

SECOND QUARTER 2016

Financial and Operational Review

August 3, 2016



Forward-Looking Statements and Other Matters

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. All statements, other than statements of historical fact, including without limitation statements regarding the Company's future performance, business strategy, reserve estimates, asset quality, production guidance, drilling plans, capital plans, cost and expense estimates, asset acquisitions and sales, future financial position, and other plans and objectives for future operations, are forward-looking statements. 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, but not limited to: 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 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; our level of success in integrating acquisitions; well production timing; drilling and operating risks; availability of materials and labor; difficulty in obtaining necessary approvals and permits; non-performance by third parties of contractual obligations; unforeseen hazards such as weather conditions; political conditions and developments, including political instability, 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 2015 Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and other public filings and press releases, available at www.MarathonOil.com. The Company undertakes no obligation to revise or update any forward-looking statements as a result of new information, future events or otherwise.

Cautionary Note to Investors: The U.S. Securities and Exchange Commission ("SEC") permits oil and gas companies, in their filings with the SEC, to disclose only proved, probable and possible reserves that meet the SEC's definitions for such terms. Any resource estimates in this presentation, such as 2P Resource or total resource, that are not specifically designated as being estimates of proved, probable or possible reserves, may include other estimated resources that the SEC's guidelines prohibit us from including in filings with the SEC. Investors are urged to closely consider the disclosures in the Company's periodic filings with the SEC, available at www.MarathonOil.com or on the SEC's website at www.sec.gov.

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 2Q 2016 Investor Packet.

Marathon Oil Playbook



*Strengthened
balance
sheet*

*Relentless
focus on
costs*

*Simplifying
and
concentrating
portfolio*

*Profitable
growth
within
cash flows*

Second Quarter Highlights

Strong well results, continued cost reductions & ongoing portfolio management

Well Results

Strong STACK
Meramec well results
at 70+% oil cut

Highest rate Bakken
well in last three years

Costs

N.A. E&P production
costs down 28% year
over year

Eagle Ford well costs
reduced to \$4.2MM

2016 CAPEX reduced
by \$100MM

Portfolio

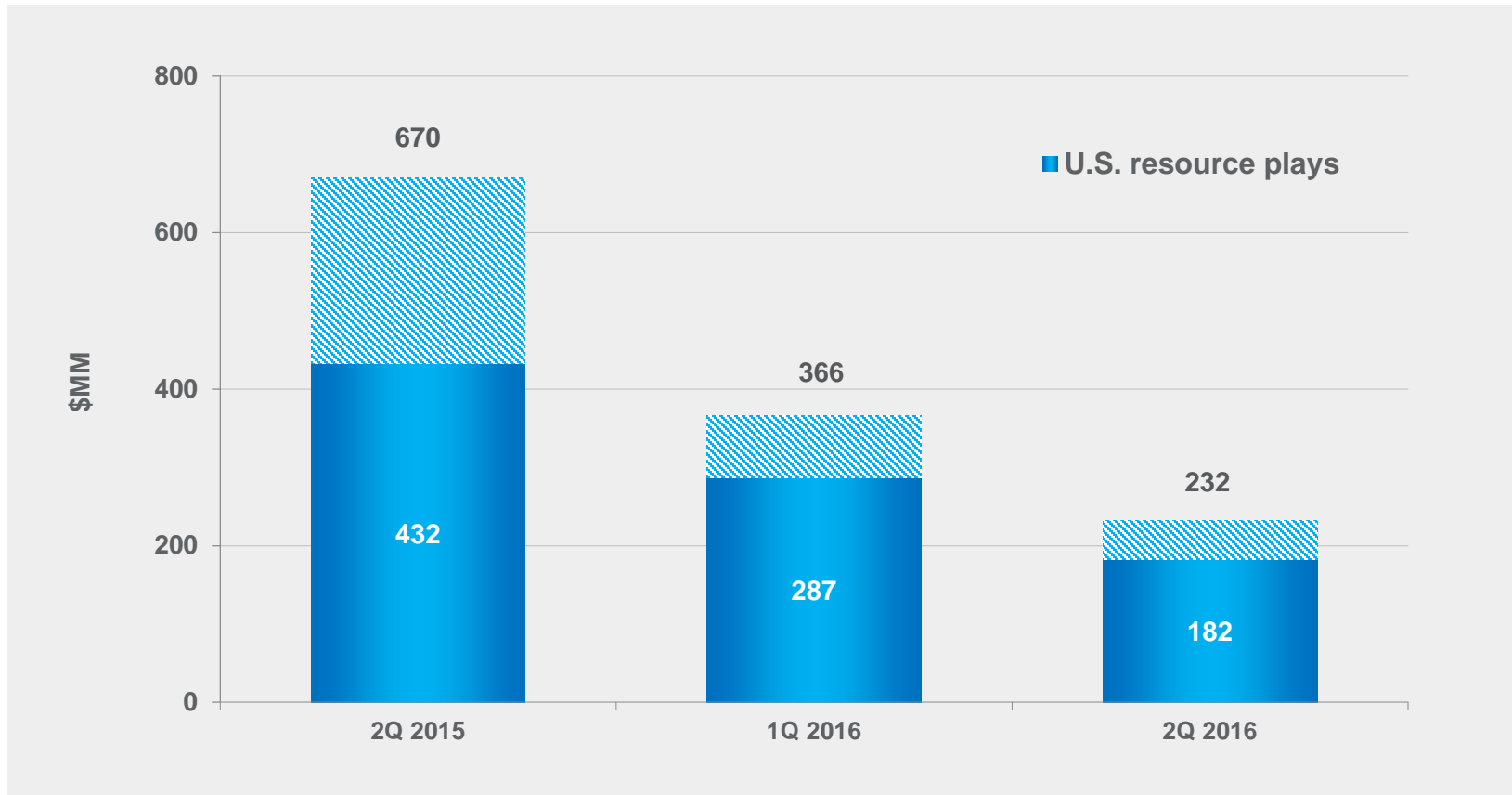
Closed STACK
acquisition in August

YTD non-core asset
sales at >\$1B; over
\$800MM received

Capital Program Focused on U.S. Resource Plays

Full year budget reduced to \$1.3B inclusive of funding for acquired STACK activity

