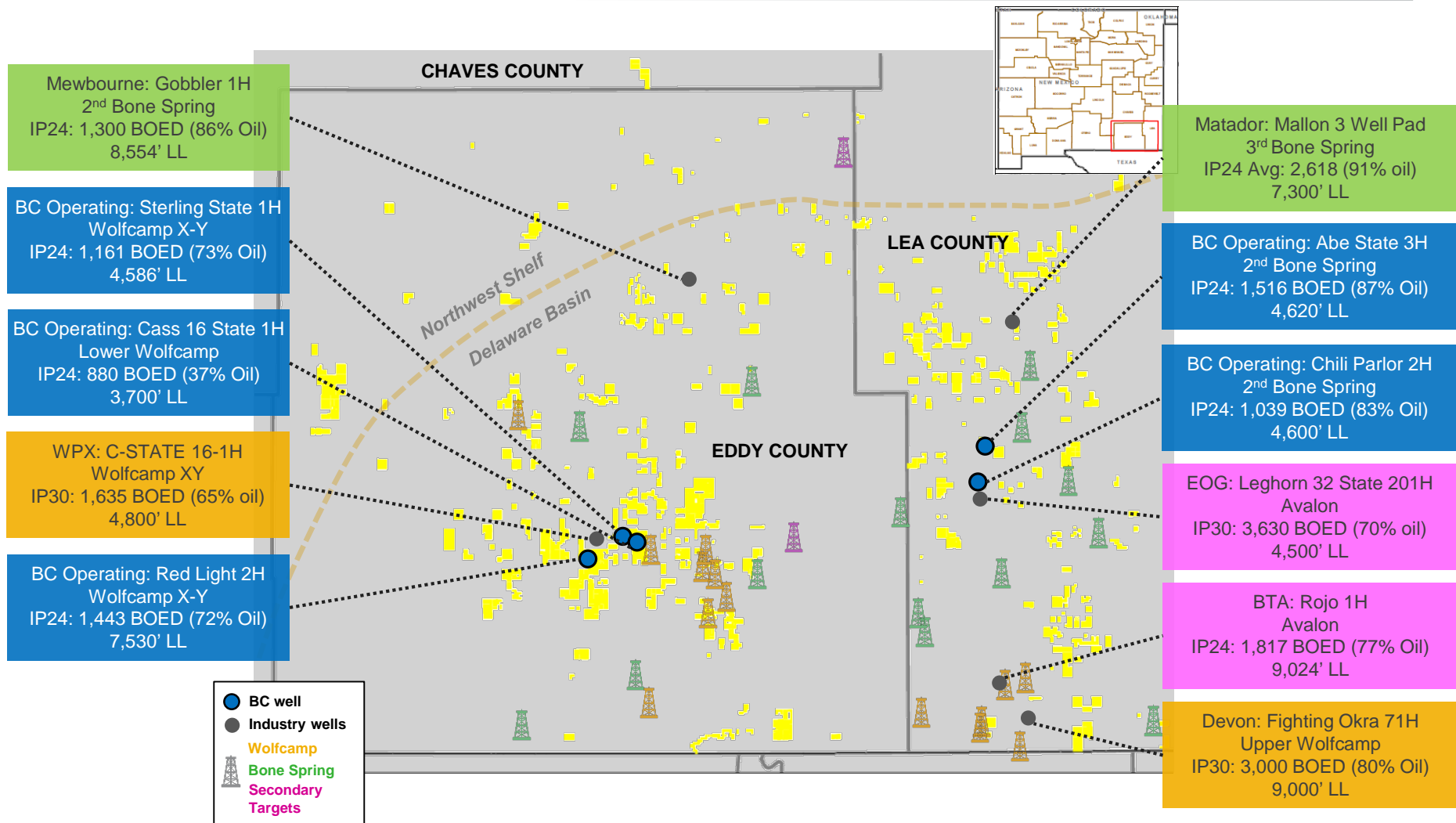
Avg Hz Well Performance (Lea & Eddy Co. NM)



- **5** BC gross operated wells to sales in 1Q
 - Western step-out Red Light Wolfcamp XY well IP 24 of 1,443 BOED (72% oil)
 - Abe State 2nd Bone Spring well IP 24 of 1,516 BOED (87% oil)
- Ramping to **3 rigs** by mid-year
- Expect **15** to **20** gross operated wells to sales in 2H 2017
- Northern Delaware industry well performance consistently improving year over year
 - 180 day cumulative production increased >100% in three years
 - Outpacing other basins on rate of change
- Uplifted well results correlated to increased completion sizes

Northern Delaware Well Performance

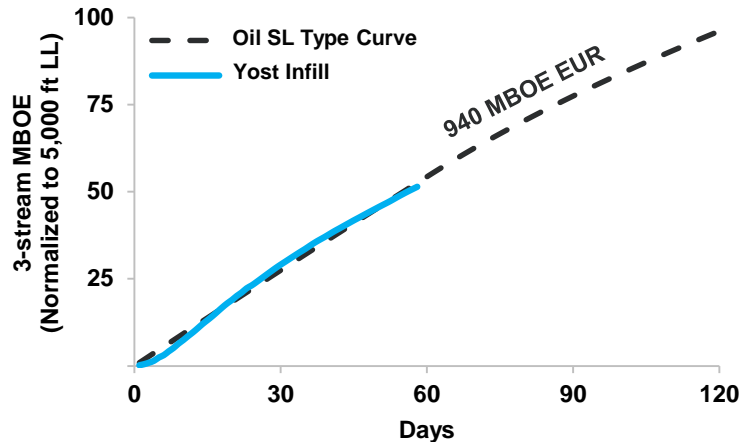
Play extension continues; impressive well results being reported



