SECOND QUARTER 2016 EARNINGS REVIEW REMARKS

Zach Dailey

Director Investor Relations

August 3, 2016

[Zach Dailey]

Welcome to Marathon Oil Corporation's second quarter 2016 earnings review. The synchronized slides that accompany this review can be found on our website, at MarathonOil.com. Additionally, we'll conduct a live question and answer webcast on Thursday, August 4th, at 8am Central Time.

Slide 2 contains a discussion of forward-looking statements and other information included in this presentation. Our review 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. Please read our disclosures in our SEC filings for additional discussion of these items.

Reconciliations of the non-GAAP financial measures we discuss can be found in the quarterly information package on our website.

Participating on this webcast are Lee Tillman, President and CEO; Lance Robertson, Vice President, Resource Plays; and Mitch Little, Vice President, Conventional. With that, I'll turn the presentation over to Lee who will begin on slide 3.

[Lee Tillman]

Thanks Zach. I'd like to begin on **slide 3** with a broad overview of our priorities here at Marathon Oil.

Our playbook has not changed. It reflects our consistent view of the macro for 2016—transitional, volatile – but still with opportunities.

It starts with a good defense—protecting and enhancing the strength of our balance sheet. We've made considerable progress on this front, and ended the second quarter with $5.9 billion of liquidity, including $2.6 billion in cash.

It also begins with focusing on those things within our control—our costs--and watching every dollar we spend, whether it's opex or capex. It's about capital allocation and ensuring our portfolio is opportunity rich, resilient, and offers the highest risk adjusted returns. You can't allocate capital on a portfolio that's not optimized, and we have continued to simplify and concentrate ours to the lower cost, higher margin US shale plays.

We've done this through a disciplined commitment to non-core asset divestitures, some $1 billion this year so far. And we've done this through playing offense by taking advantage of a material, quality, high value acquisition in one of the best unconventional oil plays in the U.S., the STACK in Oklahoma. Our STACK acquisition quite simply checked all the boxes and the strength of our Oklahoma asset team has driven a quick close and a rapid integration with no loss of momentum. We will not only continue to operate the rig in place but will accelerate a second rig in late third quarter and we'll do it all below our original capital budget.

And we are preparing for that sustainable price environment where we can profitably grow within cash flows—in 2017, we can get our business back to sequential growth and live within our means with WTI in the low to mid 50's. And we have the potential for stronger growth at higher pricing with an industry leading leverage to oil that will generate substantial cash flows for both the balance sheet and reinvestment for every dollar improvement in WTI.

Moving briefly to some highlights on **slide 4**, our headlines: strong well results, continued cost reductions, and successful portfolio management.

Our Oklahoma team continues to balance leasehold demands and acreage delineation while delivering strong well results in the STACK. We had two outstanding Meramec XL wells with 70 percent-plus oil cuts. This same team just closed the PayRock acquisition this week – just six weeks after announcing the deal – and are rapidly integrating that asset into our Oklahoma business.

The Bakken team also had an outstanding quarter, delivering the highest rate well in the basin in the past three years on our West Myrmidon acreage.

Cost management and capital efficiency remain front and center with all of our asset teams. North America E&P production costs are down almost 30% from year ago quarter. The Eagle Ford completed well costs are down about 30% year over year despite a strong move to higher intensity completion designs. And capital discipline across all of our businesses will deliver a 2016 capital program that is $100 million below our original budget while fully accommodating the incremental activity from the STACK acquisition.

And not to be outdone by our North America success, internationally, we achieved first gas from the B3 compression project in EG in July, on schedule and within budget. We are already at full design rate and the project is fulfilling its mission to extend our production plateau two years and asset life to post 2030. And both North America and International have lowered their full year guidance for unit production expense.

On the portfolio side, we have been opportunistic in capturing 61,000 net acres in the oil window of the STACK play while aggressively pursuing our non-core asset sales program to the tune of over $1 billion year to date. And though we have exceeded our initial target, we aren't done. Expect portfolio management to continue as we drive to optimize capital allocation to the lowest cost, highest margin opportunities.

Lance and Mitch will expand on all these topics and more a bit later on.

Turning to **slide 5**, you can see the continued reduction in capex during the second quarter, driven primarily by Eagle Ford planned activity reductions down to 5 rigs and 1 frac crew at quarter end. We now expect 2016 capex to be $1.3 billion, about $100 million below our original budget, which includes fully funding the 2016 development plan on the acquired STACK asset.

By design, about 80 percent of our second quarter capex was directed toward the U.S. resource plays. That percentage will continue to trend higher, with the successful completion of long-cycle investments in EG and the non-operated Gunflint project in the Gulf of Mexico.

Slide 6 illustrates second quarter total company production that was in-line with our guidance, and essentially flat with the first quarter on a divestiture-adjusted basis.