Total MRO 2016 Capital, Investment and Exploration



U.S. resource play
% capex

64%

78%

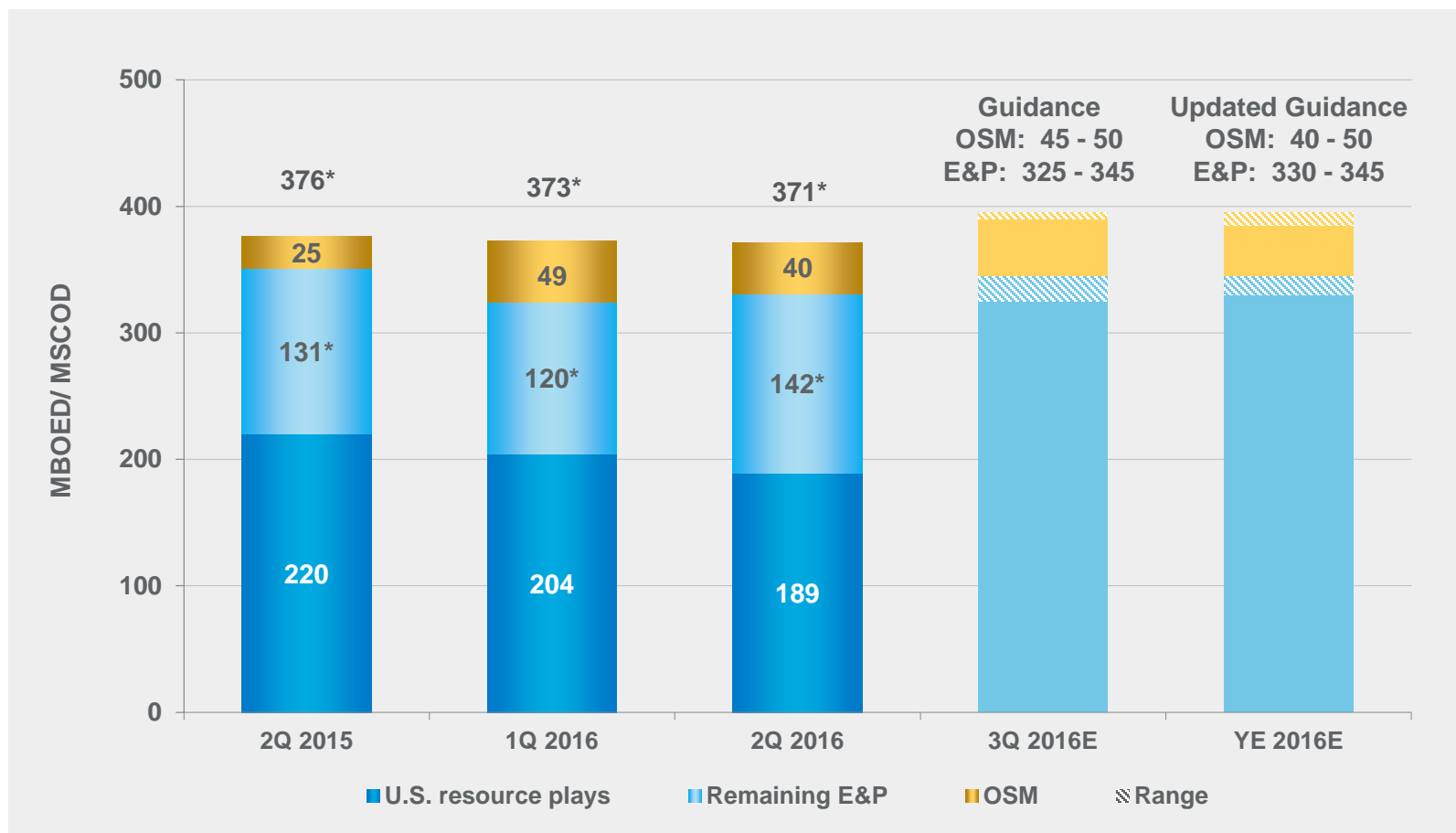
78%

2Q 2016 excludes \$89MM for PayRock acquisition deposit

Divestiture-Adjusted Production Flat Sequentially

Updated full year E&P guidance for divestitures and acquisition

Available for Sale Volumes

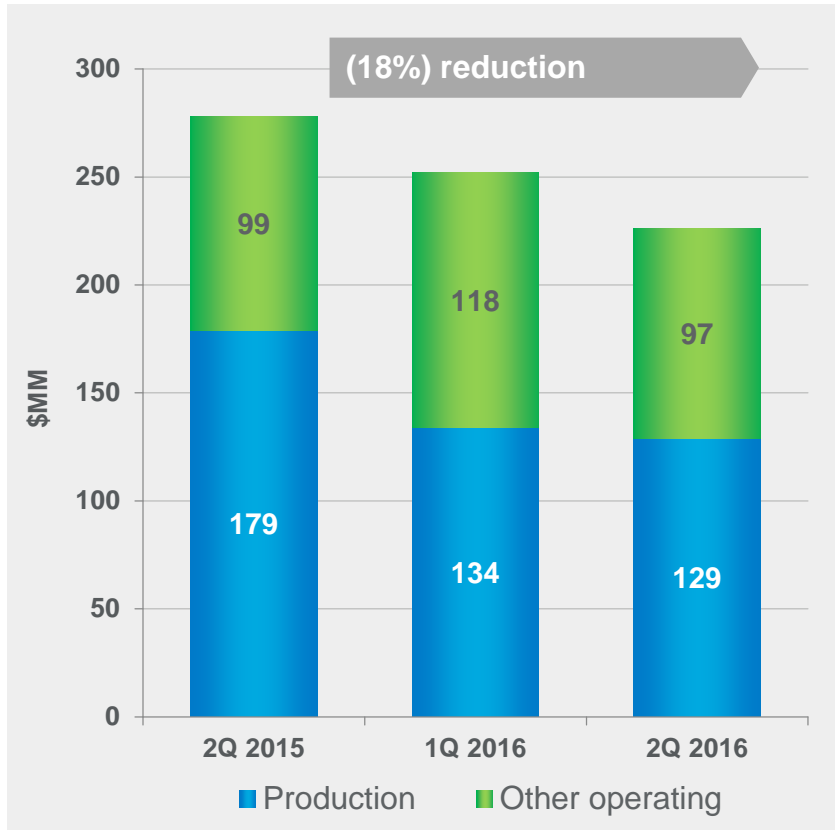


*Adjusted for divestitures of 31 MBOED in 2Q15, 15 MBOED in 1Q16 and 13 MBOED in 2Q16
Excluding Libya

Continued Cost Reductions in N.A. E&P

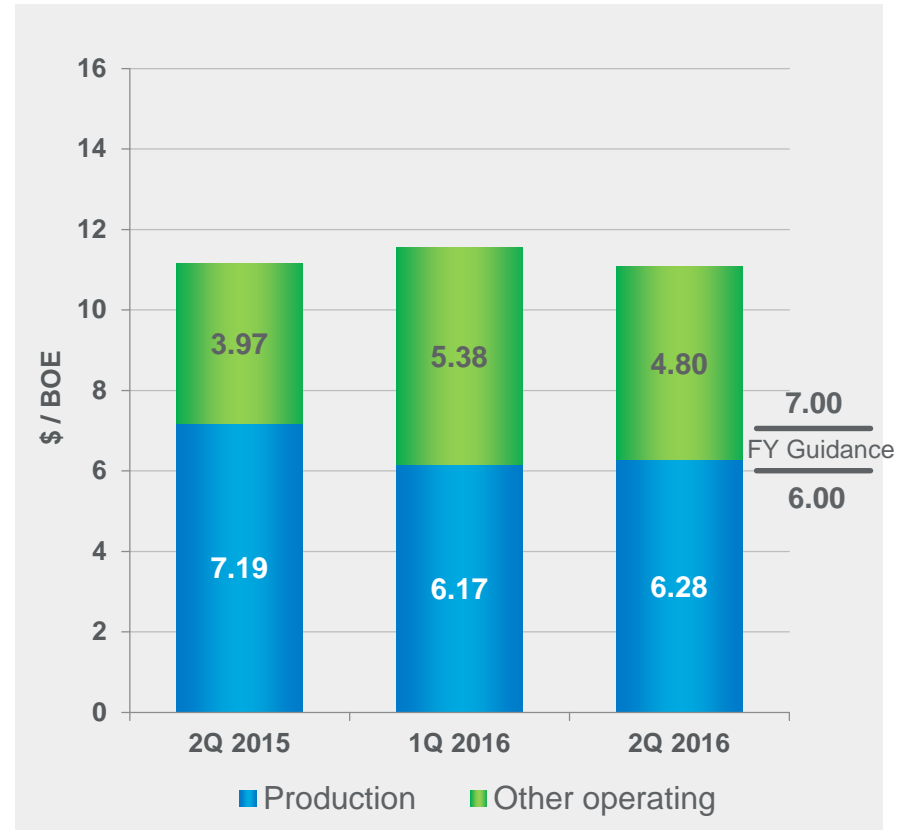
Lowering full year production expense guidance \$1.00 per BOE