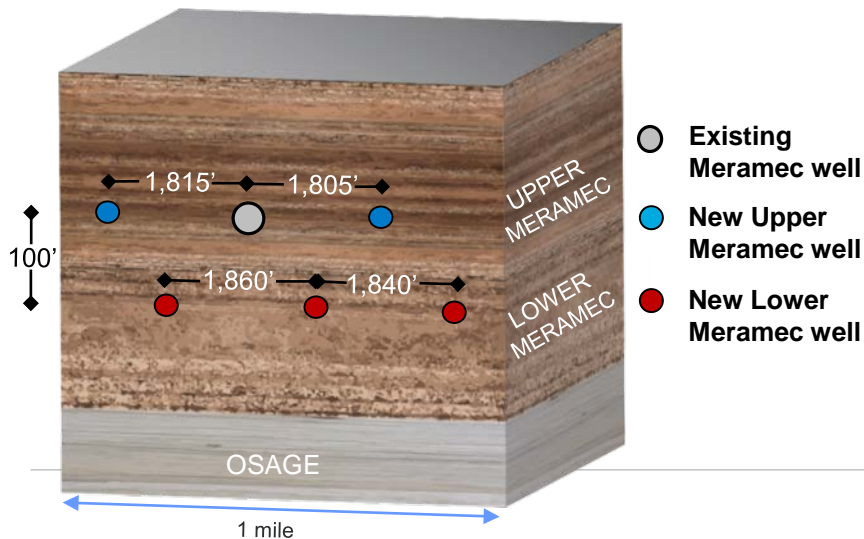
Oklahoma Progressing Strategic Objectives

Focused on delineation, leasehold and infill pilots

Yost Meramec Infill Pilot Cum Production



Yost Infill Pilot Cross Section

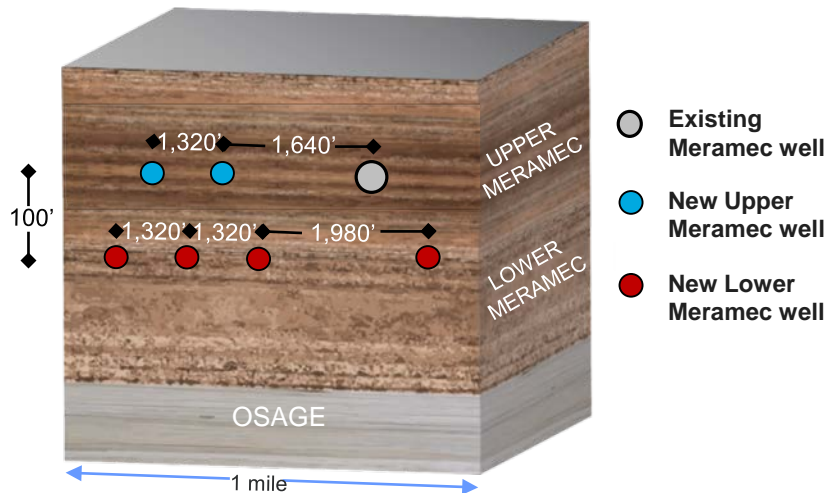


- Production averaged **44** net MBOED; down 2% from 4Q 2016
- **12** gross operated wells to sales
 - Yost infill pilot average IP 30 rates of 990 BOED (57% oil); 4,650' average LL
- Increasing activity to **11 rigs** in 2Q
 - **18** to **22** gross operated wells to sales
- Upcoming downspacing pilots:
 - Hansens black oil SL infill to sales in 2Q; 7 wells staggered at 91-acre spacing
 - Tan volatile oil XL infill to spud in 2Q; 9 wells staggered at 71-acre spacing
- 2 volatile oil XL wells online early 2Q with IP 24 rates exceeding **1,500 BOED** (69% oil)

