

FIRST QUARTER 2016

Financial and Operational Review

May 4, 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. Forward-looking statements are statements other than statements of historical fact that give current expectations or forecasts of future events, including without limitation: the Company's operational and financial, including project plans, drilling plans, cost reductions, drilling and completion efficiencies, and living within the Company's means; the Company's ability to successfully effect those strategies and the expected timing and results thereof; the Company's ability to complete the non-core asset sales, and the expected timing and results thereof; the 2016 capital budget; production guidance; the Company's financial and operational outlook, and ability to fulfill that outlook; the expected benefits of the Company's strengthened balance sheet; expectations regarding future economic and market conditions and their effects on the Company; the Company's financial position, liquidity and capital resources; and 2016 estimated volumes, exploration expenses and production operating costs.

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 political or economic conditions in the jurisdictions in which the Company operates; capital available for exploration and development; well production timing; availability of drilling rigs, materials and labor; 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 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, that are not specifically designated as being estimates of proved, probable or possible resources, 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 1Q 2016 Investor Packet.

First Quarter Highlights

Strengthened balance sheet provides substantial flexibility

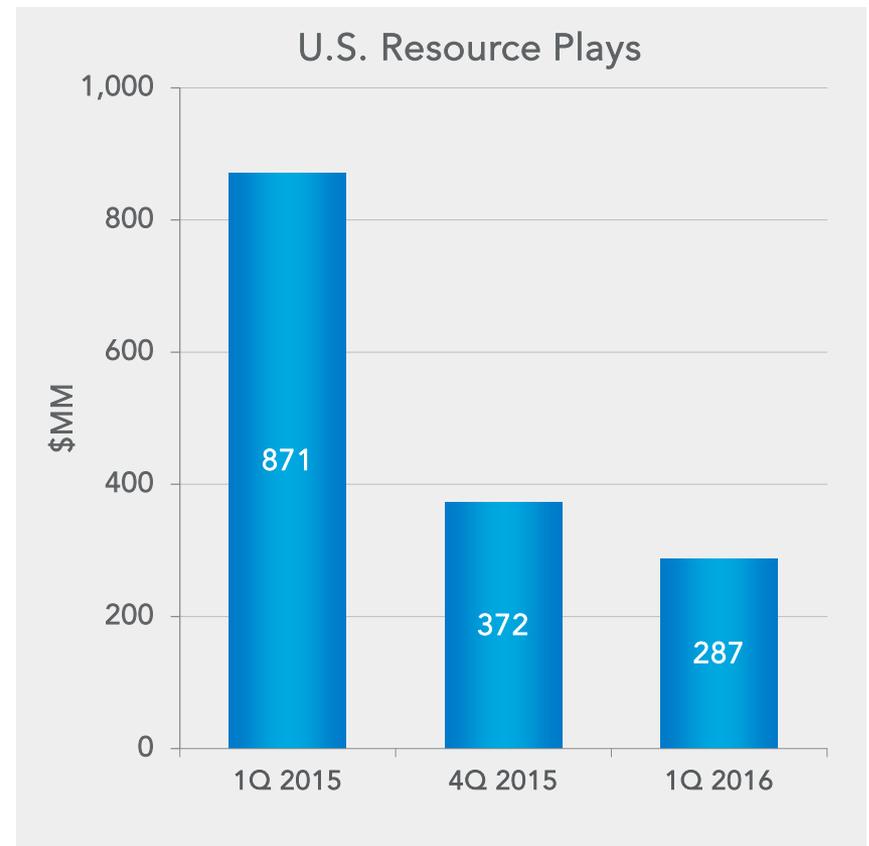
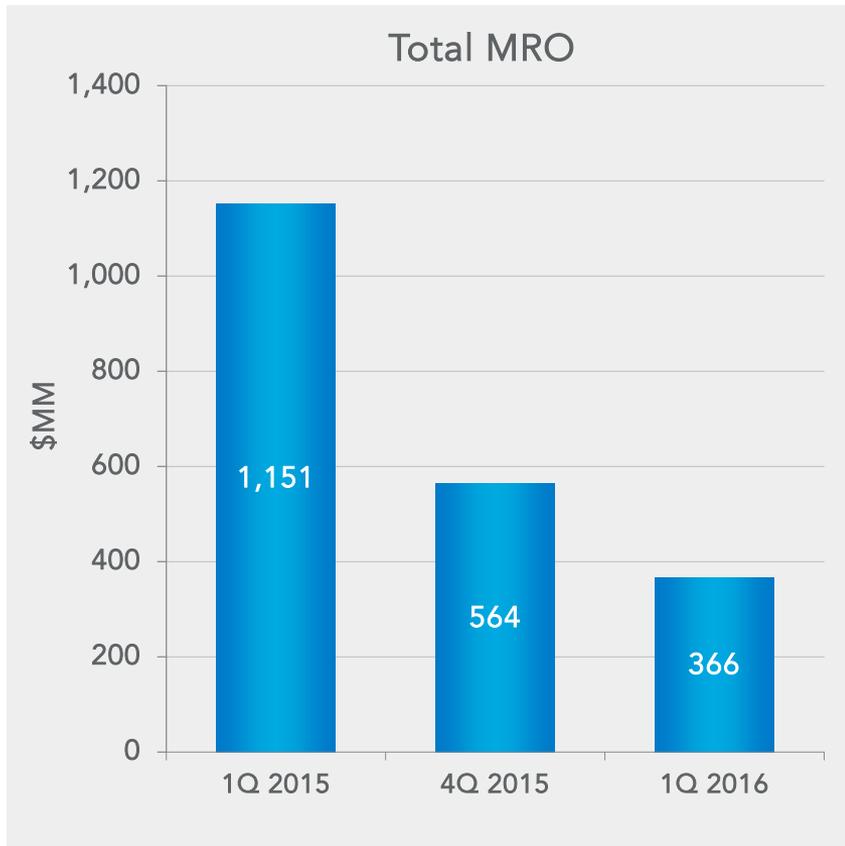
- Total Company net production averaged 388,000 net BOED, at upper end of guidance
- U.S. resource play production averaged 204,000 net BOED
- Reduced North America E&P production costs to \$6.17 per BOE, **22% below** year-ago quarter
- Eagle Ford High-GOR oil wells with tighter stage spacing continue to perform **~20% above** offset wells
- Announced **\$950MM** in non-core asset sales in April; \$1.3B total since August 2015 exceeding high end of target range
- Quarter-end liquidity of **\$5.4B**, inclusive of \$2.1B in cash