Production & Other Operating Expenses



N.A. E&P production costs decreased 28% from year-ago quarter

Unit Production & Other Operating Expenses



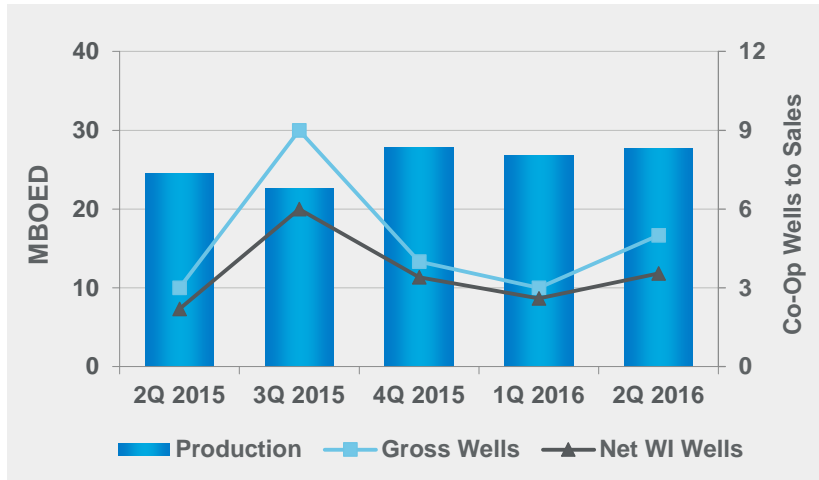
N.A. E&P production costs per BOE decreased 13% from year-ago quarter
FY Guidance for production expense only

Other operating includes Shipping and Handling, General & Administrative, and Other Operating expenses

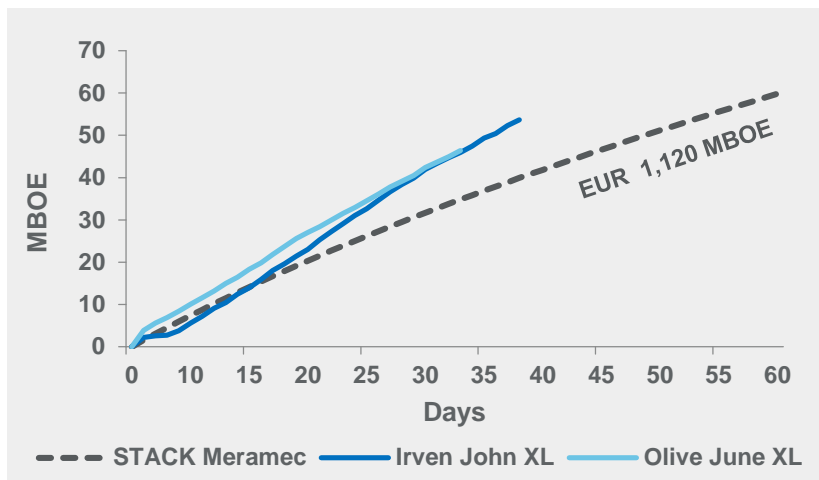
Strong Oklahoma Well Performance

Enhanced completions driving results

Production Volumes and Wells to Sales



STACK Meramec Cumulative Production

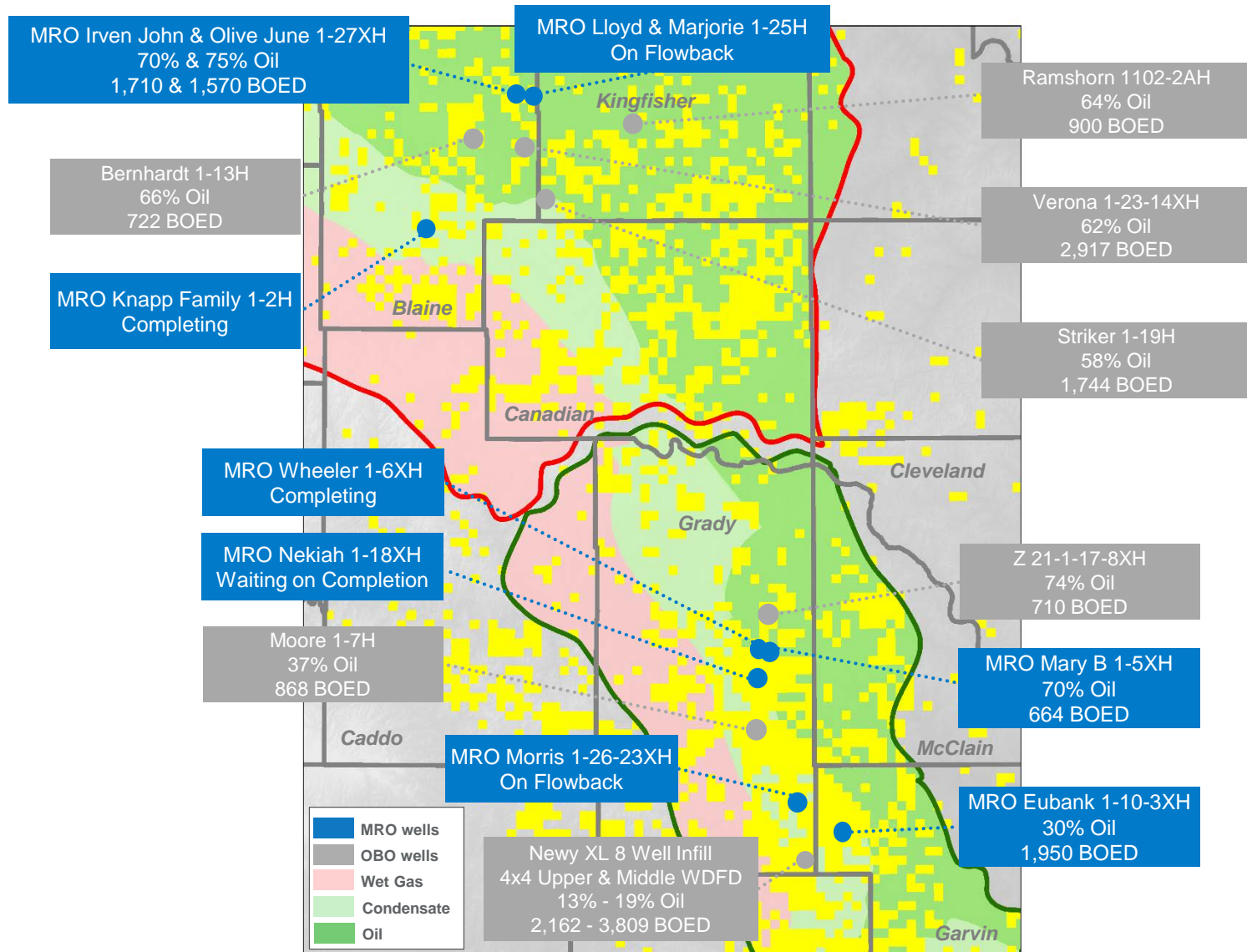


EUR assumes a blended 5-10k lateral length

- Production averaged **27** net MBOED; ~flat with 1Q 2016
- **5** gross operated wells to sales (4 net working interest (WI) wells)
- Strong STACK Meramec well performance; exceeding type curve
 - Irven John XL & Olive June XL 30-day IP **1,710 BOED & 1,570 BOED**
 - High proppant volume & tighter stage spacing
- SCOOP Condensate Eubank XL well 30-day IP of **1,950 BOED**
- Expect **8-10 Meramec** wells to sales in 3Q across consolidated STACK position, including recent acquisition