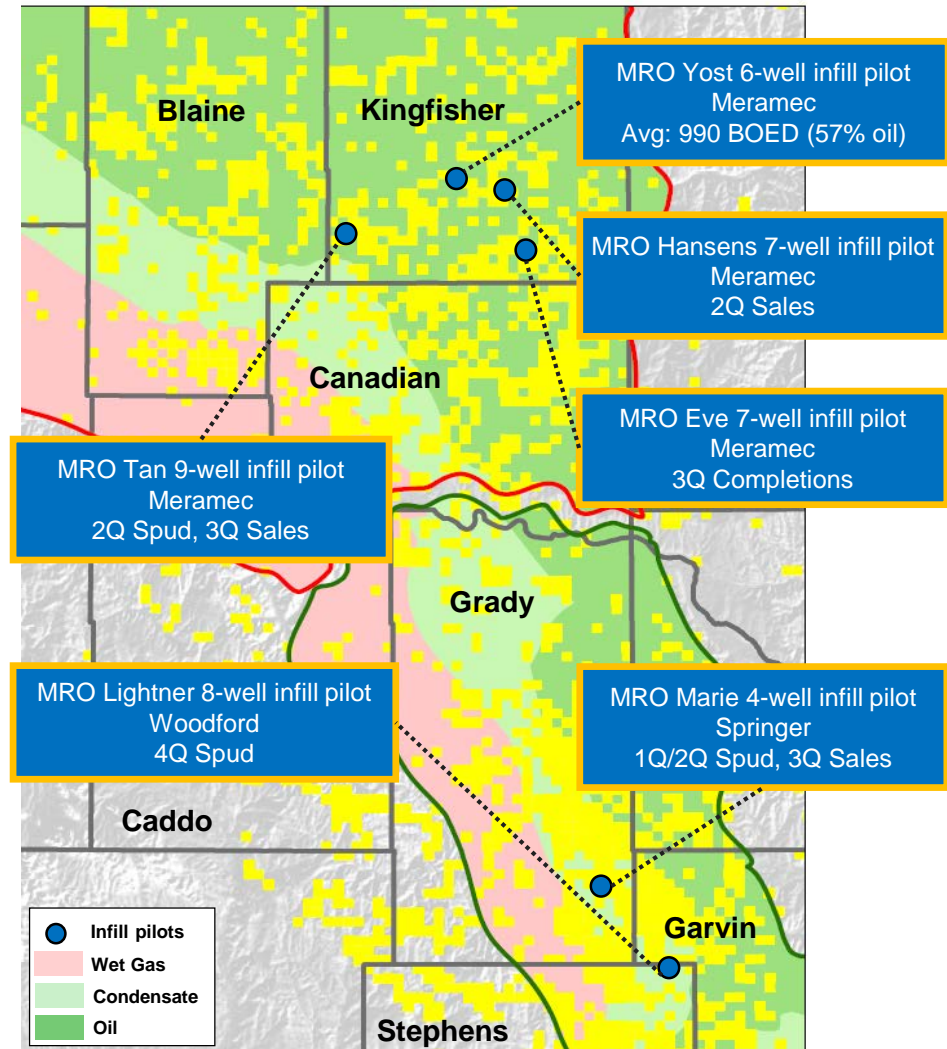
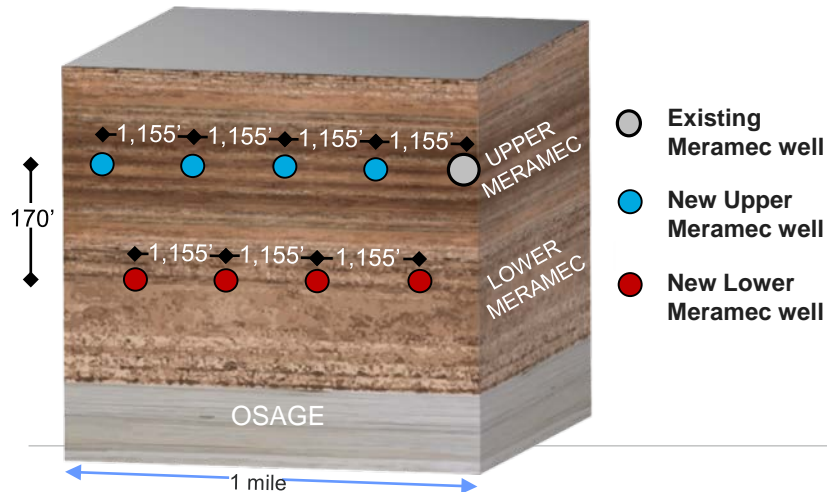
STACK & SCOOP Infill Spacing Pilots

Significant component of 2017 activity – preparing for full field development

Hansens Black Oil Infill Pilot – 2Q wells to sales



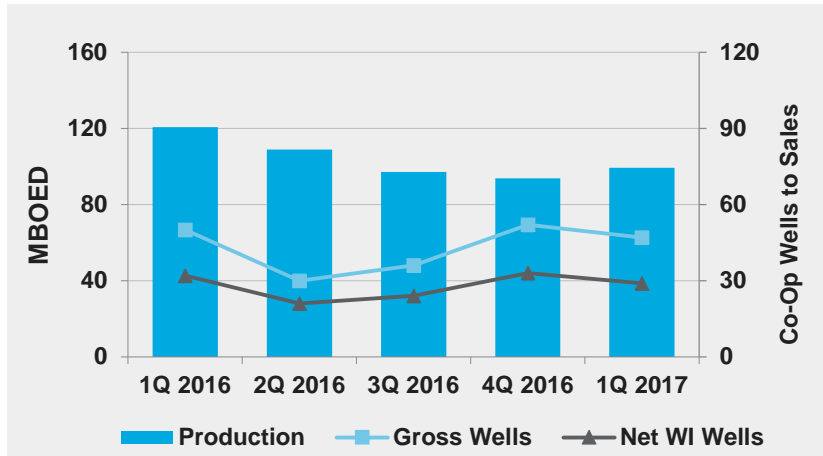
Tan Volatile Oil Infill Pilot – 2Q Spud



Eagle Ford Execution Delivers Strong 1Q

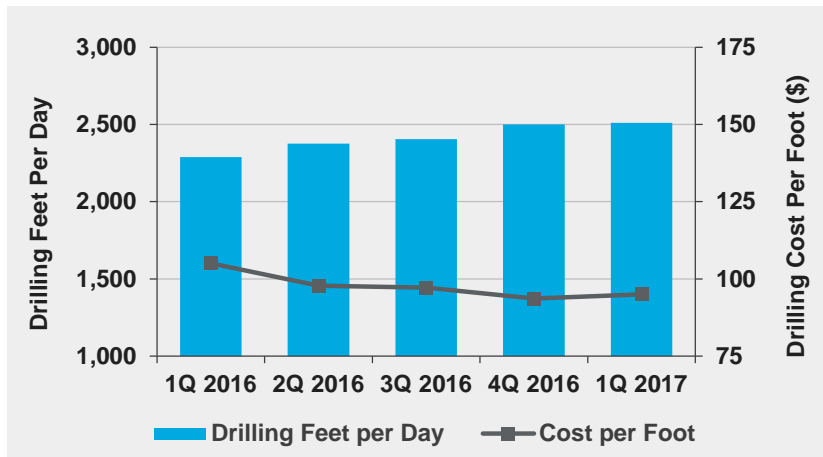
Sequential production increase with fewer wells to sales