Second quarter production from the resource plays declined 7 percent from the prior quarter due to lower volumes in the Eagle Ford and Bakken, while Oklahoma was flat. This was offset by production from the remaining E&P assets that increased nearly 20 percent, as EG and the UK were back up from first quarter downtime.

Oil sands production came in at the low end of guidance, at 40,000 barrels per day of synthetic crude oil, despite downtime associated with the response to the wildfires in Alberta.

We closed on the majority of our Wyoming asset sale at the end of the second quarter, and closed on the PayRock STACK acquisition on August 1st. Our third quarter and full year production guidance includes these impacts.

With that brief summary, I'd like to hand it over to Lance to review our North America E&P segment performance for the quarter.

[Lance Robertson]

Thanks Lee.

Before I dive into the specific assets, I'd like to spend a moment on **slide 7** discussing cost reductions. Which is one of the most important parts of our business today, and an area where we have made, and continue to make considerable progress.

In the second quarter, we reduced absolute production costs in North America by $50 million, or 28 percent, from a year ago quarter. On a unit cost basis, production expense averaged $6.28 per BOE for the second quarter, down 13 percent from the year ago quarter. These improvements reflect ongoing efficiencies and many are structural in nature.

For example, in the quarter, Bakken water handling expanded from 50 to more than 70% of water on pipe with the commissioning of another lateral in the Myrmidon area. All operating areas are reducing labor costs through extension of systematic maintenance programs. And we continue to focus on disciplined investment in workover opportunities. All of these examples are aimed at managing the base business and will be durable across a range of commodity prices.

Based on the success we've had in the first half of the year, as well as factoring in the closed A&D work, we're reducing our 2016 production expense guidance by a full dollar to a range of $6 - $7 per BOE.

Next I'll move into an overview of the Q2 operational activity from our three U.S. resource plays beginning on **slide 8** with the Oklahoma resource plays.

While quarterly production was flat sequentially on 5 wells to sales, we had two very encouraging well results on our STACK acreage in Eastern Blaine County. As you can see in the bottom left cumulative production plot, our Irven John and Olive June XL wells are exceeding our published STACK Meramec type curve. Further south in the SCOOP, we brought the Eubank XL condensate well to sales and it delivered a 30-day IP of nearly 2,000 BOE per day. You'll be able to see these well locations as you flip to the map on the next slide…

I'll direct you to the STACK Meramec area at the top of the map on **slide 9**, where you can see the two wells I just mentioned in the blue box, the Irven John and Olive June. Both of these wells were drilled off the same pad, and we completed these oil wells with an average of 3,200 pounds of proppant per foot and 35 frac stages. Just to the east of these wells, the Lloyd and Marjorie XL wells have been completed and are flowing back now. Those are both extended laterals completed at tighter stage spacing with 51 stages.

Down in the SCOOP, you can see the Eubank extended lateral well I mentioned in western Garvin County with almost 2,000 BOE per day initial production and it's even a bit higher production through 60 days.

Further to the north, we brought online a leasehold well, the Mary B, in the updip oil window. We'll also be bringing a few more leasehold wells to sales in the SCOOP – the Morris, Nekiah, and Wheeler wells – to protect our valuable acreage position and test different landing intervals in this area.

Finally, I'll mention the grey boxes on the map which illustrate some of the non-operated wells in both the SCOOP and the STACK that came to sales in the second quarter. At the bottom of the map, you'll see the highly productive Newy infill density pad with four wells in the middle and four wells in the upper Woodford in southeastern Grady County. Early data from this high density infill is very encouraging. Additionally, we're currently participating in five spacing pilots in the STACK area that will come to sales over the next several quarters, and will provide additional data to add to our team's already robust knowledge base.

I'd like to wrap up Oklahoma on **slide 10** by giving an update on the acquisition we just closed in the STACK area. This material addition to our STACK portfolio focused in the oil window brings 330 million BOE of 2P resource into our portfolio and immediately competes for capital in our inventory today… all at a very competitive price that should lead to compelling full-cycle returns.

The asset has continued to demonstrate strong results since we announced the acquisition. Three new SL Meramec wells have been brought to sales, and their average 30-day IP is exceeding type curve with low completed well costs of approximately $4 million.

We'll be adding a second rig on the acquired acreage late in the 3rd quarter, bringing our total Oklahoma rig count to 4. This incremental activity will allow us to delineate additional areas while addressing lease retention in the acquired acreage. Capital for the incremental activity will be accommodated within our existing budget, driven by ongoing efficiency savings across our resource plays. We expect 8-10 Meramec wells to sales in the third quarter across our consolidated STACK position.

We are clearly excited to have quickly closed the STACK acquisition and assume operational control earlier this week, and we look forward to realizing the valuable opportunity this acreage holds.