Delineating Oklahoma Leasehold

Testing phase window boundaries

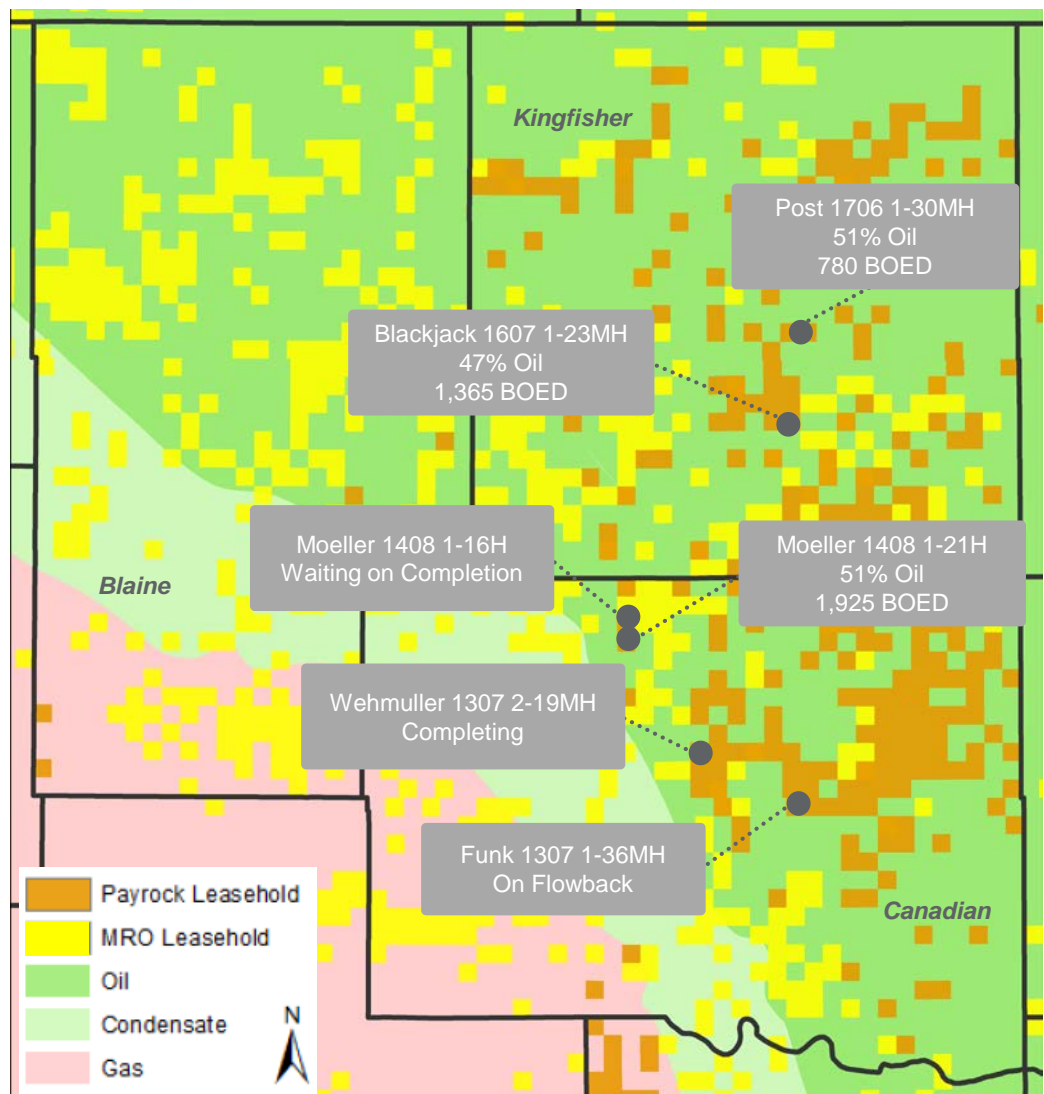


IPs shown are 30 day (includes oil, NGL and gas)

Material Addition in STACK Oil Window

Acquisition closed Aug 1st and integrating into base business

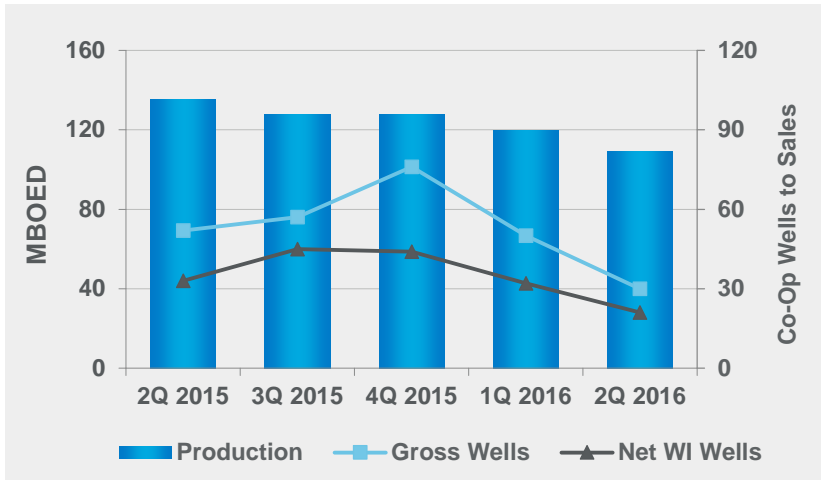
- Increased scale in high margin oil window
 - **61,000** net surface acres
 - **330** MMBOE 2P resource; 700 MMBOE total resource potential
 - **490** gross company operated locations
 - Competes at top of MRO's organic portfolio
- 3** new Meramec SL wells on production in acquired acreage
 - Average 30-day IPs exceeding type curve
 - Estimated completed well costs **~\$4.0MM**
- Adding 4th rig dedicated to STACK delineation in late 3Q



Eagle Ford Driving Down Costs

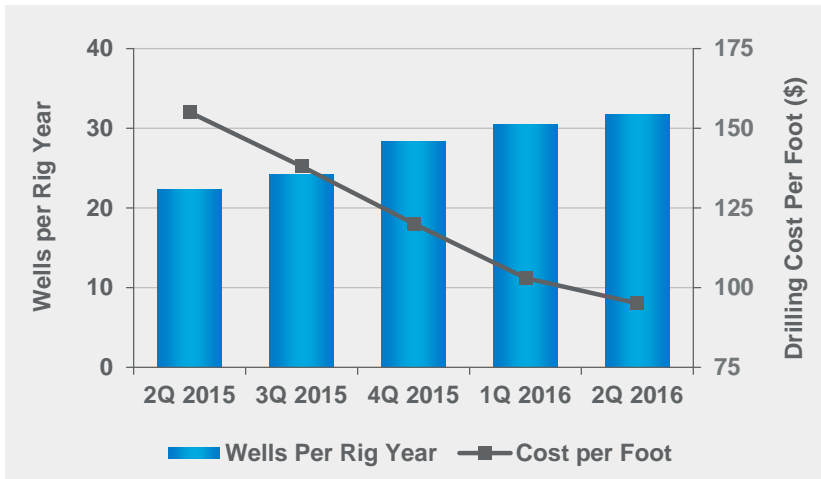
Capturing efficiencies and adjusting development plan at lower activity

