2Q 2012 EARNINGS CONFERENCE CALL REMARKS

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Welcome to Marathon Oil Corporation's second quarter 2012 earnings Web cast and teleconference. The synchronized slides that accompany this call can be found on our website MarathonOil.com.

On the call today are Clarence Cazalot, chairman, president and CEO, Janet Clark, executive vice president and CFO, Dave Roberts, executive vice president and COO and Lance Robertson, regional Vice President South Texas/Eagle Ford.

Slide 2 contains the Forward-Looking Statement and other information related to this presentation. Our

remarks and answers to questions today will contain forward-looking statements subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements.

In accordance with safe harbor provisions of the Private Securities Litigation Reform Act of 1995, Marathon Oil Corporation has included in its Annual Report on Form 10-K for the year ended December 31, 2011, and subsequent Forms 10-Q and 8-K, cautionary language identifying important factors, but not necessarily all factors, that could cause future outcomes to differ materially from those set forth in the forward-looking statements.

Please note that in the appendix to this presentation there is a reconciliation of quarterly net income to adjusted net income for 2011 and 2012, balance sheet and cash flow information, third quarter and full year 2012 operating estimates, and other data that you may find useful.

Moving to slide 3, our second quarter 2012 adjusted net income of $416 million, was a 13 percent decrease from the first quarter 2012, largely a result of higher income taxes driven by a change in the mix of production with higher sales volumes in Libya and lower US pretax earnings. This decrease was partially offset by higher international pre-tax income.

As shown on slide 4, earnings before tax from the international portion of our E&P segment increased

$76 million driven by higher sales in Libya, while the domestic portion of that segment decreased $62 million, largely a result of higher exploration expenses. Pre-tax income for the Oil Sands Mining and Integrated Gas segments each increased $13 million over the previous quarter. Again, the change in production and income mix led to higher overall income taxes.

On slide 5 we've included a comparison of the total Upstream second quarter versus first quarter liquid hydrocarbon sales volumes excluding Libya. In the appendix of this presentation you will find a similar slide comparing actual second quarter to projected third quarter sales volumes to help you in modeling the Company's third quarter. Again, this slide excludes Libya because of the unpredictability of those volumes.

As shown on slide 6, the second quarter was a good operating quarter for the E&P segment with higher sales volumes compared to the first quarter. However, this increase was more than offset by lower prices, higher segment income tax expense and higher absolute costs, although on a BOE basis costs were relatively flat quarter over quarter.

Moving to slide 7, our U.S. liquid hydrocarbon sales volumes increased while gas volumes decreased netting to a positive volume variance quarter to quarter. Both domestic liquid hydrocarbon and natural gas realizations were lower in the second quarter. On an absolute basis DD&A was lower owing to our anticipated Alaska disposition.

As shown on slide 8, total US E&P costs per BOE remained flat with the previous four quarters. Excluding Exploration Expenses, costs per BOE were down $3.80 quarter over quarter, with the previously mentioned decrease in DD&A, lower production taxes and reduced field level controllable costs.

Slide 9 graphically demonstrates the Lower 48 onshore production growth we have realized over the past few quarters, with the production from the first to second quarter up almost 7 percent. Excluding our pending Paloma acquisition, we expect to reach between 120,000 and 130,000 BOED in the fourth quarter 2012, a 60 to 70 percent increase since the third quarter of 2011. You'll also see this growth is weighted to liquids

with the largest increase coming from oil and condensate, followed by an increase in NGL's.

Slide 10 shows the positive pretax impact from the previously discussed higher international sales volumes more than offset by lower liquid hydrocarbon price realizations, higher costs and higher taxes related to the mix issue previously discussed.

Slide 11 compares the international E&P cost structure by category over the past six quarters. Compared to the first quarter of 2012, field level controllable costs, DD&A and other costs increased in the second quarter, partially offset by a decrease in exploration expenses.