Reduced Capital Program Consistent With Plan

U.S. resource plays ~80% of 1Q capex

2016 Capital, Investment and Exploration



U.S. resource
play % capex

76%

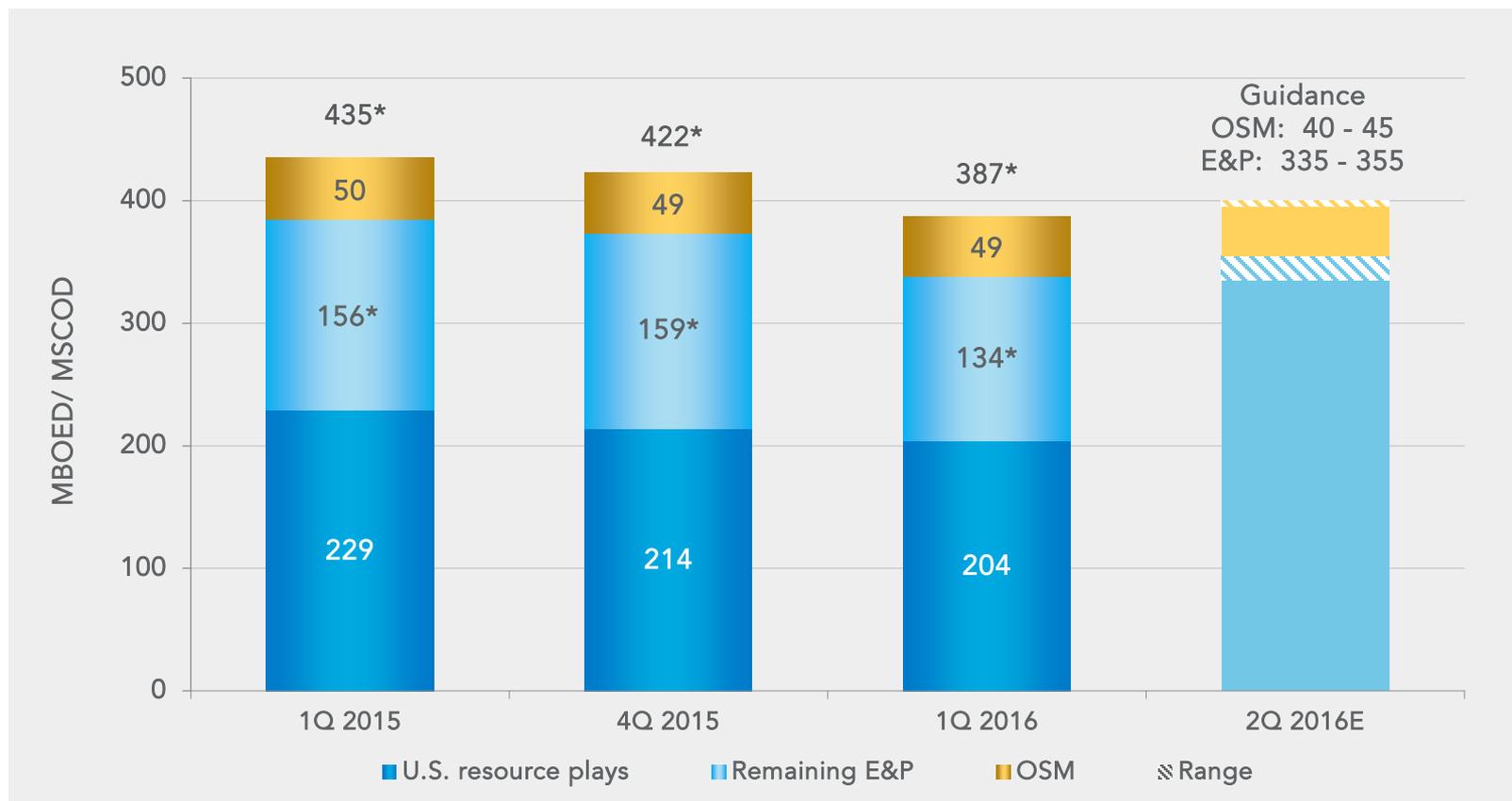
66%

78%

Production at Upper End of 1Q Guidance

Sequential decrease from planned EG downtime and reduced resource play activity

Available for Sale Volumes



U.S. resource play
% E&P production**

57%

56%

60%

*Adjusted for divestitures of 17 MBOED in 1Q15, 10 MBOED in 4Q15 and 1 MBOED in 1Q16

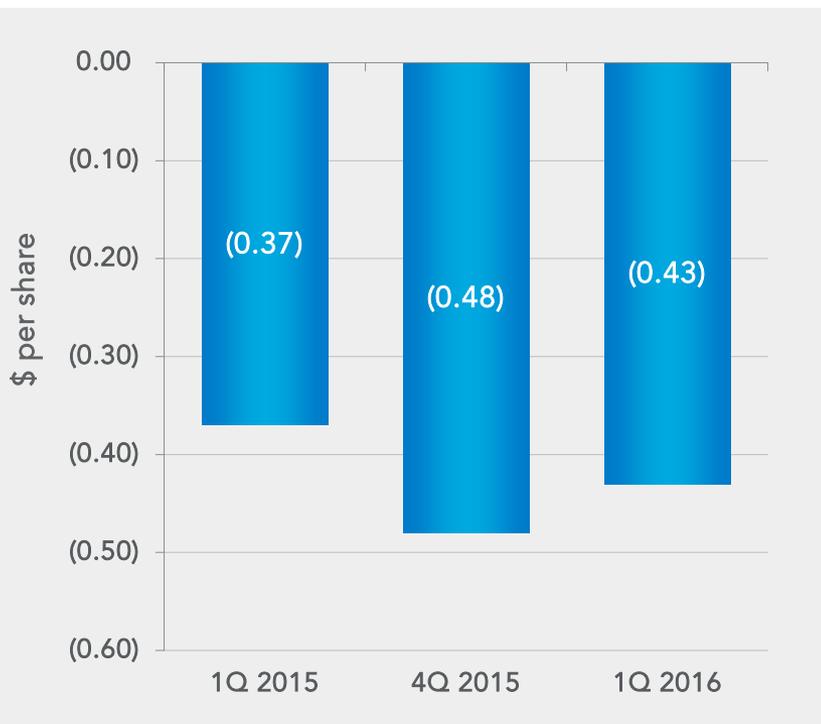
**Combined N.A. & International E&P production available for sale (excluding Libya)