Production Volumes and Wells to Sales



- Production averaged **99** net MBOED; up **5%** from 4Q 2016
 - Oil production up **7%** sequentially
- **47** gross operated wells to sales (29 net working interest wells)
 - 80% of 1Q wells in high-margin oil window
 - **\$4.0MM** avg completed well costs; down ~7% from year-ago quarter

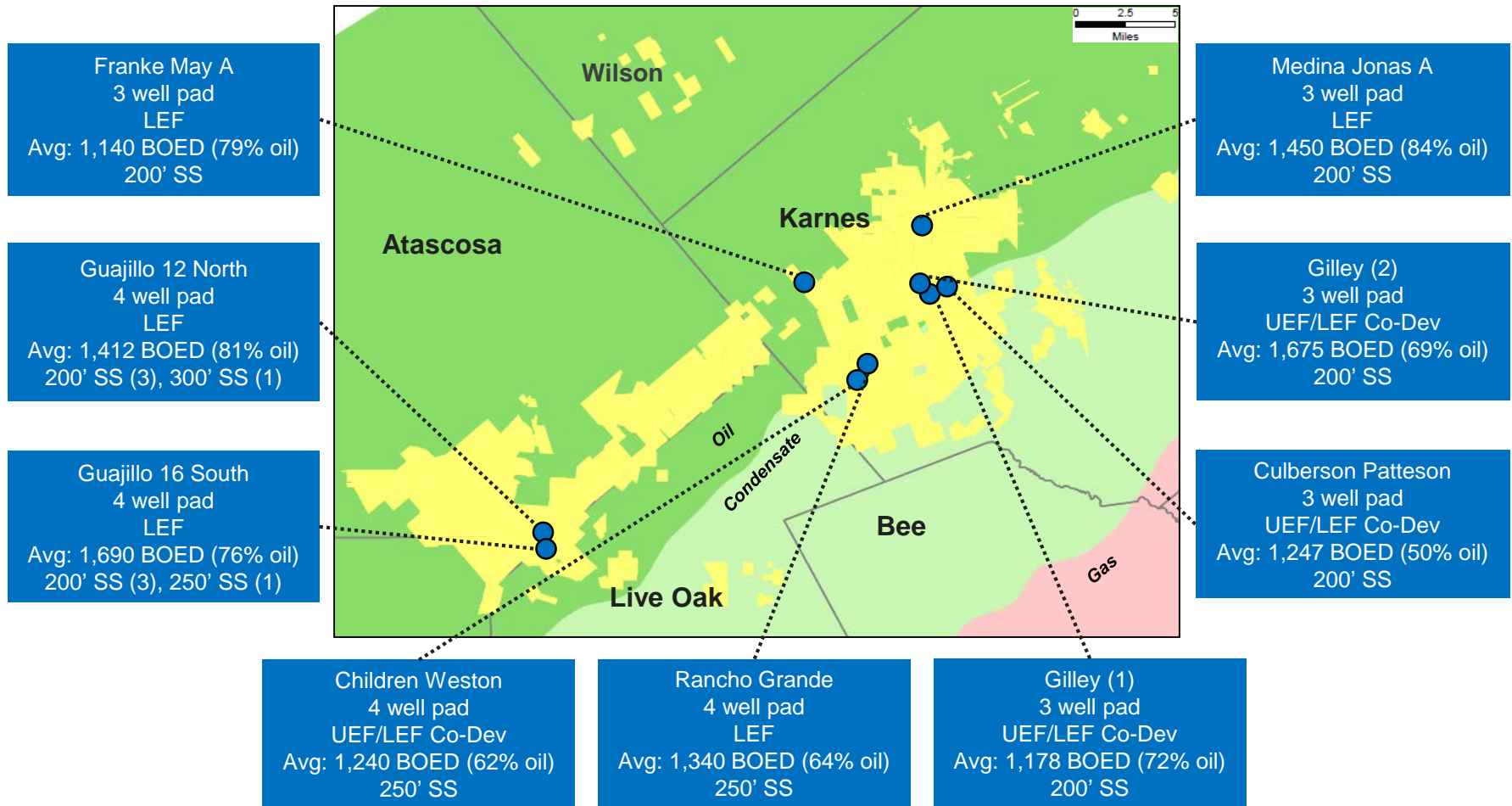
Drilling Performance



- Set new MRO record for fastest well drilled at **4,000 ft per day**; 25% of wells >3,000 ft per day
- Coupling high intensity completions with more efficiency; record stages per crew
- Maintaining 6 rig activity level in 2017; expect **35 - 40** gross operated wells to sales in 2Q

Eagle Ford 1Q Activity Overview

Excellent performance from southeast Atascosa County

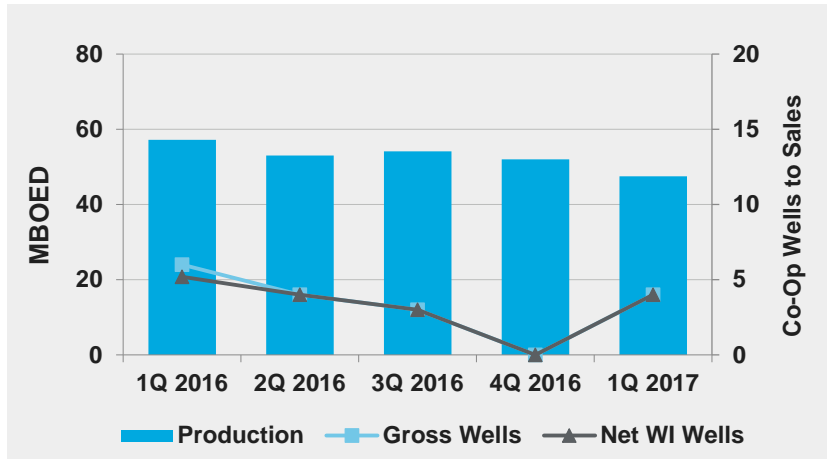


IPs shown are 30 day (includes oil, NGL and gas)