Production Volumes and Wells to Sales



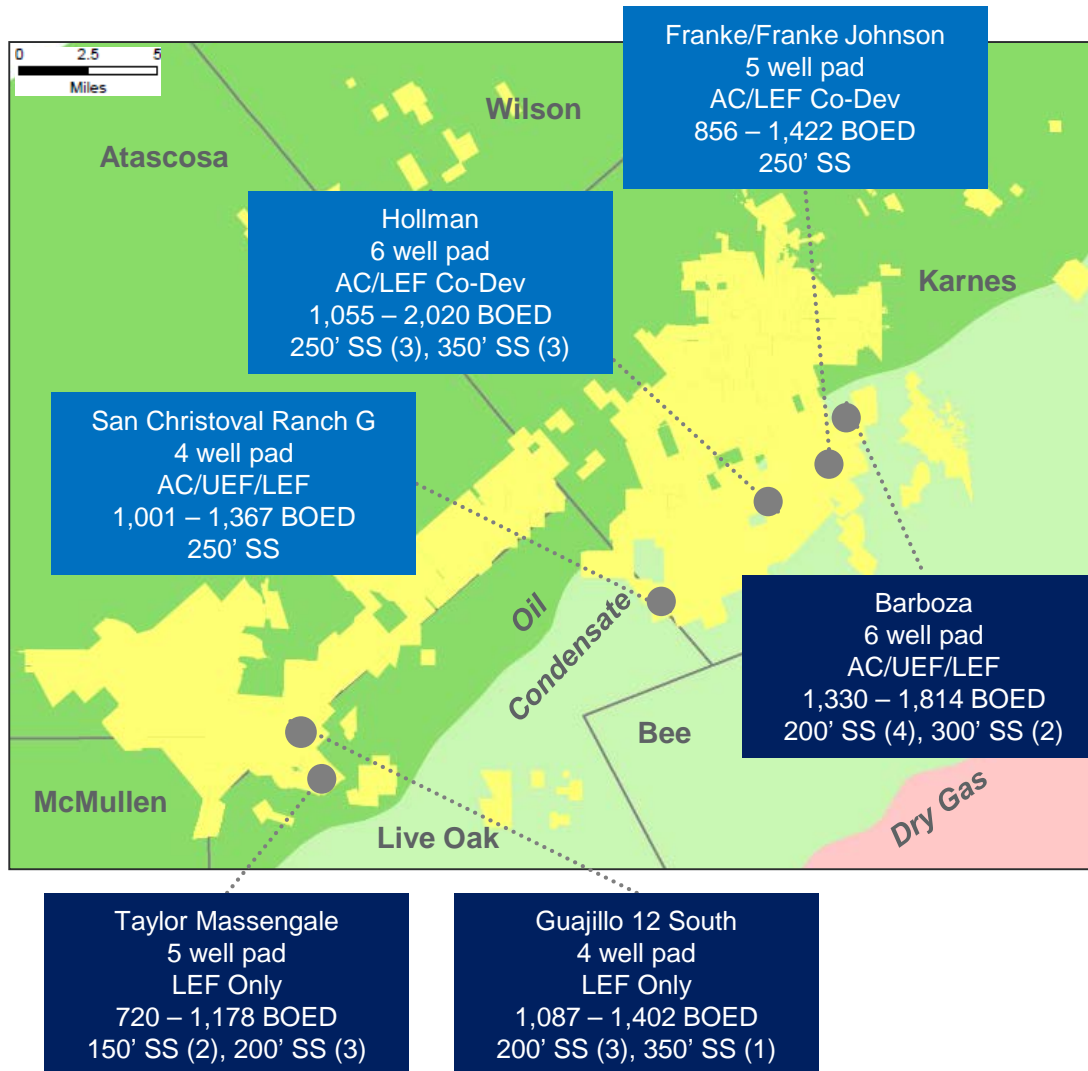
- Production averaged **109** net MBOED; down **9%** from 1Q 2016
 - Gross operated wells to sales down 40% sequentially
 - Reduced contribution from 2015 high-density pads drilled at tighter well spacing
- Development plan continues to evolve:
 - Austin Chalk well spacing widened to 80 acres; replaced with staggered UEF
 - 200' stage spacing and tighter in high GOR oil window progressing; testing concept in condensate
 - Delineated 31,000 net acres in Upper Eagle Ford (UEF)
- **\$4.2MM** completed well costs; down ~30% year over year
- Production expense per boe reduction of **>10%** year over year

Drilling Performance



Eagle Ford Wells Transitioning to Tighter Stage Spacing

High GOR oil wells continuing to respond positively

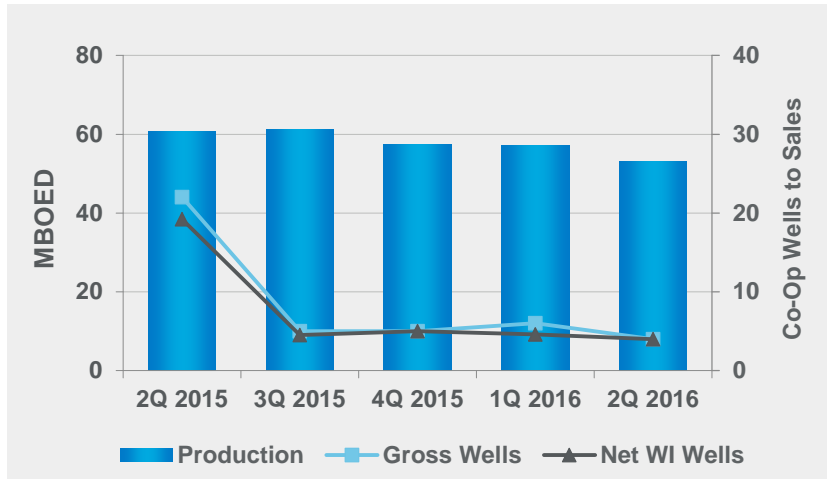


- 200' stage spacing in high GOR oil wells delivering uplift to offsets at 250'
 - Testing stage spacing down to 150'; positive early results
 - High GOR oil **60%** of forward well inventory
- 200' stage spacing tests in condensate wells
- Second half of 2016 focused on high GOR oil
 - LEF **over 50%** of activity
 - Continuing to test higher intensity completions with diversion
 - Primarily two zone co-development

Bakken Moderating Decline Despite Limited Activity

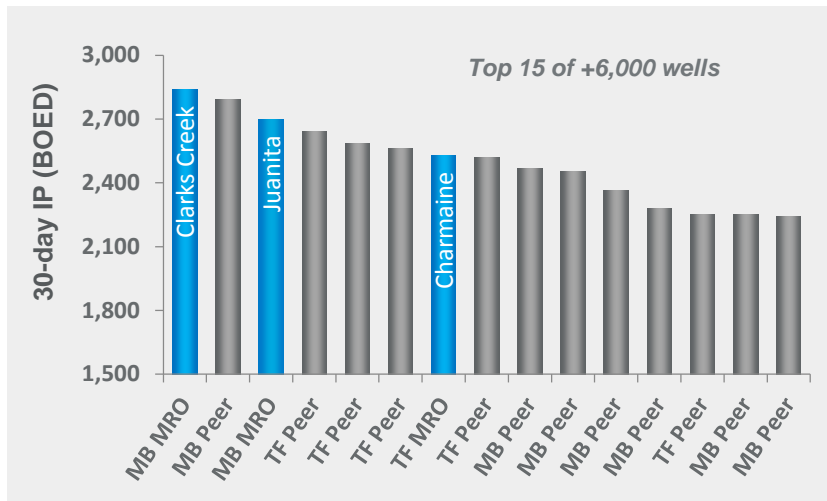
Strong reliability, continuing to reduce costs and selective completion tests

Production Volumes and Wells to Sales



- Production averaged **53** net MBOED; down **7%** from 1Q 2016
- **4** gross operated wells to sales
- Combined 30-day IPs from 4 Clarks Creek wells total **>10,000 BOED**
 - Highest rate well in Williston basin in the past three years with a 30-day IP of **2,840 BOED**
 - Higher intensity completions with **12 to 18MM** lbs proppant per well
- CWC costs at **\$6.0MM** with higher intensity frac design
- Production expense per boe reduction of **~25%** year over year

