

THIRD QUARTER 2016

Financial and Operational Review

November 2, 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, compound annual growth rate, reserve estimates, asset quality, production guidance, drilling plans, 2016 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 3Q 2016 Investor Packet.

Marathon Oil Investment Case

15 – 20% resource play CAGR at flat \$55 WTI*

Strengthened
balance
sheet

Relentless
focus on
costs

Simplifying
and
concentrating
portfolio

Profitable
growth
within
cash flows

*Preliminary 2017-2021 resource play production compounded annual growth rate, within cash flows (including the dividend)

Third Quarter Highlights

Free cash flow neutral in third quarter inclusive of dividend

Operations

Total Company production
up 5%, above top end of
guidance

STACK/SCOOP production
up >50%

EG highest production
since 2013

Well Results

STACK Meramec oil wells
exceeding type curves

Best industry Bakken Three
Forks 30 day IP in three years

<\$4.0MM Eagle Ford
completed well costs

Portfolio

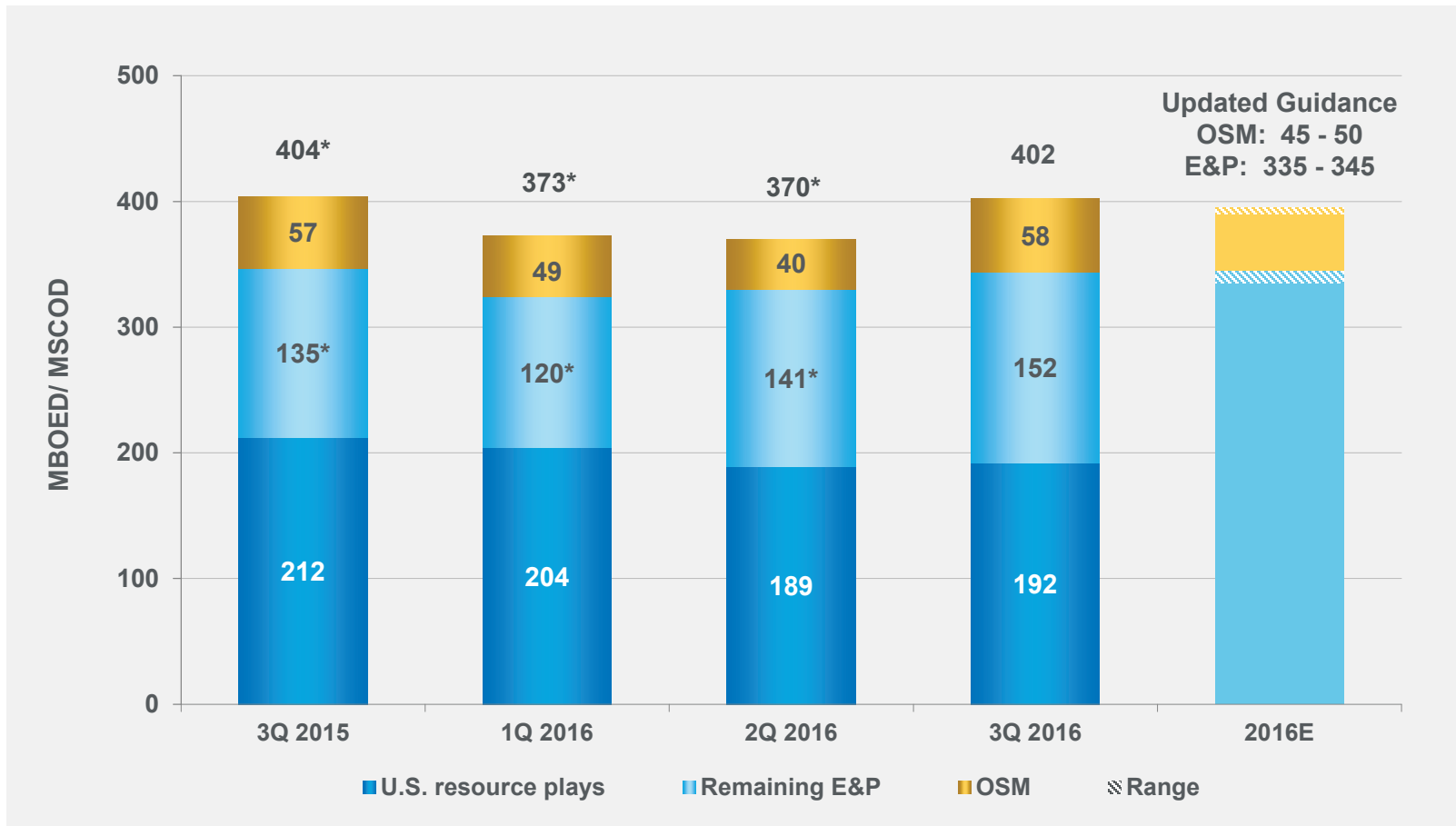
>\$1.5B in non-core asset
sales announced since
August 2015