Bakken Returning to Production Growth in 2Q

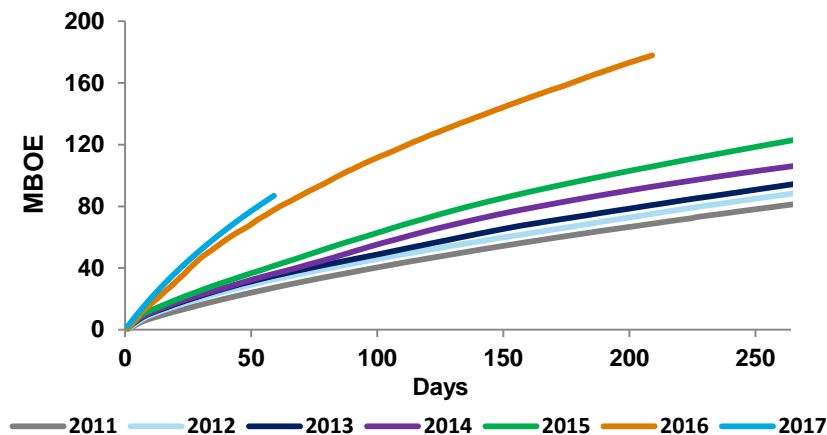
Response to high intensity completions supports increased drilling activity

Production Volumes and Wells to Sales



- Production averaged **48** net MBOED; down 8% from 4Q 2016
- **4** gross operated wells to sales (4 net working interest wells)
 - 3 Three Forks and 1 Middle Bakken average IP 30 rates of 1,875 BOED (78% oil)
 - All outperforming type curve
- Mobilized **5 rigs** to Myrmidon and **2 rigs** to Hector since December
- Set new MRO record spud to TD in <10 days
- Expect **10 - 12** gross operated wells to sales in 2Q

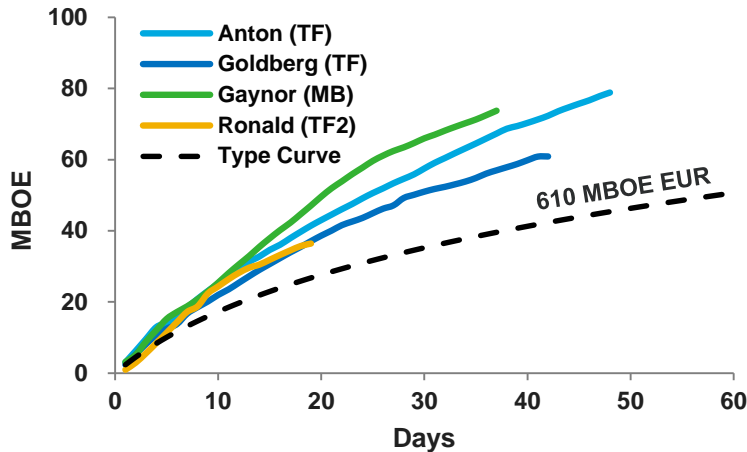
Average MRO Operated Well Cum Production



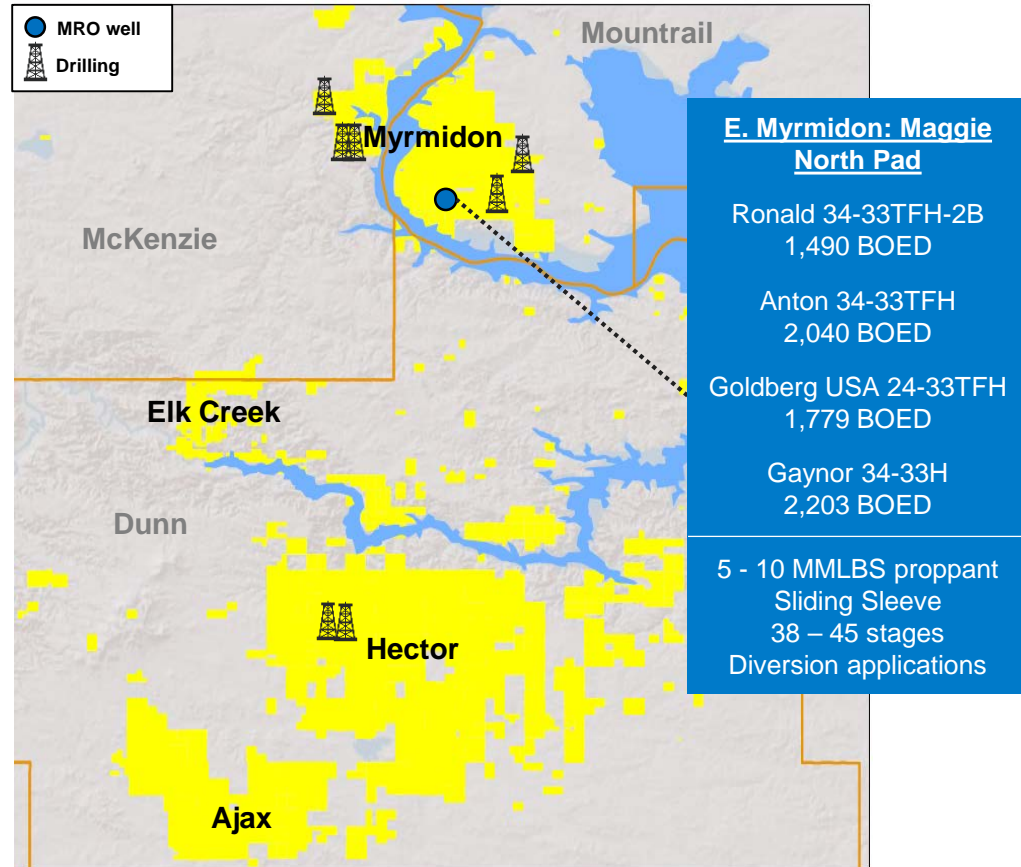
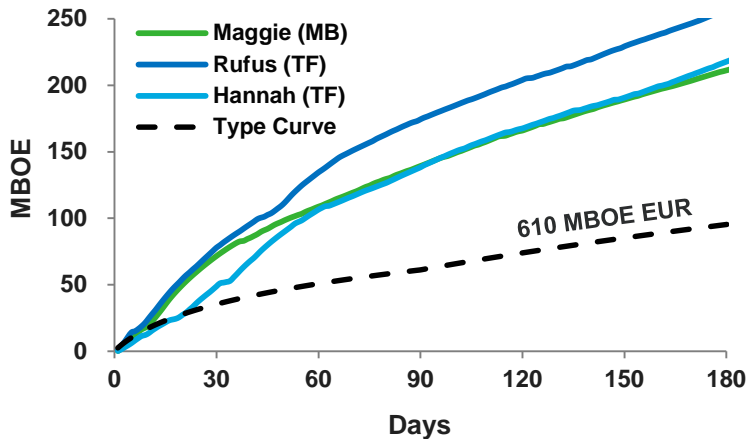
Bakken East Myrmidon Well Performance