As shown on slide 12, quarter over quarter our E&P segment production available for sale was flat, while

sales volumes increased approximately 6 percent. Increased production available for sale from the continued ramp-up in the Eagle Ford, Bakken and Anadarko Woodford plays plus Libya were offset by decreased volumes in E.G., Norway and the Gulf of Mexico as a result of planned turnarounds. The second quarter was relatively balanced between production available for sale and actual sales volumes compared to a 23,000 BOED underlift in the first quarter. The cumulative underlift at the end of the second quarter was approximately 5.9 million BOE; 2.7 million BOE underlifted in Libya, 2 million BOE in Alaska gas storage, and underlift positions of 1 million BOE in Europe and 200,000 BOE in EG.

Slide 13 shows the more than 14 percent growth in our E&P production available for sale since the beginning of 2010, excluding Libya.

Adjusting for the impact of major turnarounds during the first and second quarters of 2012 we would have had production available for sale of approximately 376,000 and 381,000 BOED respectively.

Slide 14 shows our Oil Sands Mining segment income increased $10 million sequentially. This was a result of lower operating costs and other expenses, mostly offset by lower price realizations. Net synthetic crude sales were essentially flat quarter to quarter at 44,000 barrels per day.

Slide 15 shows that the Integrated Gas segment income increased $9 million quarter over quarter on lower volumes. While the terms and conditions of our off-take agreement are confidential, the second quarter results are indicative of what investors can expect from this segment on a go forward basis with similar volumes and Henry Hub natural gas prices.

Slide 16 provides an analysis of cash flows for the second quarter year to date.. Operating cash flow, before changes in working capital, was $2.3 billion, while working capital changes resulted in a $575 million use of cash primarily due to international tax payments in the second quarter. Cash capital expenditures year to date have been $2.2 billion with proceeds from dispositions totaling $218 million and dividends paid of

$240 million. Net debt has increased $430 million year to date and the quarter end cash balance was approximately $450 million.

As shown on Slide 17, at the end of the second quarter 2012, our cash-adjusted debt-to-total capital ratio was 21 percent, a slight increase from the first quarter.

I'd like to remind you that the appendix has a significant amount of forward looking data for use in modeling the Company's third quarter and full year results.

We'll move to slide 18 and I'll turn the call over to Clarence for some remarks.

As Howard mentioned, we saw another good performance from our base business with major turnarounds in Equatorial Guinea and Norway being

completed ahead of schedule and under budget. Top quartile reliability and solid operations allowed us to deliver production available for sale at the upper end of our guidance. We also had strong growth in the second quarter in our three key resource plays. Comparing the second quarter to the first quarter, Eagle Ford production was up 50 percent, Bakken was up 4.7 percent, and the Woodford was up 24 percent. We're on track to deliver annual 5 percent growth in production available for sale in 2012 over 2011, excluding Libya. We're also on track to deliver greater than 150 percent reserve replacement in 2012, excluding acquisitions and divestitures, and we are targeting 6 to 8 percent growth in annual production

available for sale from 2012 to 2013, excluding Libya and Alaska.

In the face of weaker crude and NGL prices, particularly in inland U.S. markets, our focus on profitable growth and our commitment to capital discipline has led us to seek capital reductions without sacrificing growth. For the remainder of 2012, and perhaps into 2013, we are reducing our rig count in the Anadarko Woodford from six to two rigs, and we are reducing our Bakken rig count from eight to five rigs. We believe we can maintain flat production in both of these areas through 2013 at these rig levels, but obviously we retain the flexibility to ramp back up if prices and/or costs improve.

We've also suspended drilling in the Niobrara, and plan to frac one additional well already drilled. We will further evaluate the area from data already collected and from the future production history of the 16 production wells we have in the area.

A real success story is being seen in the Eagle Ford, where we continue to reduce the time needed to drill wells there and we are now in a position to drill and complete our target number of wells with 18 rigs rather than ramping up to 20 as planned with the Paloma acquisition.