Excluding Libya

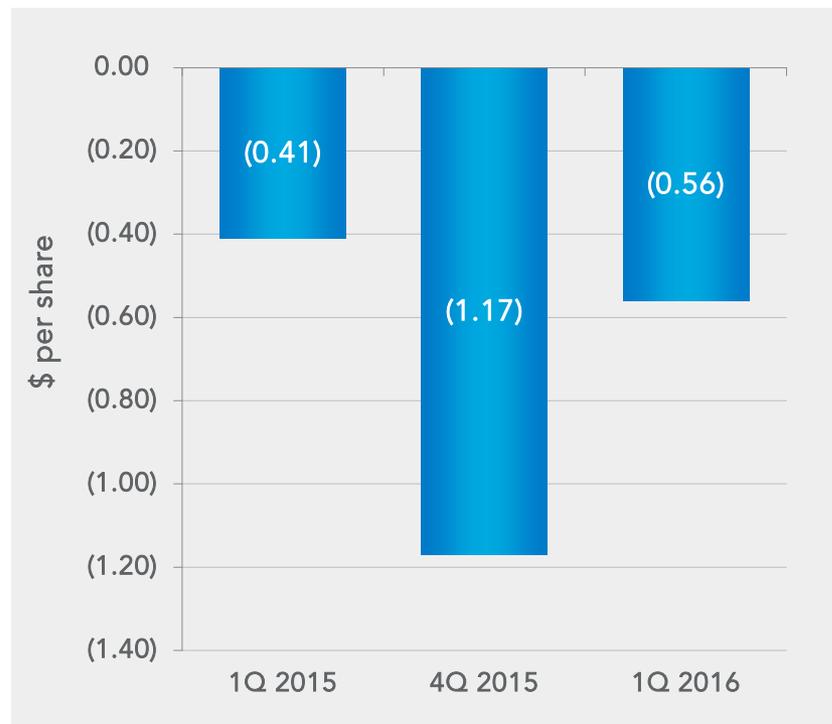
Adjusted and Reported Results

Lower 1Q price realizations & volumes offset by lower exploration & impairments

Adjusted Net Loss per Diluted Share



Reported Net Loss per Diluted Share

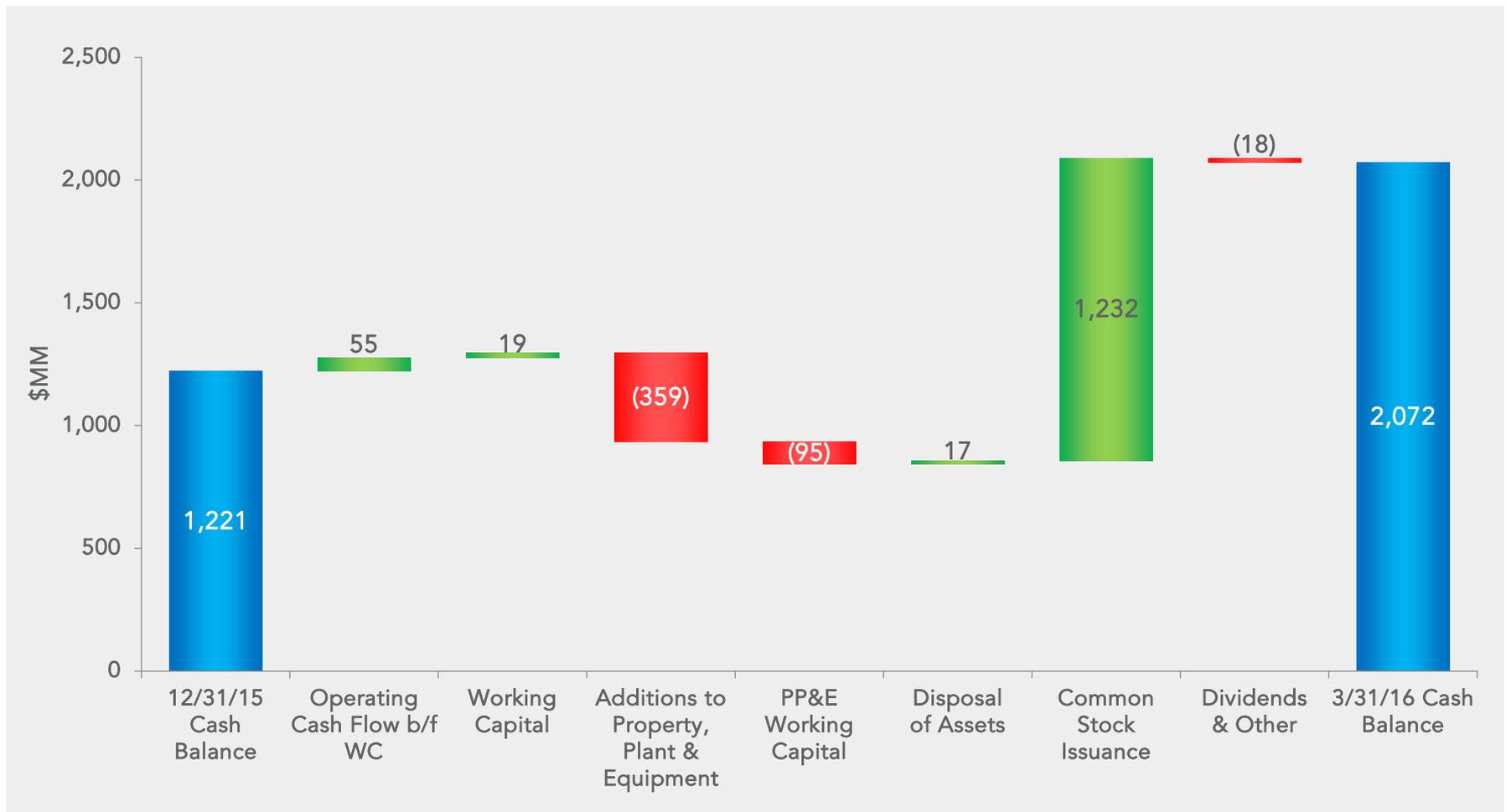


Impairments impact 4Q 2015 reported net loss

See the 1Q 2016 Investor Packet at www.Marathonoil.com for non-GAAP reconciliations

Total Company Cash Flow

\$5.4B of liquidity; including \$2.1B of cash

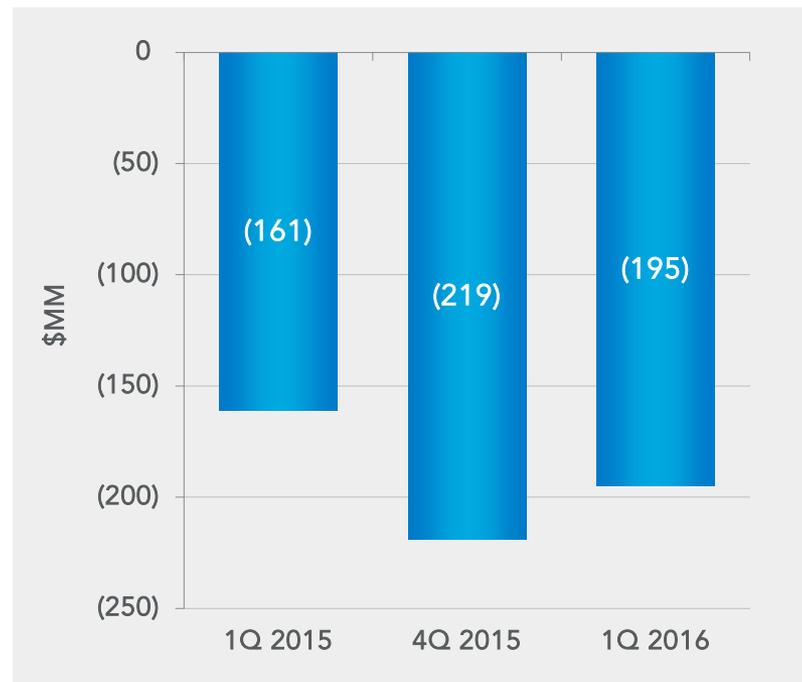


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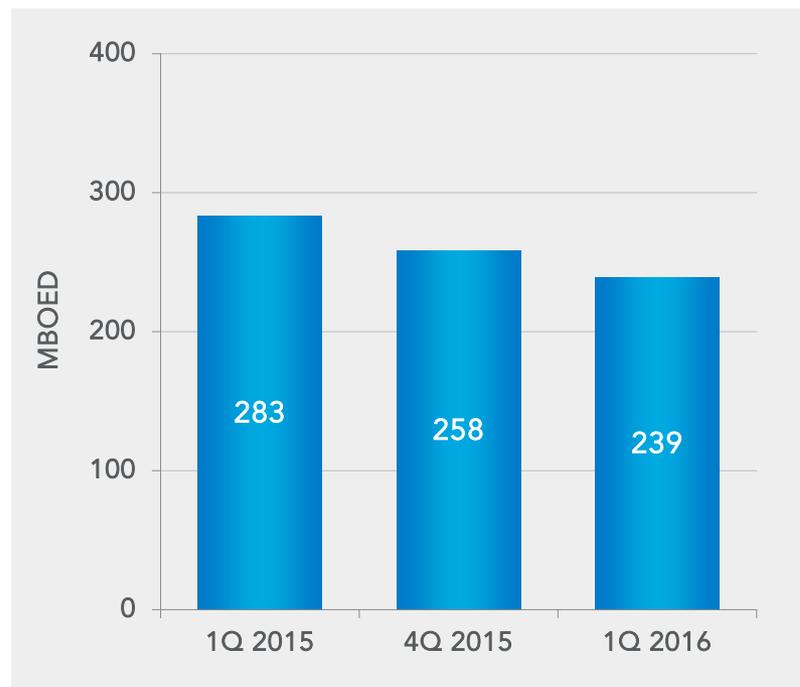
Lower N.A. E&P Crude Realizations & Volumes

Offset by reduced exploration expenses

N.A. E&P Segment Loss



N.A. E&P Sales Volumes



Avg C&C Realizations (\$/BBL)	Excluding Derivatives		
	\$41.75	\$37.71	\$28.21
Avg C&C Realizations (\$/BBL)	Including Derivatives		
	\$41.96	\$40.74	\$29.85