Turning to Eagle Ford on **slide 11**. Second quarter production of 109,000 BOE per day was down sequentially due to a 40 percent reduction in gross wells to sales from the first quarter and with reduced contribution from 2015 high-density pads drilled at tighter well spacing.

The development plan in the Eagle Ford continues to evolve. We now have over 30,000 net acres delineated in the Upper Eagle Ford. We're widening our Austin Chalk wells from 40 acre spacing to 80 acres reflecting the higher natural fracturing in this zone. In many areas, Upper Eagle Ford locations at 80 acre spacing are offsetting the wider spaced Austin Chalk.

Tighter stage spacing across our high GOR oil wells continues to progress with early production uplift of 15-20 percent as we spread this design across a larger area. Additionally, we're in the early days of testing tighter stage spacing in our condensate wells and will have more of those results to share in the second half of the year.

The team continued their trend of lowering completed well costs, down to $4.2 million in Q2, a 30 percent reduction from a year ago even as stage count and proppant intensity increased. Well cost improvements are driven by efficiencies gained from cementing offline while the rig moves to another wellbore, upsized drill pipe to improve hydraulics, increased frac fleet efficiency through lean techniques and other similar operational changes - all of which will help us maintain these costs moving forward. Eagle Ford has also been able to reduce unit production expense per BOE by greater than 10% year-over-year despite lower activity levels and production volumes.

As you flip to the next slide, I'll discuss some of our individual well results from the second quarter.

Slide 12 highlights well results from the quarter, and outlines the remaining 2016 program.

As we move into the second half of the year, development will be 2/3 focused in the High GOR oil areas. The program will be primarily two zone co-development focused on the upper and lower Eagle Ford. This allows us to build on the positive impacts of 200' stage spacing in the oil window even as we continue to extend those same efforts down dip into the condensate. No new three or four zone high density pads are anticipated the remainder of this year.

In addition to tighter stage spacing, we are increasing testing of higher proppant intensity, near well bore diversion and elevated fluid rates when placing proppant. Drawing your attention to the dark blue box in the middle of the map, the Barboza pad is an early test of 200' stage spacing in the condensate window, with four Eagle Ford wells averaging 10% higher IP than offsets at 250' spacing. This is an encouraging initial result with more testing in progress in the third quarter.

Moving to the Hollman pad in the condensate window, proppant intensity almost double our typical design was included in the lower Eagle Ford wells yielding 30 day results above expectations and still improving. The best well on the Hollman pad is in the top 1% of our operated well results in the Eagle Ford to date, demonstrating our efforts to drive completions improvements continues to deliver results.

We look forward to sharing more results of completions testing in coming quarters.

On **slide 13**, I'm excited to share some industry-leading new well results in the Bakken, as well as discuss the success the asset team has achieved maintaining high operational reliability. While we only brought a few wells to sales in Q2 due to the deliberate decision to reduce spending, these wells are critical to outlining the future value of our Bakken resources.

The first four wells on our Clarks Creek pad combined to yield over 10,000 BOE per day in initial production. Importantly, three of them are among the highest 30 day IPs in the Williston basin in the last three years, and all on the same pad!

The Bakken team has embraced the challenges of low oil prices, and taken the opportunity to significantly lower production expenses per BOE – down roughly 25 percent from a year ago. Completed well costs are down to about $6 million a well, even as we invest in more intensive stimulations. They've also continued a rigorous focus on their base business, maintaining high uptime to mitigate production declines at reduced capital spending.

On the next slide, I'll discuss the individual wells in a bit more detail.

Turning to **slide 14**, you'll see a map of our Myrmidon position – both on the east and west sides of the river in Mountrail and McKenzie counties. The Clarks Creek pad is located in West Myrmidon – our highest value area – situated along the Antelope Anticline.

In addition to high reservoir quality in the Clarks Creek area, the wells were completed with 12 – 18 million pounds of proppant, increased fluid volumes, 40 – 45 stages, and a combination of sliding sleeves and plug 'n perf. The Clarks Creek Middle Bakken well is the highest 30 day IP – at 2,840 BOE per day – of any well in the basin in the last three years. The Juanita Middle Bakken and Charmaine Three Forks 1st Bench wells are close behind at 2,700 and just over 2,500 BOE per day, respectively.

These completions represent our most intensive to date in the Williston basin and our most successful.

The fifth well on the pad, the second bench Three Forks well encountered a liner issue and will come to sales in the third quarter. The well was completed with a similar stimulation to the other wells on the pad.