We are focused on maintaining our growth while living within our cash flows. To that point I'll tell you our asset divestiture program is on track and we expect to meet or exceed our $1.5 to $3.0 billion divestiture

program by the end of 2013, and you'll note in the press release that we disclosed the potential purchase price in Alaska as being $375 million, and I will also tell you that interest in the sale of our Neptune gas plant - our 50 percent interest there - has been quite strong and we will be reviewing those bids very shortly.

Turning to exploration, we have enhanced the potential and risk profile of our global exploration portfolio with new entries into Gabon, Kenya, and potentially Ethiopia, and as you've seen yesterday we farmed down 2 Kurdistan blocks, our two 100 percent blocks, to balance our portfolio.

Lastly, there has been a great deal of attention obviously, and a great deal of focus by investors on our Eagle Ford position, and so I have asked Lance

Robertson to provide an update on our operations there.

Thanks Clarence…

Going to slide 19 you'll see a map of the Eagle Ford and our acreage position along with where we are currently drilling. Also on the slide are indicative well results illustrating continued strong performance across the acreage position. During the second quarter we became active in the condensate acreage as we continued to build midstream infrastructure to support this area. Our rig activity is currently 50 percent discretionary and will continue to be directed toward high value condensate and High GOR oil areas. We anticipate we will keep 10-12 rigs active in the core Karnes County

area through year end. Note we are not active in the Wilson County or dry gas areas.

Turning to Slide 20, during the first few months of 2012 we focused on expanding our capability and growing our development capacity. The second quarter saw us build on this solid base with increased rig and frac activity along with increasing efficiency. With these efforts, quarter on quarter production growth was almost 50 percent in the second quarter. Net production has increased by more than 17,000 BOED in 2012, with the majority of the increase in the second quarter. We anticipate similarly strong growth in the second half of 2012 as we continue to refine our operation practices and move into more pad driven activities.

We have demonstrated material reduction in cycle time, reducing our average spud to spud time by almost 50 percent since taking over operations late last year, averaging 23 days spud to spud over the last 2 months. Driven by this efficiency we expect to continue full field development with 18 rigs, inclusive of the Paloma acreage. We also anticipate continuing with four fracture stimulation fleets to complement the drilling rigs.

Turning to Slide 21, we have supported our production growth through investing in extensive midstream infrastructure. Shown in green are five new, large central delivery facilities that have been built in 2012 and in shown in red are six more central facilities now under construction. Additionally, over 210 miles of 4, 6,

and 8 inch pipelines have been installed to interconnect these facilities with markets. Building midstream capacity has allowed us to maintain a strong cycle of spud to first sales of less than 60 days with minimal shut-in time or flaring. Midstream investment will continue through 2012 to ensure sufficient access to markets.

Slide 22 updates our expected number of locations and production forecast inclusive of the Paloma acquisition. Paloma adds 100 high value, low risk locations to our existing inventory. We now anticipate our Eagle Ford production reaching 120,000 BOED in 2016 compared to 100,000 BOED previously. Change in control of operations is in progress today and the existing Paloma operations and wells will be assumed with current

Marathon personnel. And, importantly, no contribution from our downspacing study has been included in either these well count or production numbers.

To that point and moving to slide 23, we are evaluating the potential to significantly increase our drill locations and by association production, resource and reserves through validating down spacing with targeted infill pilot projects. Five density pilot projects are currently producing, two are in progress, and three more remain in 2012. Four additional pilots targeting vertical lateral placement are currently producing.

We're excited about the progress we've made across the basin to date. We have a dedicated team in place and while we have a lot of work ahead of us we've seen great strides in operational capacity. We're confident in

our ability to deliver an average of 30,000 BOED for 2012 and to meet or exceed our projections in coming years.

With that I'll turn the call back to Howard.

Before we open the call to questions I'd like to remind you to limit yourself to two questions so that we might accommodate all people who want to ask questions. You may re-prompt for additional questions as time permits. Thank you.