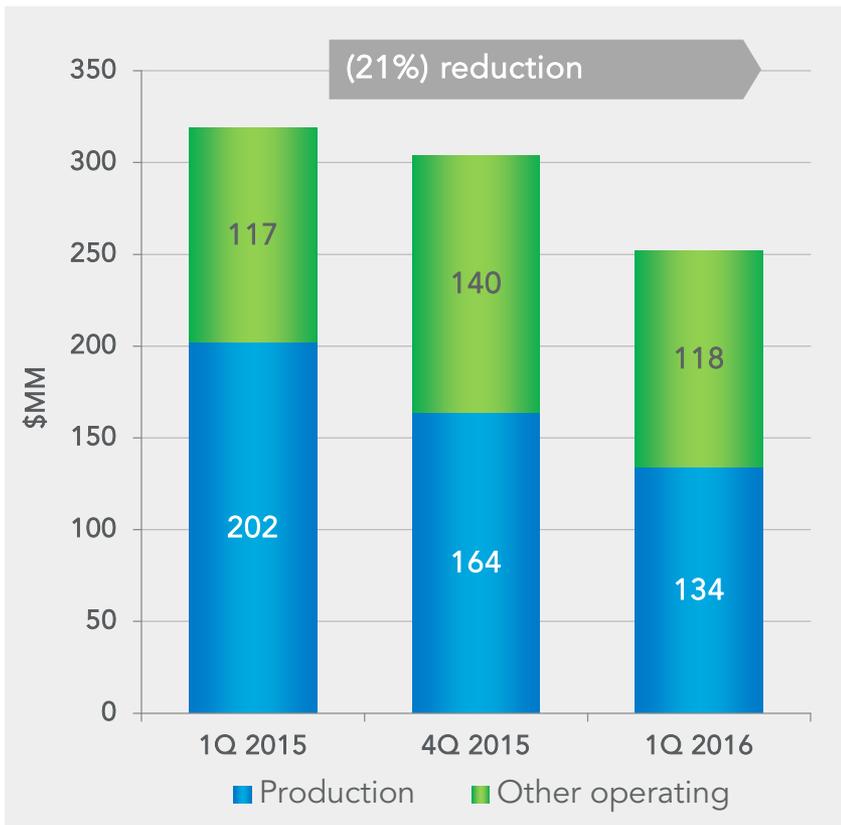
Liquids %	79%	78%	78%

Inclusive of divestitures of 17 MBOED in 1Q15, 10 MBOED in 4Q15 and 1 MBOED in 1Q16

N.A. E&P Costs Continue to Drop

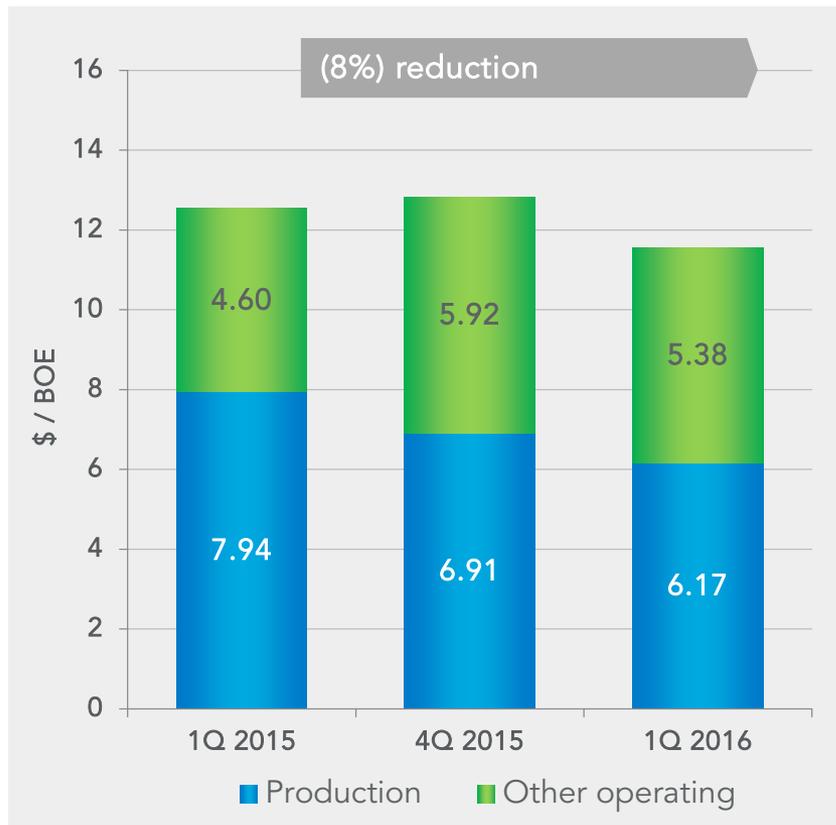
Both on an absolute and total unit basis

Production & Other Operating Expenses



N.A. E&P production costs decreased 34% from year-ago quarter

Unit Production & Other Operating Expenses



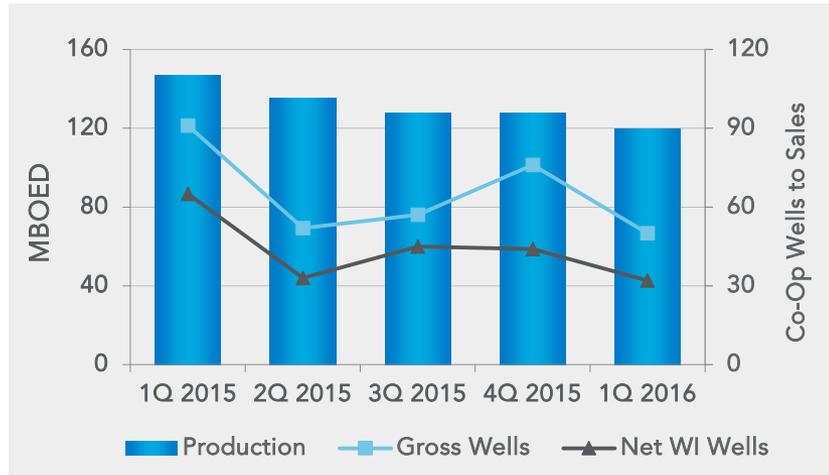
N.A. E&P production costs per BOE decreased 22% from year-ago quarter