Latest Maggie North pad exceeding expectations

1Q 2017 Pad: Maggie North Cum Production



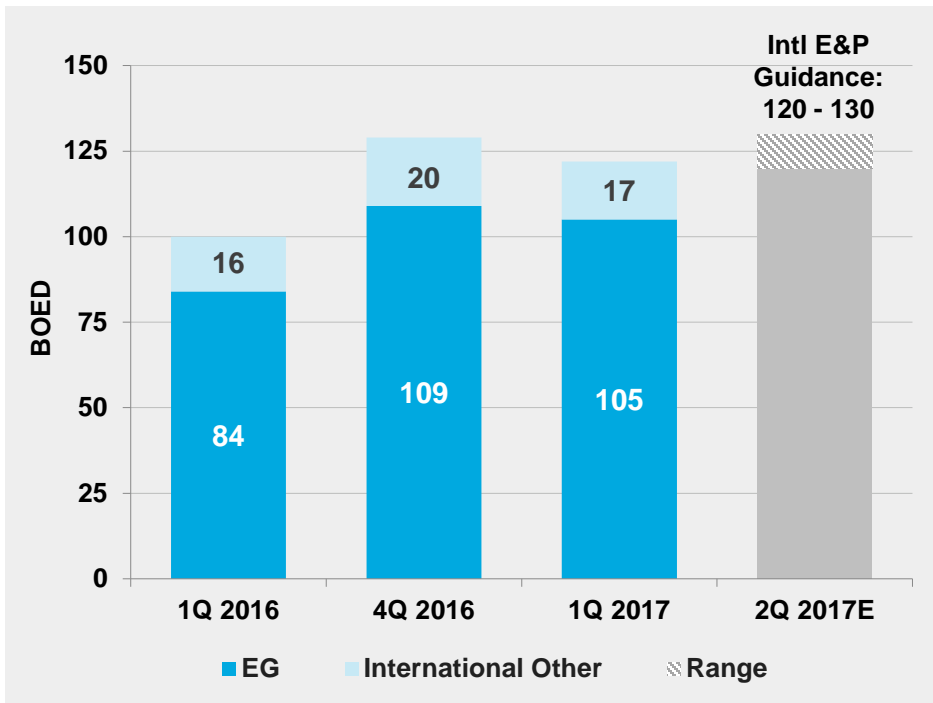
3Q 2016 Pad: Maggie South Cum Production



International E&P Highlights

EG continuing to deliver substantial free cash flow

Intl E&P Production Volumes (Excl. Libya)



- International E&P production **122** net MBOED, in-line with guidance
 - Down sequentially due to planned and unplanned downtime
- Significant free cash flow from EG with **\$161MM** of EBITDAX in 1Q
 - Includes \$106MM from equity share of onshore plants
- 2Q guidance up on stronger expected performance from EG & UK
- Libya production averaged 8 net MBOED with two liftings

Total EG EBITDAX*	\$69MM	\$163MM	\$161MM
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Key Takeaways

Raising Production Guidance

340 - 360 MBOED Full-year E&P production*

20 - 25% 2017 Resource play exit rate production (oil & boe)

STACK Yost Pilot In Line With Expectations



990 BOED

average 30-day IPs

Strong Eagle Ford Execution



5% production
from prior quarter

Bakken E. Myrmidon Outperforming



1,875 BOED

average 30-day IPs

Execution Ramp on Plan



20 rigs

from 12 at YE 2016

Portfolio Management

\$1.8B

N. Delaware
acquisitions



\$2.5B

Canadian oil
sands divestiture

Balance Sheet Strength



\$2.5B 1Q cash;
\$5.8B total liquidity



Appendix

Volumes, Exploration Expenses & Effective Tax Rate

2017 (excluding Libya)