2013-2016 Well Performance



Record Bakken Well on Clarks Creek Pad

Advancing stimulation designs in high value West and East Myrmidon

W. Myrmidon: Clarks Creek Pad

Clarks Creek USA 14-35H
2,840 BOED

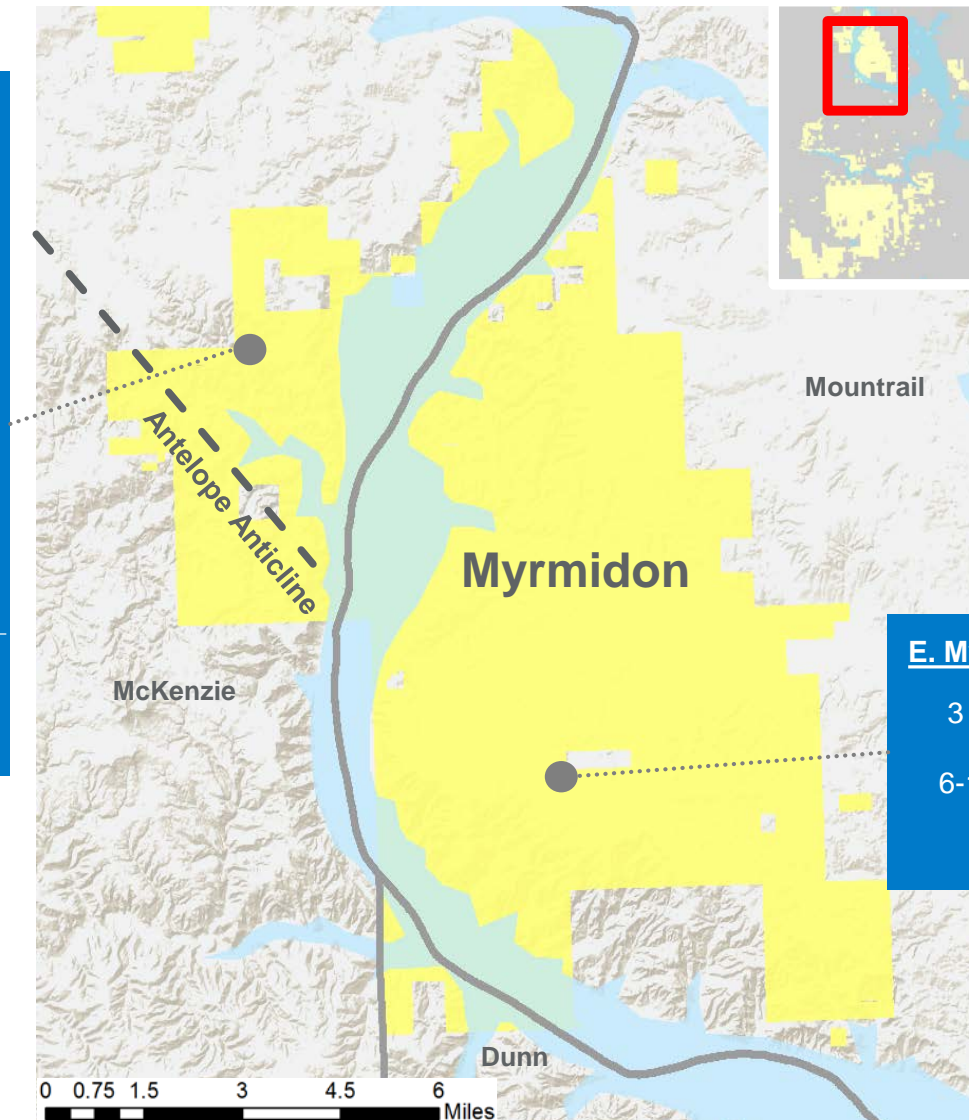
Juanita USA 13-35H
2,700 BOED

Charmaine USA 14-35TFH
2,530 BOED

Heather USA 13-35TFH
2,019 BOED

Ethel USA 13-35TFH-2B
well to sales in 3Q

12 -18 MMLBS proppant
3 Sliding sleeve / 2 Plug and Perf
40 – 45 stages

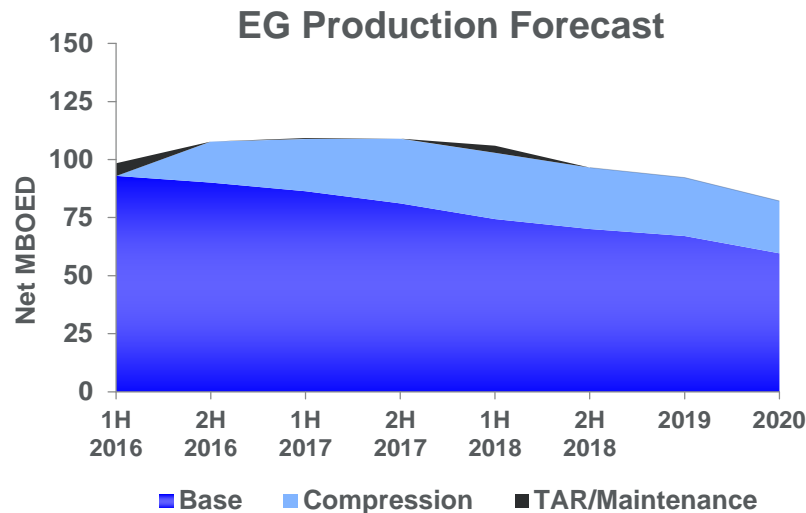


E. Myrmidon: Maggie Pad

3 wells to sales in 3Q
(1 MB / 2 TF)
6-12 MMLBS proppant
Plug and Perf
45 – 50 stages

Major Project Start-Ups on Time and on Budget

Predictable, safe and reliable project execution



EG Alba B3 Compression

Equatorial Guinea Alba B3 Compression

- Significant capital investment complete
- Achieved first gas in early July
- Production plateau extended through mid-2018
- Field economic life extended beyond 2030
- More than doubling proven developed reserve base
 - Conversion of **~130 MMBOE** proven undeveloped reserves

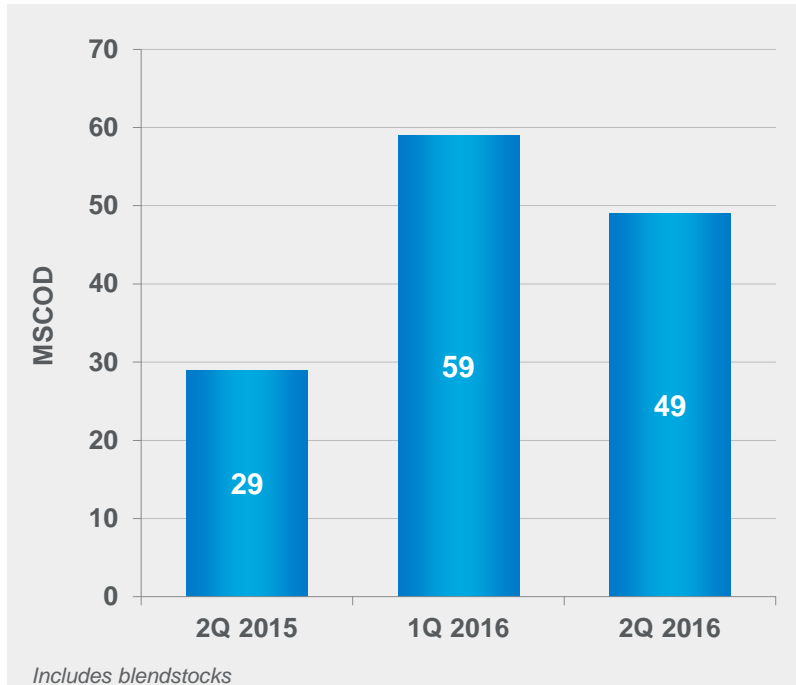
GOM Gunflint Development

- Outside-operated project achieved first oil in July
- Minimum gross production of **20,000 BOED** (75% oil)
- MRO holds an 18% WI

OSM Continues Strong Operating Performance

Delivers within guidance despite wildfire impacts

OSM Synthetic Crude Oil Sales Volumes



Synthetic Crude Oil Avg Realizations (\$/BBL)	\$52.46	\$26.41	\$40.88
OPEX per synthetic barrel (\$/BBL)	\$78.24	\$28.80	\$39.02

OPEX per synthetic barrel is before royalties

- Production averaged **40** net MSCOD; down **18%** from 1Q 2016
 - 4,000 bbld impact from temporary suspension of mine operations during wildfire response efforts
- Mines & Upgrader performing well post TAR
 - **Record** mine production in June
- Strong JV alignment on base business optimization / cash generation
- 2Q OPEX driven by TAR, wildfire suspension impacts and FX rates

Key Takeaways

Capital Discipline

Balance Sheet Strength Provides Flexibility



\$5.9B 2Q liquidity,
including \$2.6B cash

Ongoing Portfolio Management

>\$1.0B

Achieved asset sales

\$888MM

STACK acquisition

2016 Capital Program



\$100MM ↓
to \$1.3B Budget

Operations

2Q 2016 Total Company Production



384 MBOED
in line with guidance

Strong STACK Meramec 30-day IPs



1,570 - 1,710
BOED (>70% oil)

Highest Rate Bakken Well in 3 years



2,840 BOED
30-day IP rate

Cost Reduction

\$1.00 ↓

FY 2016 N.A. E&P production
expense guidance

28% ↓

2Q N.A. E&P production costs
from year-ago quarter



APPENDIX

Volumes, Exploration Expenses & Effective Tax Rate

2016 (excluding Libya)