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

Eagle Ford Increasing Efficiencies & Lowering Costs

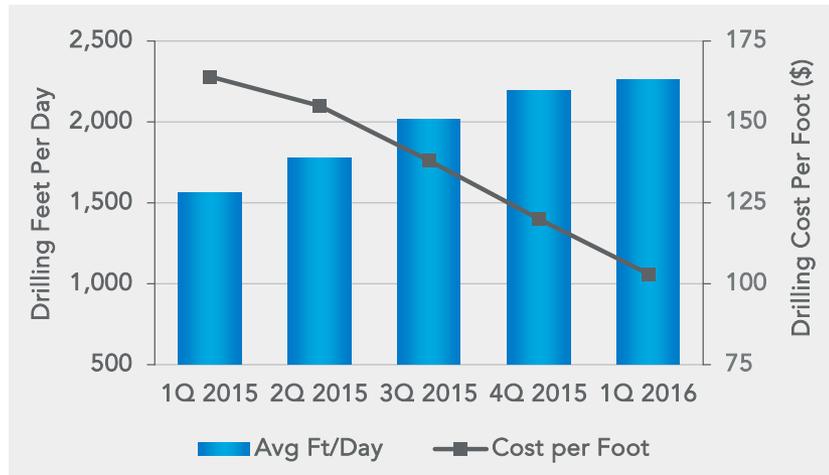
Activity levels trending down per plan

Production Volumes and Wells to Sales



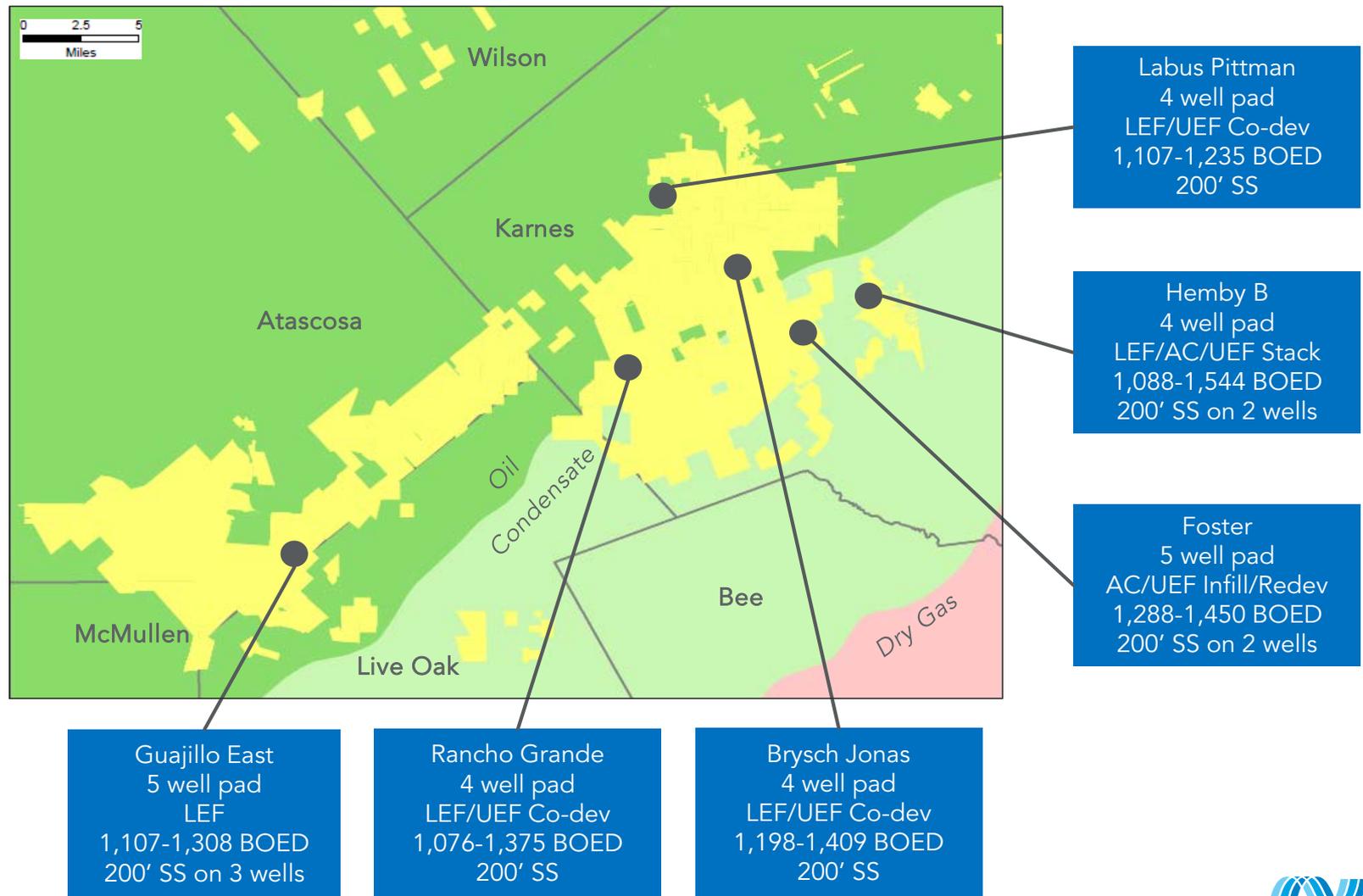
- Production averaged **120** net MBOED; down **6%** from 4Q 2015
- **50** gross operated wells to sales (32 net working interest (WI) wells); net wells down **27%** sequentially
- Completed well costs down to **\$4.3MM**; down ~35% year over year
 - Increased avg ft drilled per day to **2,300**; fastest wells drilled at 3,300 ft per day
- Production expense per boe reduction of **~15%** year over year
- Adopted 200 ft or tighter stage spacing in all 2016 High-GOR oil wells
 - 15 wells to sales in 1Q
 - Performing **~20% above** offset wells at wider spacing, consistent with previous pilot group

Drilling Cost Performance



Increased Stage Density in Eagle Ford Wells

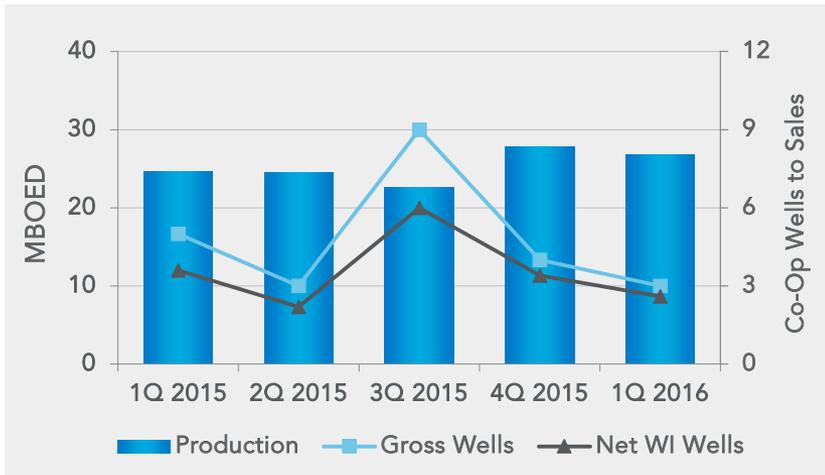
200' stage spacing yields promising results



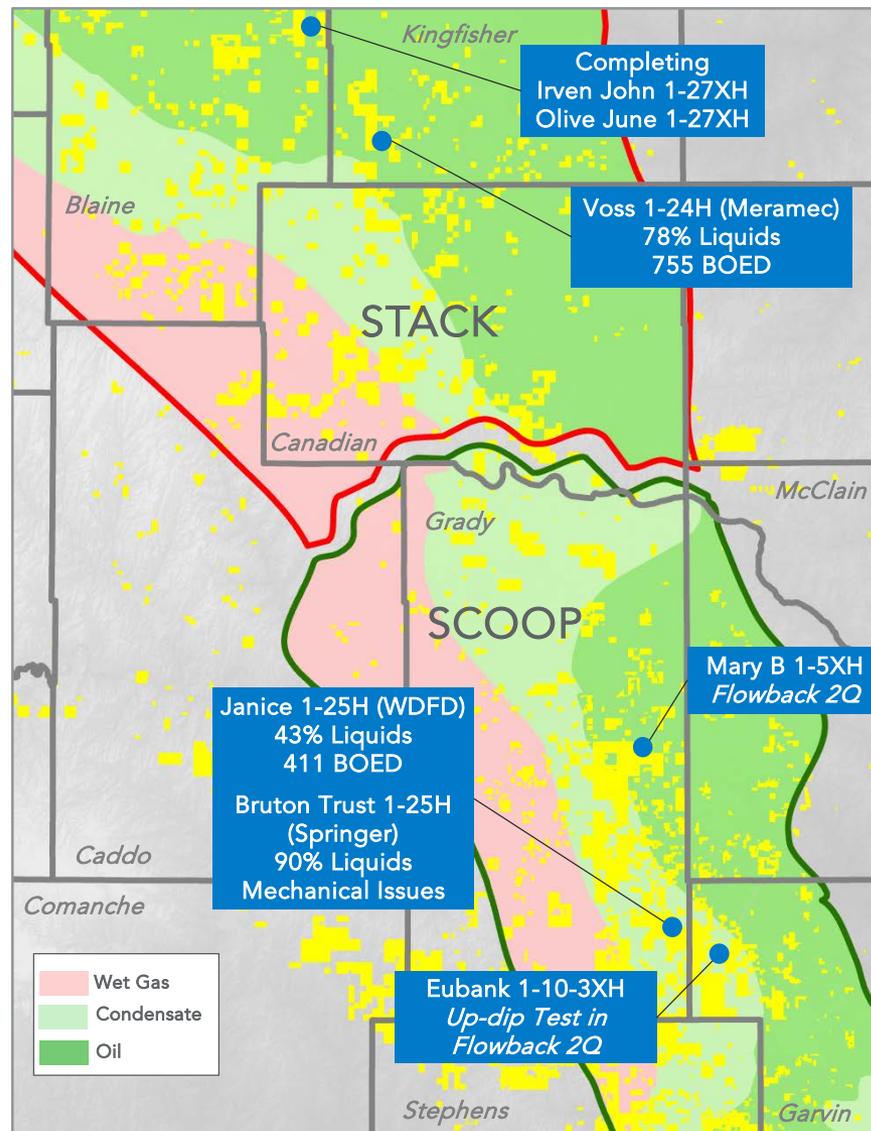
Protecting and Delineating Oklahoma Leasehold

Testing phase window boundaries

Production Volumes and Wells to Sales



- Production averaged **27** net MBOED; **4%** below 4Q 2015
- **3** gross operated wells to sales (3 net WI wells)
- Expect 4 STACK Meramec XL wells and 3 SCOOP Woodford XL wells to sales in 2Q