In addition to the West Myrmidon second bench well, we'll bring three wells to sales on the Maggie pad in East Myrmidon in the third quarter – one middle Bakken and two Three Forks first bench wells. We'll pump between 6 and 12 million pounds of proppant in those wells and 45 to 50 frac stages. The Maggie pad will focus on extensive near well bore diversion to extend our knowledge of well performance when developing between mature producers.

These well results, combined with a rigorous focus on managing the base business, position our Bakken asset to perform in the current environment and enhance its competitive positioning for capital allocation as prices improve.

With that, I'll hand it over to Mitch, who will review the highlights of our conventional assets.

[Mitch Little]

Thanks, Lance.

Moving to **slide 15**. Our international E&P segment delivered a very strong 2nd quarter, producing 120,000 net BOE per day, while delivering production costs of $4.34 per BOE, excluding Libya.

Our big milestone came in early July, with first gas from the Alba B3 compression platform in EG. The successful completion of this long cycle, Category 1 major project within budget and on schedule is a real testament to Marathon Oil's project management and execution skills.

As we've discussed before, adding this compression platform extends plateau production from the Alba field by two years to mid-2018, extends the life of the asset beyond 2030 and allows us to convert about 130 million BOEs of PUD's, more than doubling our PDP reserve base in EG.

As we wrap up the project, a significant capex commitment from the past few years falls away, and we look forward to EG contributing significant free cash flow for the Company.

This focus on cash generation represents a key theme across our conventional assets, and we continue to make good progress on the cost management side, while delivering outstanding safety performance, and strong reliability. For the International E&P segment we are reflecting that progress by reducing our 2016 production expense guidance by 50 cents per barrel to a new range of $4.50 to $5.50 per BOE.

Elsewhere in our conventional business, the outside-operated Gunflint development, where we have an 18 percent working interest, also achieved first production in July. Minimum gross production expected from the field is 20,000 BOE per day, 75 percent of which is oil.

Turning now to our Oil Sands Mining segment on **slide 16**. OSM produced 40,000 barrels of synthetic crude oil per day net of royalty in the second quarter. And this was within guidance, and was achieved despite dealing with the temporary suspensions related to the wildfires in Alberta, as well as planned maintenance activities at both the expansion upgrader and JackPine mine.

Neither of the mines were directly threatened by the fires, but the temporary suspension did cost us about 4,000 barrels per day in the quarter. The operator suspended the mines and used their facilities and resources to support the evacuation efforts for residents of Fort McMurray and the surrounding area.

Once the immediate needs of the local citizens were met, the mines came back up quickly, and have performed very well since then. In fact, after completing the early Q2 maintenance activities, mine production was at an all-time high in the month of June, with over 55,000 barrels per day net to our 20% interest.

Second quarter operating expense, before royalties, was $39 per synthetic barrel, which was up from the first quarter, due to planned maintenance activities, foreign exchange effects associated with a strengthening Canadian dollar, and the impacts of suspending the mines for wildfire response efforts.

As we and the other joint venture partners continue focusing on cost reductions and reliability improvements, OSM has strong momentum coming into the third quarter. We've reflected that momentum in our increased Q3 guidance of 45 – 50,000 barrels per day.

With that brief overview, I'd like to turn it back to Lee for final comments.

[Lee Tillman]

Thanks Mitch, I'll wrap up on **slide 17**.

We've been proactive in executing our plan of strengthening our balance sheet, resetting our cost structure and simplifying our portfolio. All to prepare for the recovery when sustainable prices will give us the confidence to invest and grow profitably within cash flows.

With over $1 billion of non-core asset sales in the rear view mirror, coupled with our second quarter STACK acquisition, our commitment to portfolio management is clear. The acreage position we acquired in the Meramec oil window has the quality, scale, value and upside potential to propel our Oklahoma business to new heights.

Quarterly well results in the STACK Meramec, Bakken, and Eagle Ford continue to benefit from improving and optimizing completion designs. And we have used this down cycle to really push the envelope to test how far we can drive enhanced completions, while also capturing greater efficiencies and cost savings. Much of this durable through the cycle.

Internationally, we reached a significant milestone with first production from our compression project in EG, and continue to see costs trend lower across our international business while contributing significantly to cash flow.

Aided by cost reductions, deferrals and efficiency gains, we're able to reduce our 2016 capital budget $100 million to $1.3 billion – while fully funding the activity associated with the STACK acquisition, which includes adding an additional rig there in the third quarter.

Our playbook has not changed. Its foundation is a strong balance sheet supported by cost reduction and capital discipline—watching every dollar we spend in what is still a very volatile and uncertain commodity price environment. Our resolve on portfolio management is evident in our actions and will continue. All of these actions have the effect of preparing us for 2017—we will be well-positioned regardless of the commodity price environment and ready to grow within cash flows when price recovery is sustainable.

That concludes our prepared remarks and we look forward to your questions during the live webcast tomorrow morning. Thank you.