	1Q	2Q	3Q	4Q	Year
North America E&P Net Sales Volumes:					
- Liquid Hydrocarbons (MBD)	158				
- Natural Gas (MMCFD)	304				
- North America E&P Total (MBOED)	208				
International E&P Net Sales Volumes:					
- Liquid Hydrocarbons (MBD)	50				
- Natural Gas (MMCFD)	461				
- International E&P Total (MBOED)	126				
Total E&P Sales Volumes (MBOED)	334				
Total E&P Available for Sale (MBOED)	330				
- Disc. operations synthetic crude oil production (MBD)*	45				
Total Company Available for Sale (MBOED)	375				
Equity Method Investment Net Sales Volumes:					
- LNG (metric tonnes/day)	6,147				
- Methanol (metric tonnes/day)	1,307				
- Condensate and LPG (BOED)	14,546				
Exploration Expenses (Pre-tax):					
- North America E&P (\$ millions)	26				
- International E&P (\$ millions)	2				
Consolidated Effective Tax Rate (excl. Libya)	(16)%				

2017 Estimates

Volumes

	Available for Sale 2QE	Available for Sale Year Estimate	Comments
North America E&P Total (MBOED)	210 – 220		
- Liquid Hydrocarbons (MBD)	159 – 167		
- Natural Gas (MMCFD)	306 – 320		
International E&P Total (MBOED)*	120 – 130		
- Liquid Hydrocarbons (MBD)*	45 – 48		
- Natural Gas (MMCFD)*	453 – 491		
Total both E&P Segments (MBOED)*	330 – 350	340 – 360	FY Guidance Updated**
Equity Method Investment LNG (metric tonnes/day)	6,100 – 6,500	6,200 – 6,600	

* Excluding Libya

** Updated full year E&P guidance to include production from Northern Delaware

2017 Estimates

Exploration expenses & annual production operating costs per BOE

	2QE	Year Estimate
Exploration Expenses (Pre-tax):		
North America E&P (\$ millions)	25 – 35	
International E&P (\$ millions)	2 – 4	
North America E&P Cost Data		
Production Operating		\$5.00 – 6.00
DD&A		\$21.75 – 24.25
Other*		\$5.00 – 5.50
International E&P Cost Data**		
Production Operating		\$4.50 – 5.50
DD&A		\$6.50 – 8.00
Other*		\$1.75 – 2.25
Statutory Tax Rates by Jurisdiction:		
U.S. and Corporate Tax Rate		0%
Equatorial Guinea Tax Rate		25%
United Kingdom Tax Rate		40%
Canada Tax Rate		27%

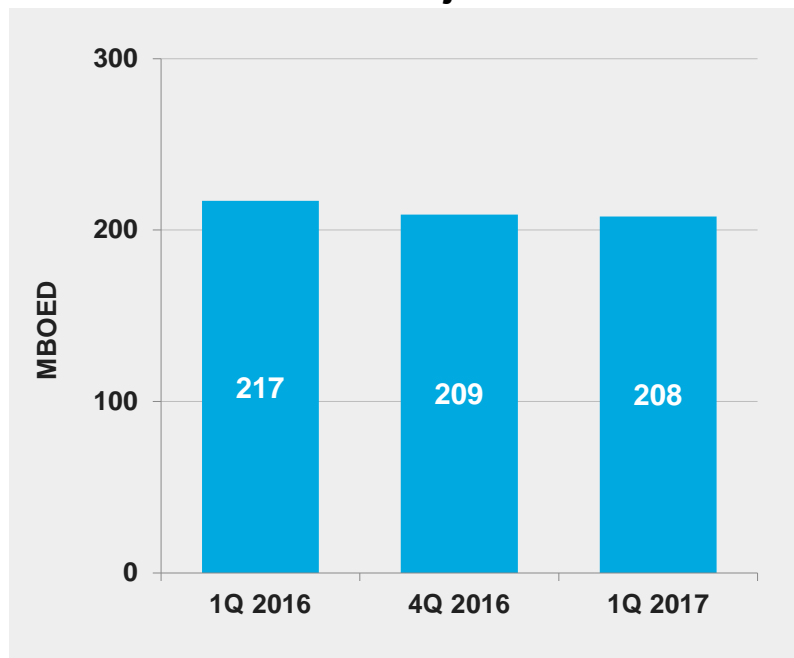
* Other includes shipping and handling, general and administrative, and other operating expenses