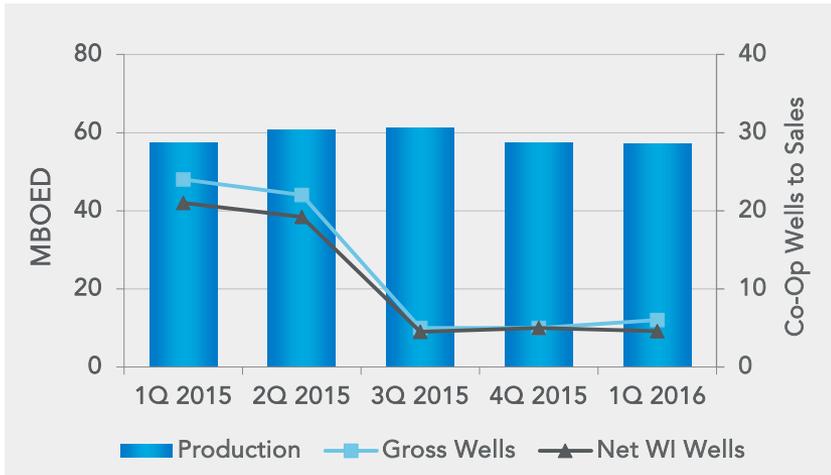


IPs shown are 30 day (includes oil, NGL and gas)

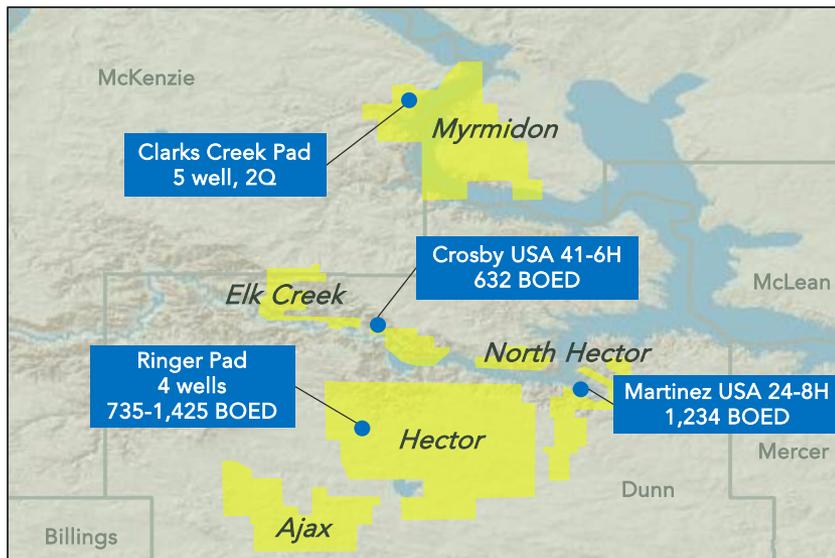
Bakken Base Production Outperforming

Strong reliability while continuing to lower costs

Production Volumes and Wells to Sales



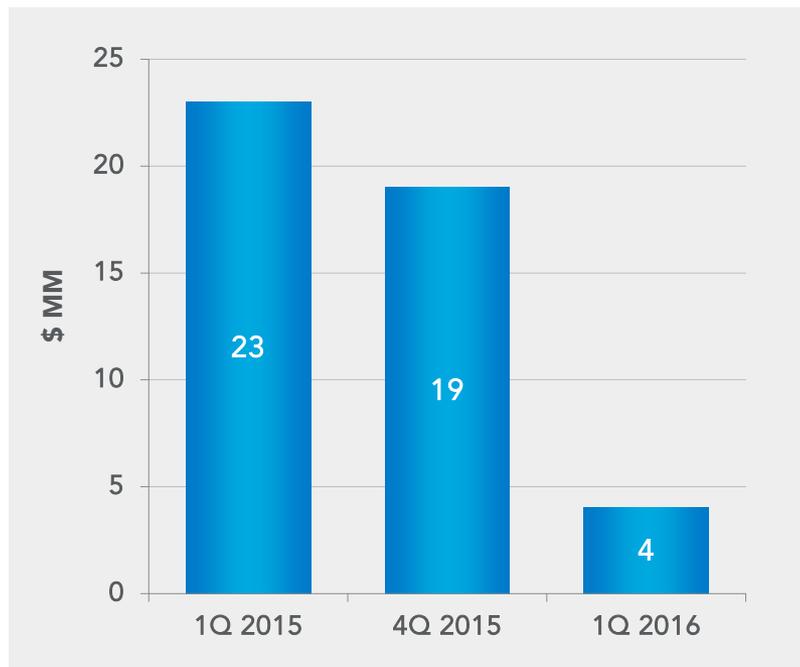
- Production averaged **57** net MBOED; ~flat with 4Q 2015
- **6** gross operated wells to sales (5 net WI wells)
 - Shift to higher intensity completions with 8MM lbs proppant / well
 - 30 day IP ranging from 632 to 1,425 BOED
- Base production benefiting from 2015 enhanced completions
- Production expense per boe reduction of **>35%** year over year
- 5 Clarks Creek W. Myrmidon pad wells drilled, expected online in 2Q
- Released remaining rig in 1Q



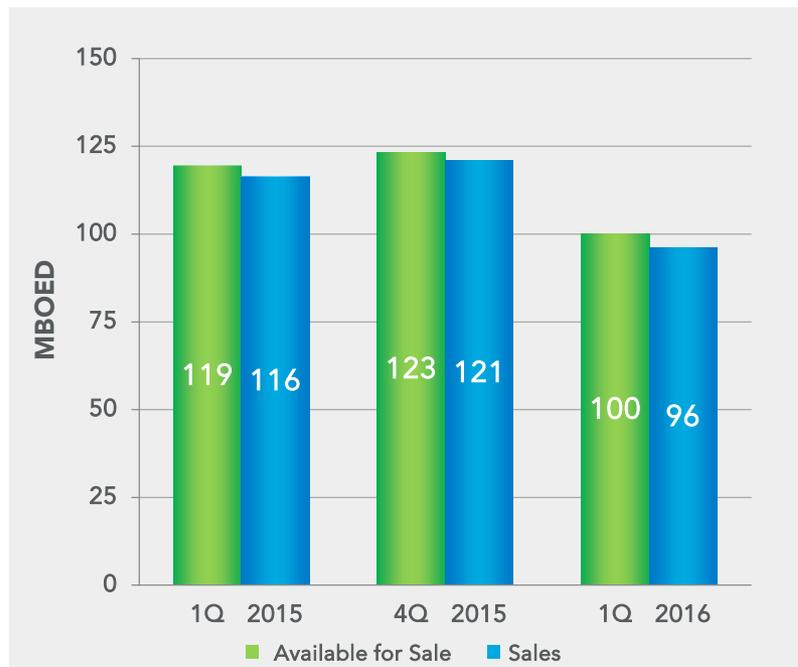
Intl E&P Production High End of Guidance

1Q planned downtime in EG and repairs at UK Brae Alpha; 2Q volumes set to rise

Intl E&P Segment Income



Intl E&P Production & Sales Volumes



Avg C&C Realizations (\$/BBL)	\$48.87	\$38.43	\$30.95
Equity Earnings	\$36MM	\$47MM	\$14MM
Equity EBITDA	\$61MM	\$78MM	\$38MM