	1Q	2Q	3Q	4Q	Year
North America E&P Net Sales Volumes:					
- Liquid Hydrocarbons (MBD)	186	173			
- Natural Gas (MMCFD)	315	310			
- North America E&P Total (MBOED)	239	224			
International E&P Net Sales Volumes:					
- Liquid Hydrocarbons (MBD)	32	44			
- Natural Gas (MMCFD)	382	457			
- International E&P Total (MBOED)	96	120			
E&P Segments Combined Sales Volumes:					
- Total Net Sales (MBOED)	335	344			
- Total Available for Sale (MBOED)	339	344			
Oil Sands Mining Net Sales Volumes (MBD)*					
- Synthetic Crude Oil Production (MBD)**	49	40			
Total Company Available for Sale (MBOED)	388	384			
Equity Method Investment Net Sales Volumes:					
- LNG (metric tonnes/day)	4,322	5,797			
- Methanol (metric tonnes/day)	1,280	1,303			
- Condensate and LPG (BOED)	10,208	11,306			
Exploration Expenses (Pre-tax)***:					
- North America E&P (\$ millions)	18	37			
- International E&P (\$ millions)	6	4			
Consolidated Effective Tax Rate (excl. Libya)	39%	26%			

*Includes blendstocks

**Upgraded bitumen excluding blendstocks

***Excludes N.A. E&P impairments of \$141MM reported as special items and OSM \$7MM exploration expense in 2Q

2016 Estimates

Volumes

	Available for Sale 3QE	Available for Sale Year Estimate	Comments
North America E&P Total (MBOED)	200 – 210		
- Liquid Hydrocarbons (MBD)	152 – 160		
- Natural Gas (MMCFD)	285 – 300		
International E&P Total (MBOED)*	125 – 135		
- Liquid Hydrocarbons (MBD)*	44 – 52		
- Natural Gas (MMCFD)*	485 – 495		
Total both E&P Segments (MBOED)*	325 – 345	330 – 345	FY Guidance Updated**
Synthetic Crude Oil Production (MBD) (excludes royalty)***	45 – 50	40 – 50	FY Guidance Unchanged
Equity Method Investment LNG (metric tonnes/day)	5,900 – 6,300	5,500 – 5,900	

* Excluding Libya.

** Updated full year E&P guidance for divestitures and acquisitions closed to date

*** Upgraded bitumen excluding blendstocks

2016 Estimates

Exploration expenses & annual production operating costs per BOE

	3QE	Year Estimate	Comments
Exploration Expenses (Pre-tax):			
North America E&P (\$ millions)	10 – 20		
International E&P (\$ millions)	5 – 10		
Effective Consolidated Tax Rate (excluding Libya)		36 – 40%	
North America E&P Cost Data			
Production Operating		\$6.00 – 7.00	FY Guidance lowered \$1.00
DD&A		\$20.75 – 23.25	
Other*		\$4.50 – 5.00	
International E&P Cost Data**			
Production Operating		\$4.50 – 5.50	FY Guidance lowered \$0.50
DD&A		\$6.00 – 7.50	
Other*		\$1.75 – 2.25	

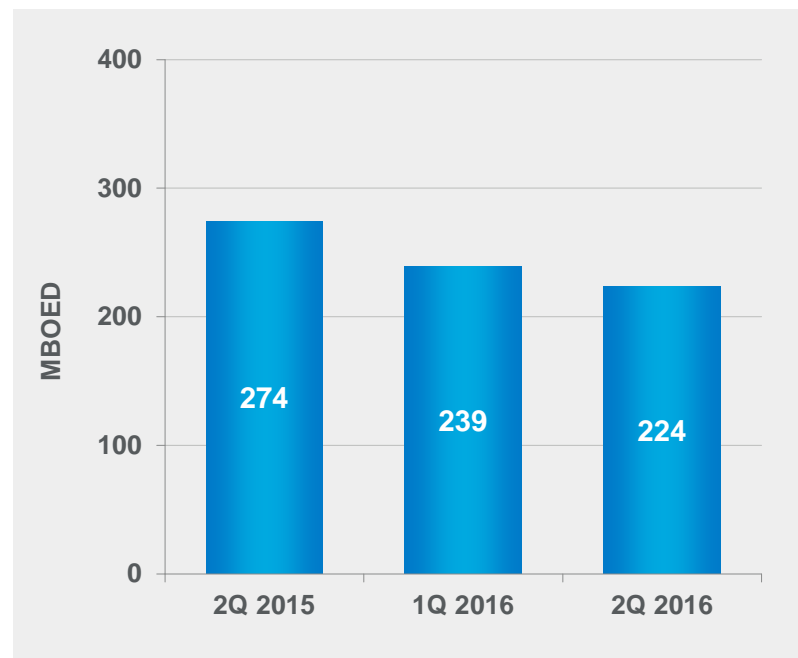
* Other includes shipping and handling, general and administrative, and other operating expenses

** Excludes Libya

E&P Production Performance

Combined total 2Q volumes increased sequentially

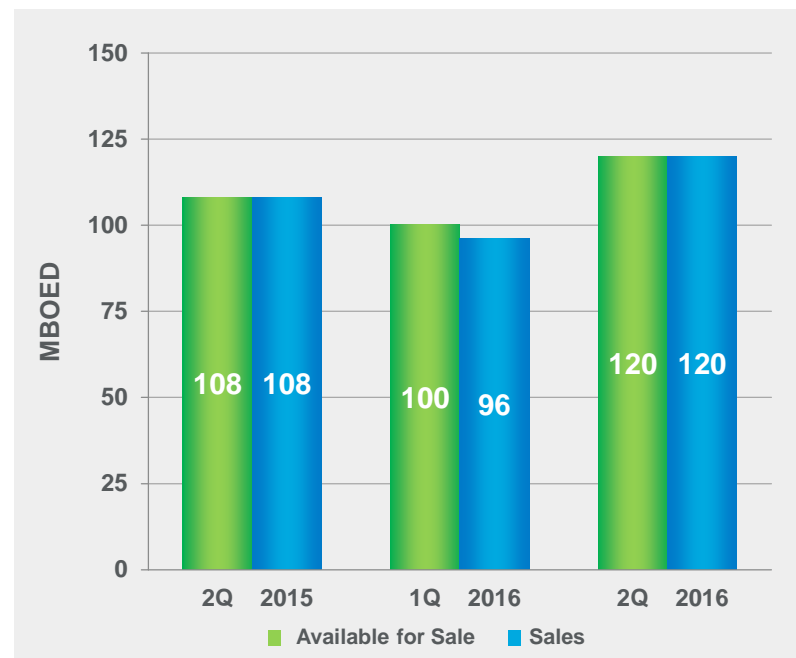
N.A. E&P Sales Volumes



Inclusive of divestitures of 31 MBOED in 2Q15, 15 MBOED in 1Q16 and 13 MBOED in 2Q16

Avg C&C Realizations (\$/BBL)	Excluding Derivatives		
	\$52.63	\$28.21	\$40.77
Avg C&C Realizations (\$/BBL)	Including Derivatives		
	\$52.69	\$29.85	\$40.89

Intl E&P Production & Sales Volumes



Cumulative underlift of (2,465) MBOE in Libya, (381) MBOE in EG, (241) MBOE in UK and (1) MBOE in Kurdistan

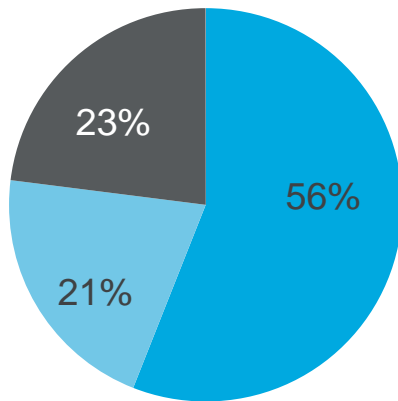
Avg C&C Realizations (\$/BBL)	\$56.70	\$30.95	\$42.21
Equity Earnings	\$26MM	\$14MM	\$37MM
Equity EBITDA	\$54MM	\$38MM	\$67MM

Equity earnings and EBITDA include pro rata share of LNG, Methanol and LPG onshore plants in Equatorial Guinea
See the 2Q 2016 Investor Packet at www.Marathonoil.com for non-GAAP reconciliations