** Excludes Libya

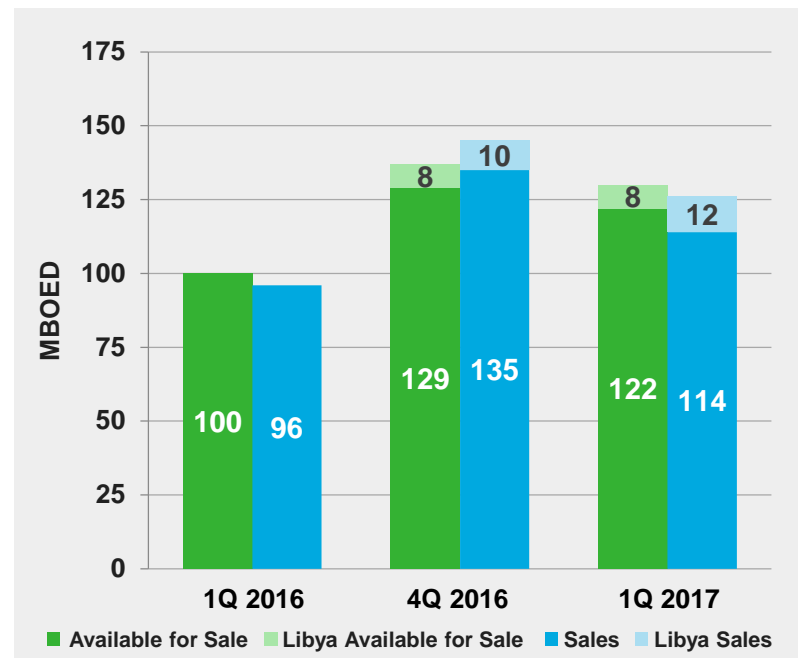
E&P Production Performance

1Q volumes down due to planned and unplanned downtime

N.A. E&P Divestiture-Adj. Sales Volumes



Intl E&P Production & Sales Volumes



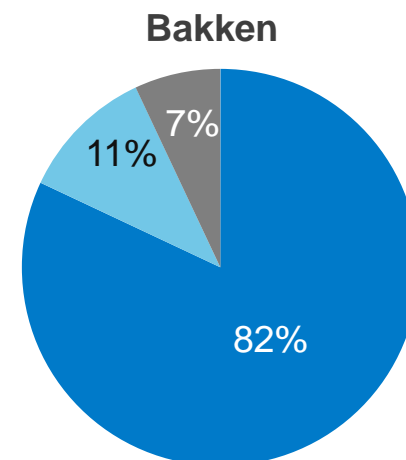
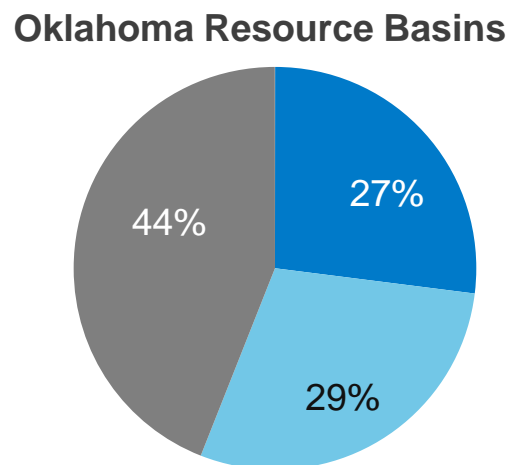
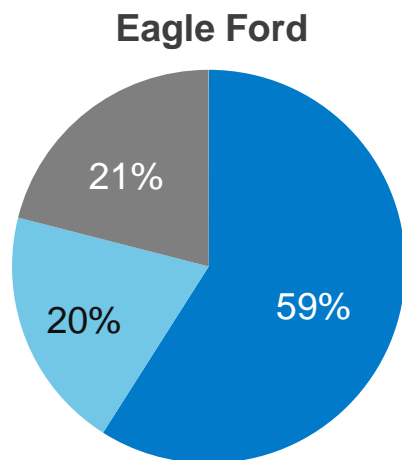
Avg C&C Realizations (\$/BBL)	<u>Excluding Derivatives</u>		
	\$28.21	\$45.89	\$48.46
	<u>Including Derivatives</u>		
	\$29.85	\$46.21	\$48.80

Avg C&C Realizations (\$/BBL)	\$30.95	\$46.14	\$50.41
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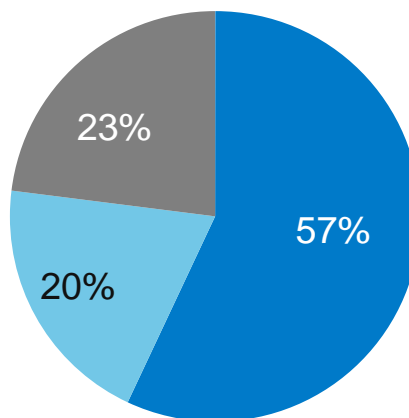
Adjusted for divestitures of 22 MBOED in 1Q16 and 3 MBOED in 4Q16

Cumulative underlift of (1,854) MBOE in Libya, (681) MBOE in UK, (217) MBOE in EG, and (9) MBOE in Kurdistan.

2017 1Q Production Mix



Total U.S. Resource Plays



■ Crude Oil/Condensate ■ NGLs ■ Natural Gas

North America E&P Crude Oil Derivatives

As of March 31, 2017

<i>Crude Oil (Benchmark to WTI)</i>			
	2Q 2017	3Q 2017	4Q 2017
Three-Way Collars			
Volume (Bbls/day)	53,000	50,000	50,000
Price per Bbl:			
Ceiling	\$58.45	\$60.37	\$60.37
Floor	\$50.51	\$54.80	\$54.80
Sold put	\$43.70	\$47.80	\$47.80
Sold call options^(a)			
Volume (Bbls/day)	35,000	35,000	35,000
Price per Bbl	\$61.91	\$61.91	\$61.91

North America E&P Natural Gas Derivatives

As of March 31, 2017

<i>Natural Gas (Benchmark to HH)</i>				
	2Q 2017	3Q 2017	4Q 2017	2018
Three-Way Collars^(a)				
Volume (MMBtu/day)	120,000	120,000	120,000	90,000
Price per MMBtu:				
Ceiling	\$3.58	\$3.58	\$3.71	\$3.61
Floor	\$3.09	\$3.09	\$3.14	\$3.00
Sold put	\$2.55	\$2.55	\$2.60	\$2.50
Swaps				
Volume (MMBtu/day)	20,000	20,000	20,000	-
Price per MMBtu	\$2.93	\$2.93	\$2.93	-

^(a) Subsequent to 3/31/2017, we entered into 70,000 MMBTU/day of three-way collars for January - December 2018 with a ceiling price of \$3.62, a floor price of \$3.00, and a sold put price of \$2.50 and 40,000 MMBTU/day of three-way collars for January - March 2018 with a ceiling price of \$4.47, a floor price of \$3.40, and a sold put price of \$2.75.

Capital, Investment & Exploration

2017 budget reconciliation \$MM

	2017 Revised Budget*	2017 YTD Actual
Capital expenditures	2,396	359
M&S Inventory	0	9
Investments in equity method investees & others	0	0
Exploration costs other than well costs	39	8
Capital, Investment & Exploration Budget**	2,435	376

YTD is through 3/31/17

*Increased 2017 budget relative to recent Permian development costs

**Does not include discontinued operations or Permian acquisition deposit