Liquids % (Sales)	35%	36%	33%
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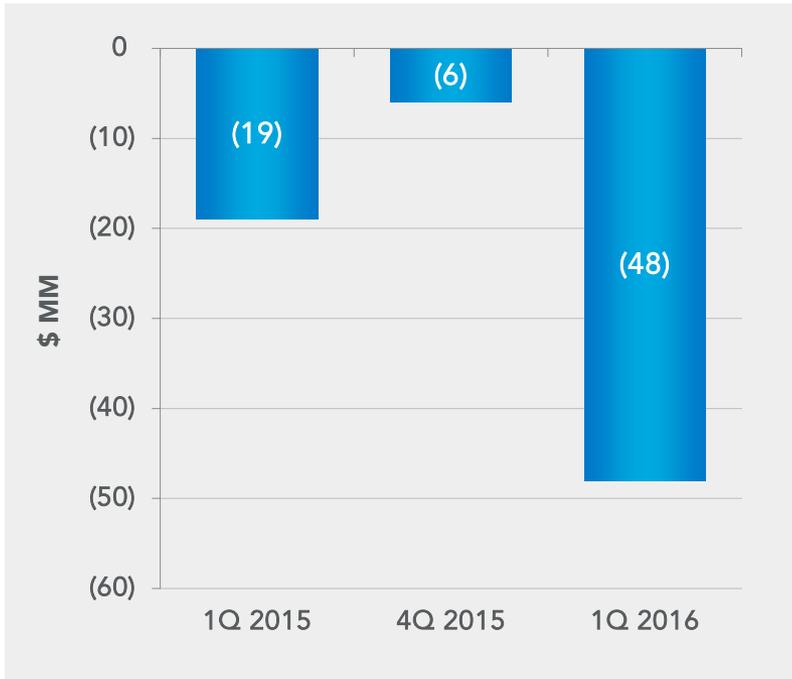
Cumulative underlift of (2,472) MBOE in Libya, (374) MBOE in EG, (228) MBOE in UK and (2) MBOE in Kurdistan

Equity earnings and EBITDA include pro rata share of LNG, Methanol and LPG onshore plants in Equatorial Guinea
See the 1Q 2016 Investor Packet at www.Marathonoil.com for non-GAAP reconciliations

OSM Maintains Low Costs and Reliability

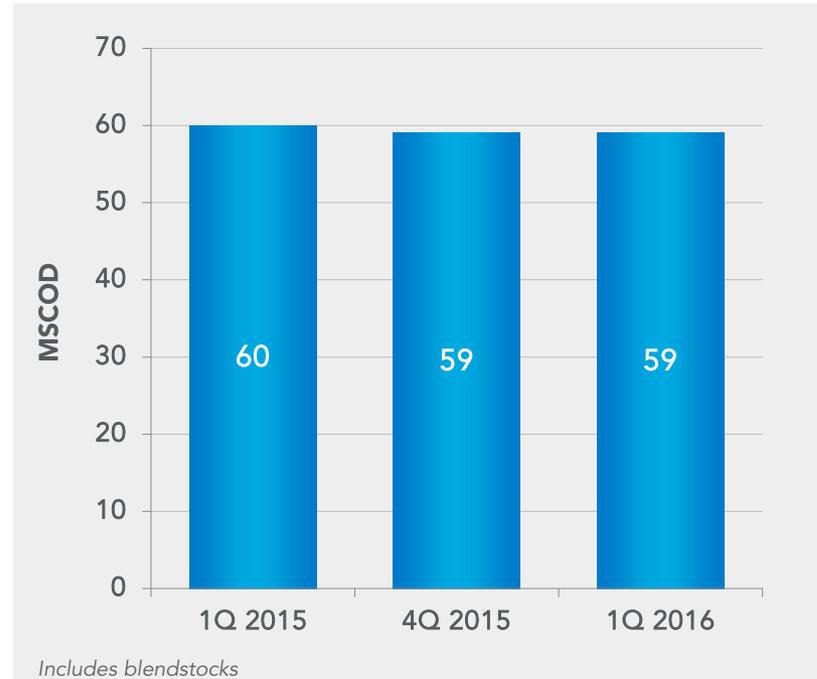
Strong operating performance offset by lower realizations

OSM Segment Loss



Synthetic Crude Oil Avg Realizations (\$/BBL)	\$40.37	\$34.65	\$26.41
OPEX per synthetic barrel (\$/BBL)	\$34.78	\$28.25	\$28.80

OSM Synthetic Crude Oil Sales Volumes



Synthetic Crude Oil Production (MSCOD)	50	49	49
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OPEX per synthetic barrel is before royalties

Key Takeaways

Capital Discipline

Balance Sheet Strength Provides Flexibility



\$5.4B 1Q liquidity,
including \$2.1B cash

Ongoing Portfolio Management

~\$1.3B closed or announced
non-core asset sales;
exceeded target

1Q 2016 Capital Program



\$366MM
down 35% from 4Q15

Operations

1Q 2016 Total Company Production



388 MBOED
upper end of guidance

Eagle Ford High-GOR Oil Wells at 200'



~20% uplift
to offset wells at 250'

1Q Oil Sands Mining



<\$30/BBL*
operating costs

Cost Reduction

~\$100MM ↓ Total E&P production and
adjusted G&A expense from
year-ago quarter

22% ↓ 1Q N.A. E&P production costs
per BOE from year-ago quarter

*OSM operating costs are per synthetic barrel before royalties

See the 1Q 2016 Investor Packet at www.Marathonoil.com for non-GAAP reconciliations



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				
- Natural Gas (MMCFD)	315				
- North America E&P Total (MBOED)	239				
International E&P Net Sales Volumes:					
- Liquid Hydrocarbons (MBD)	32				
- Natural Gas (MMCFD)	382				
- International E&P Total (MBOED)	96				
E&P Segments Combined Sales Volumes:					
- Total Net Sales (MBOED)	335				
- Total Available for Sale (MBOED)	339				
Oil Sands Mining Net Sales Volumes (MBD)*					
- Synthetic Crude Oil Production (MBD)**	49				
Total Company Available for Sale (MBOED)	388				
Equity Method Investment Net Sales Volumes:					
- LNG (metric tonnes/day)	4,322				
- Methanol (metric tonnes/day)	1,280				
- Condensate and LPG (BOED)	10,208				
Exploration Expenses (Pre-tax):					
- North America E&P (\$ millions)	18				
- International E&P (\$ millions)	6				
Consolidated Effective Tax Rate (excl. Libya)	39%				

*Includes blendstocks

18 **Upgraded bitumen excluding blendstocks

2016 Estimates

Volumes

	Available for Sale 2QE	Available for Sale Year Estimate
North America E&P Total (MBOED)	220 – 230	
- Liquid Hydrocarbons (MBD)	171 – 179	
- Natural Gas (MMCFD)	295 – 305	
International E&P Total (MBOED)*	115 – 125	
- Liquid Hydrocarbons (MBD)*	40 – 47	
- Natural Gas (MMCFD)*	450 – 470	
Total both E&P Segments (MBOED)*	335 – 355	335 – 355
Synthetic Crude Oil Production (MBD) (excludes royalty)**	40 – 45	40 – 50
Equity Method Investment LNG (metric tonnes/day)	5,600 – 6,100	5,500 – 5,900

* Excluding Libya

** Upgraded bitumen excluding blendstocks

2016 Estimates

Exploration expenses & annual production operating costs per BOE

	2QE	Year Estimate
Exploration Expenses (Pre-tax):		
North America E&P (\$ millions)*	15 – 30	
International E&P (\$ millions)	5 – 10	
Effective Consolidated Tax Rate (excluding Libya)		36 – 40%
North America E&P Cost Data		
Production Operating		\$7.00 – 8.00
DD&A		\$20.75 – 23.25
Other**		\$4.50 – 5.00
International E&P Cost Data***		
Production Operating		\$5.00 – 6.00
DD&A		\$6.00 – 7.50
Other**		\$1.75 – 2.25

*NA E&P range does not include an expected 2Q non-cash impairment of \$140-\$150MM related to the Company's April 2016 decision not to drill any remaining GOM leases

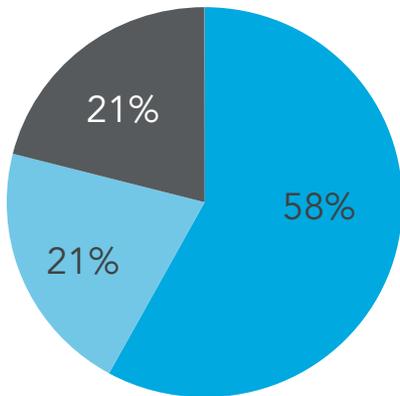
** Other includes shipping and handling, general and administrative, and other operating expenses