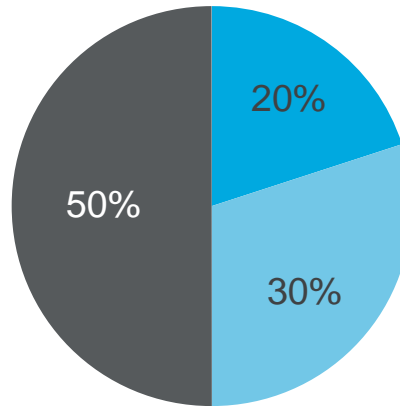
2016 2Q Production Mix

U.S. resource plays ~60% oil and ~80% liquids

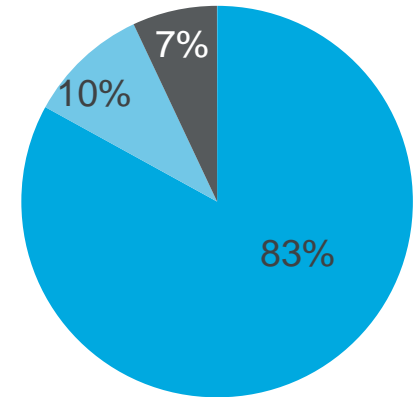
Eagle Ford



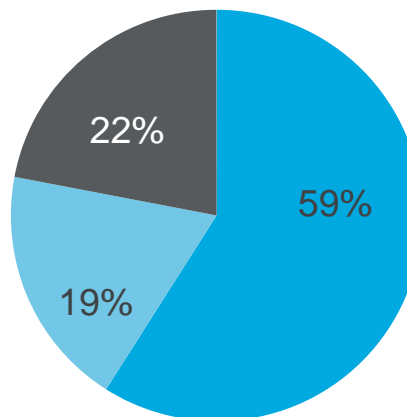
Oklahoma Resource Basins



Bakken



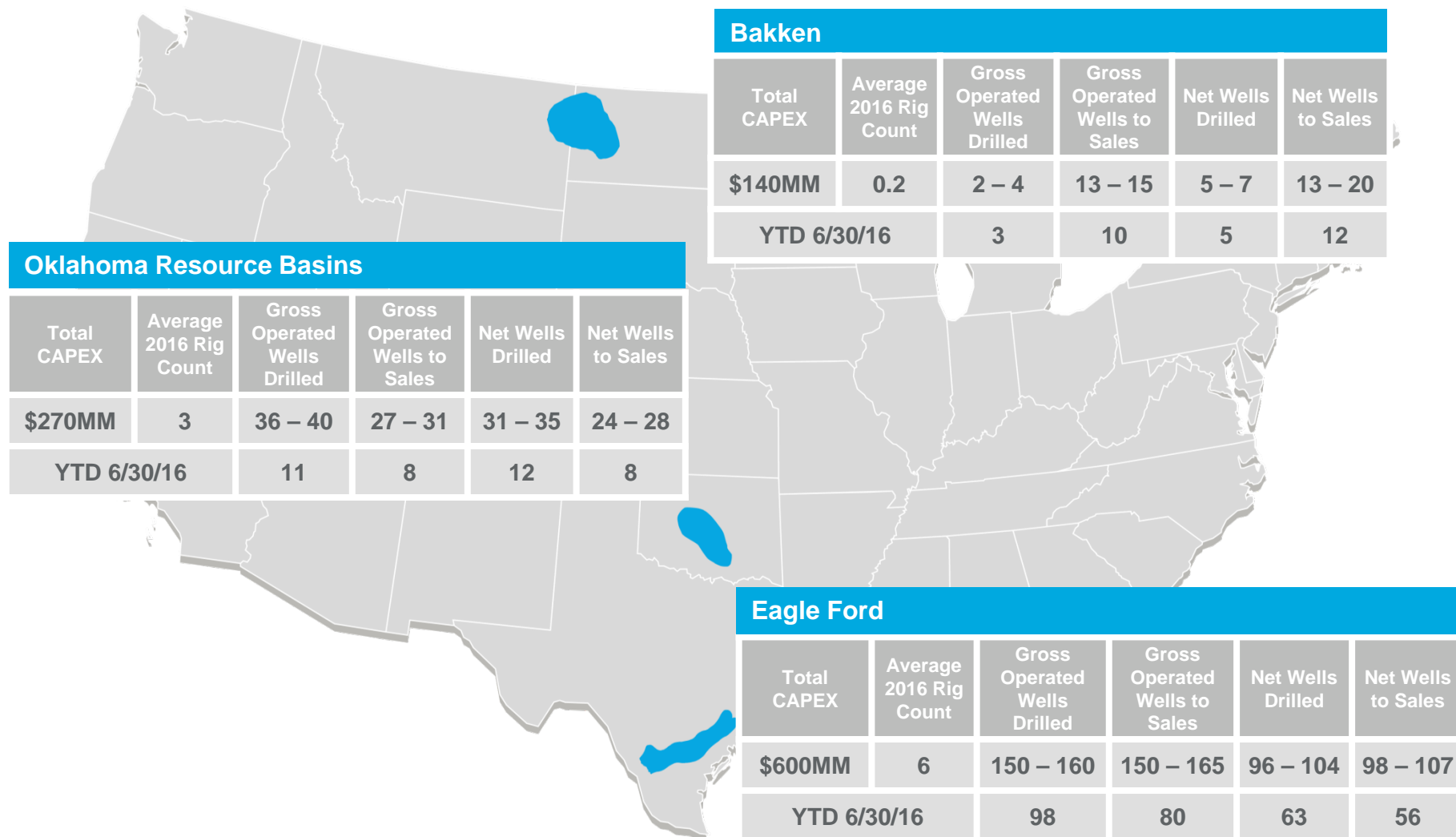
Total U.S. Resource Plays



■ Crude Oil/Condensate ■ NGLs ■ Natural Gas

2016 North America Activity

U.S. resource plays



Net wells drilled and net wells to sales include OBO

North America E&P Crude Oil Derivatives

As of June 30, 2016

Crude Oil (Benchmark to WTI)			
	3Q 2016	4Q 2016	YE 2017
Three-Way Collars			
Volume (Bbls/day)	47,000	47,000	-
Price per Bbl:			
Ceiling	\$55.37	\$55.37	-
Floor	\$50.23	\$50.23	-
Sold put	\$40.96	\$40.96	-
Sold call options^(a)			
Volume (Bbls/day)	10,000	10,000	35,000
Price per Bbl	\$72.39	\$72.39	\$61.91
Two-way Collars			
Volume (Bbls/day)	10,000	10,000	-
Price per Bbl:			
Ceiling	\$50.00	\$50.00	-
Floor	\$41.55	\$41.55	-

^(a) Call Options settle monthly.

North America E&P Natural Gas Derivatives

As of June 30, 2016

Natural Gas (Benchmark to HH)			
	3Q 2016	4Q 2016	YE 2017 ^(a)
Three-Way Collars			
Volume (MMBtu/day)	20,000	20,000	40,000
Weighted Average Price:			
Ceiling	\$2.93	\$2.93	\$3.28
Floor	\$2.50	\$2.50	\$2.75
Sold put	\$2.00	\$2.00	\$2.25

^(a) Counterparty has the option to execute fixed-price swaps (swaptions) at a weighted average price of \$2.93 per MMBtu indexed to NYMEX Henry Hub, which is exercisable on 12/22/2016. If counterparty exercises, the term of the fixed-price swaps would be for the calendar year 2017 and, if all such options are exercised, 20,000 MMBTU per day.

Capital, Investment & Exploration

Budget reconciliation \$MM

	2016 Budget	2016 YTD* Actual
Capital expenditures, including acquisitions	1,401	625**
M&S Inventory	0	(26)
Investments in equity method investees & others	0	0
Exploration costs other than well costs	31	47
Prior period non-cash accrual adjustments	0	41
Capital, Investment & Exploration Budget	1,432	687

* YTD is through 6/30/16

** Amounts contain \$89MM acquisition deposit