*** Excludes Libya

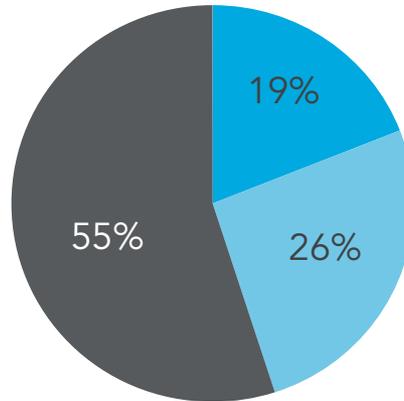
2016 1Q Production Mix

U.S. resource plays ~80% liquids

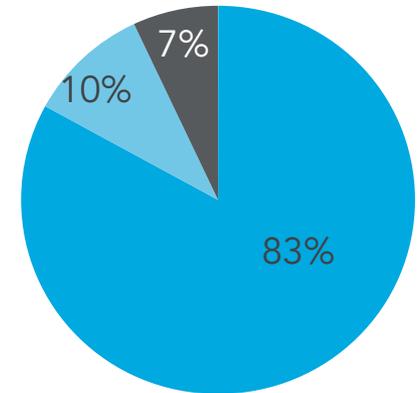
Eagle Ford



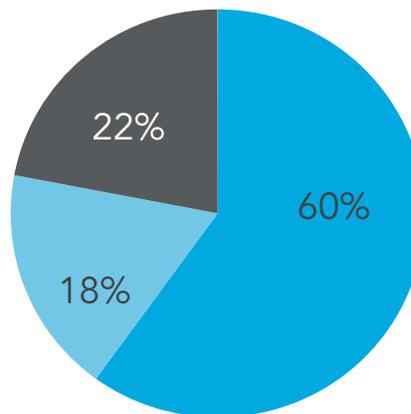
Oklahoma Resource Basins



Bakken



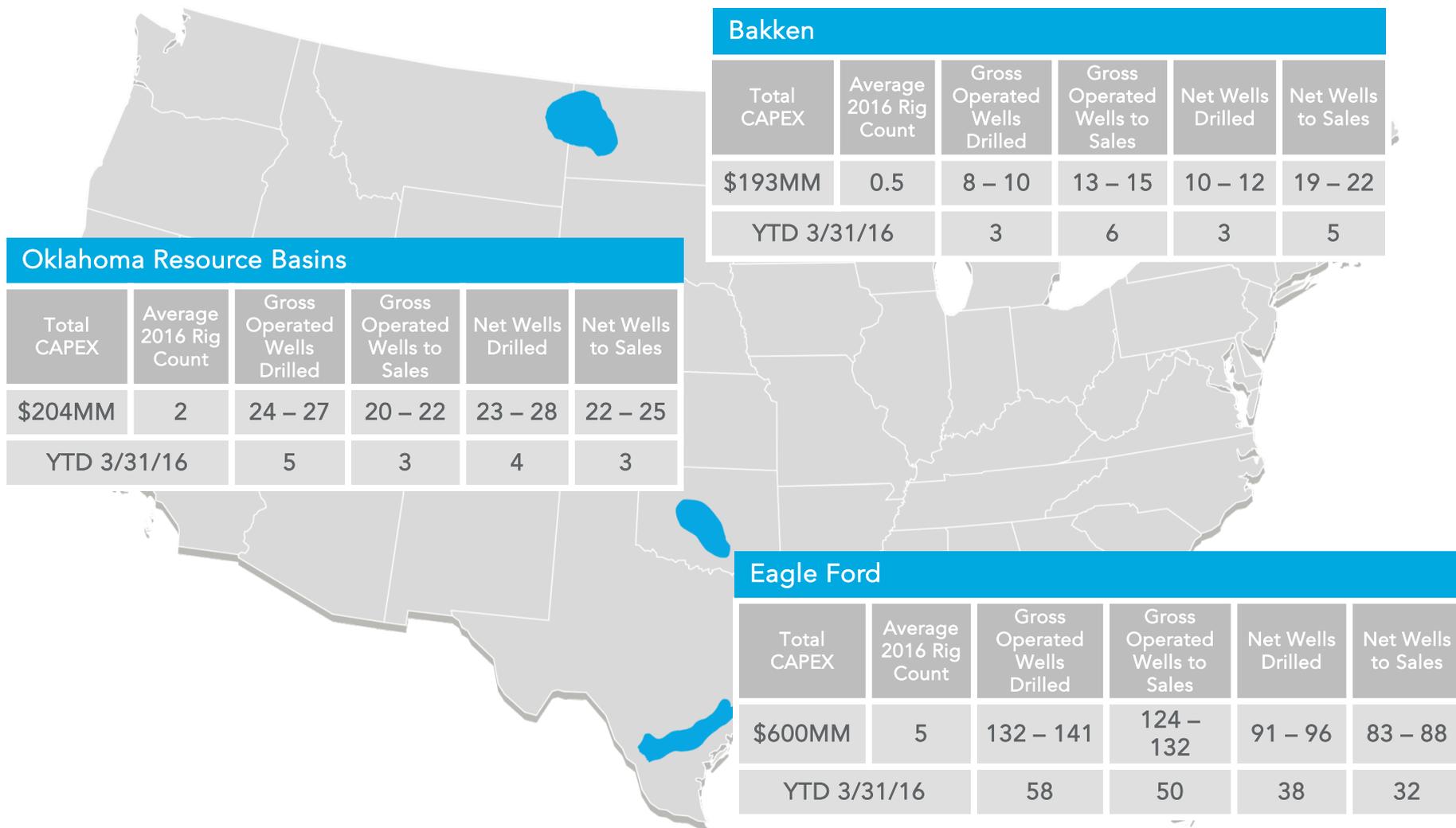
Total U.S. Resource Plays



■ 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 March 31, 2016

<i>Crude Oil (Benchmark to WTI)^(a)</i>				
	2Q 2016	3Q 2016	4Q 2016	YE 2017
Three-Way Collars^(b)				
Volume (Bbls/day)	39,000	37,000	37,000	-
Weighted Average Price:				
Ceiling	\$55.47	\$54.52	\$54.52	-
Floor	\$51.56	\$50.83	\$50.83	-
Sold put	\$41.67	\$41.22	\$41.22	-
Options^(c)				
Volume (Bbls/day)	10,000	10,000	10,000	25,000
Weighted Average Price	\$72.39	\$72.39	\$72.39	\$60.67
Swaps				
Volume (Bbls/day)	25,000	-	-	-
Weighted Average Price	\$39.25	-	-	-

^(a) Subsequent to 3/31/16, we entered into 10,000 Bbls/day of two-way collars for July – Dec 2016 with a ceiling price of \$50.00 and a floor price of \$41.55. We also entered into 10,000 Bbls/day of 2016 three-way collars for May – Dec 2016 with a ceiling price of \$58.51, a floor price of \$48.00, and a sold put price of \$40.00, traded in conjunction with sold call options of 10,000 Bbls/day for 2017 at \$65.00.

^(b) A counterparty has the option, exercisable on 6/30/16, to extend three-way collars for 2,000 Bbls/day through the remainder of 2016 at a ceiling of \$73.13, floor of \$65.00 and sold put of \$50.00

^(c) Call Options settle monthly.

North America E&P Natural Gas Derivatives

As of March 31, 2016

<i>Natural Gas (Benchmark to HH)^(a)</i>				
	2Q 2016	3Q 2016	4Q 2016	YE 2017
Three-Way Collars^(b)				
Volume (MMBtu/day)	20,000	20,000	20,000	20,000
Weighted Average Price:				
Ceiling	\$2.93	\$2.93	\$2.93	\$3.07
Floor	\$2.50	\$2.50	\$2.50	\$2.75
Sold put	\$2.00	\$2.00	\$2.00	\$2.25

^(a) Subsequent to 3/31/16, we entered into 20,000 MMBtu/day of 2017 three-way collars with a ceiling price of \$3.50, a floor price of \$2.75 and a sold put price of \$2.25.

^(b) 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	357
M&S Inventory	0	(4)
Investments in equity method investees & others	0	0
Exploration costs other than well costs	31	13
Capital, Investment & Exploration Budget	1,432	366

YTD is through 3/31/16

Amounts include accruals & property trust