Closed conventional West
TX and NM assets for
\$235MM

Strong 3Q Divestiture-Adjusted Production

Increased mid-point of full-year guidance

Available for Sale Volumes

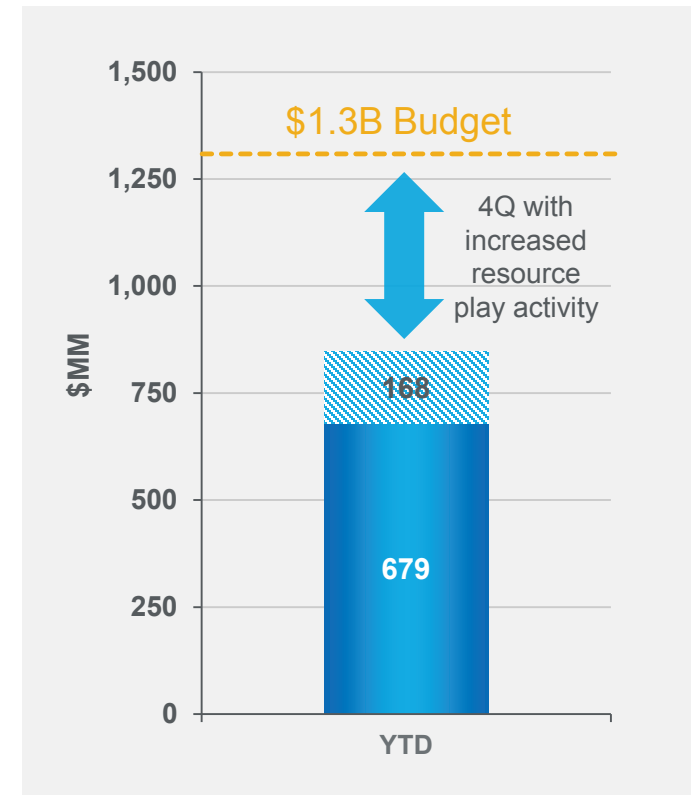
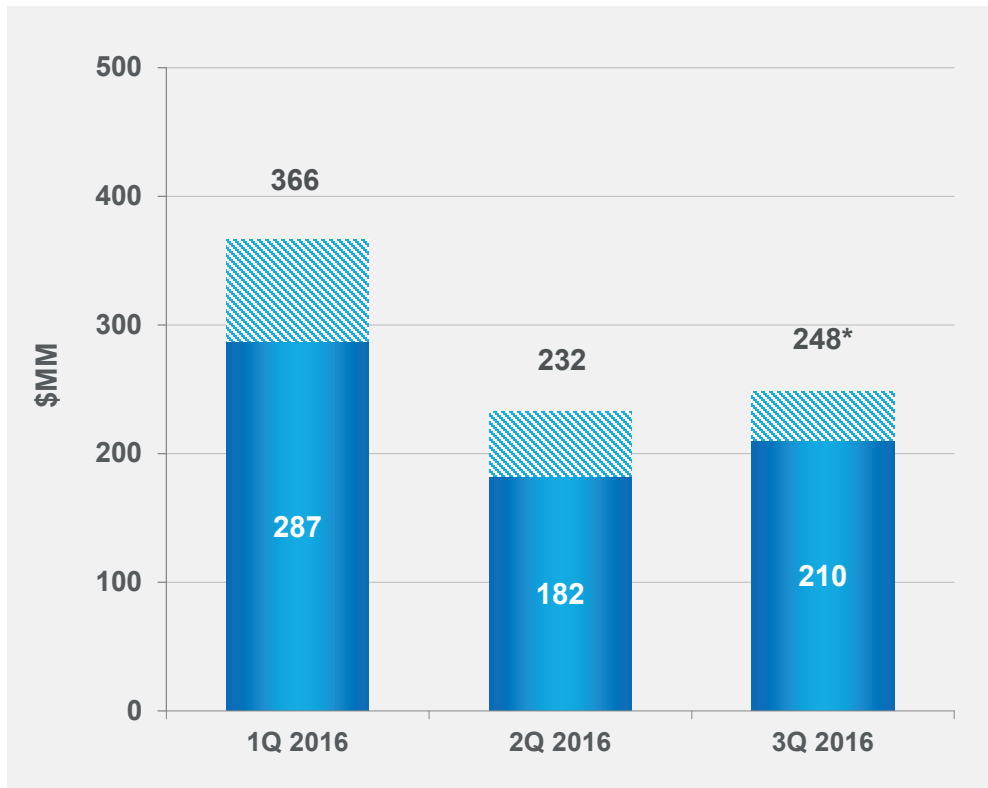


*Adjusted for divestitures of 30 MBOED in 3Q15, 15 MBOED in 1Q16 and 14 MBOED in 2Q16
Excluding Libya

Capital Program Focused on U.S. Resource Plays

Full year budget of \$1.3B inclusive of increasing activity

Total MRO 2016 Capital, Investment and Exploration



■ U.S. resource plays ■ Remaining MRO

U.S. resource
play % capex

78%

78%

85%

Total Company Cash Flow

\$5.3B of liquidity; including \$2B of cash



¹Operating cash flow b/f working capital excluding the \$113MM Maersk Valiant termination fee

²Total working capital includes \$78MM and \$19MM of working capital changes associated with operating activities and investing activities, respectively

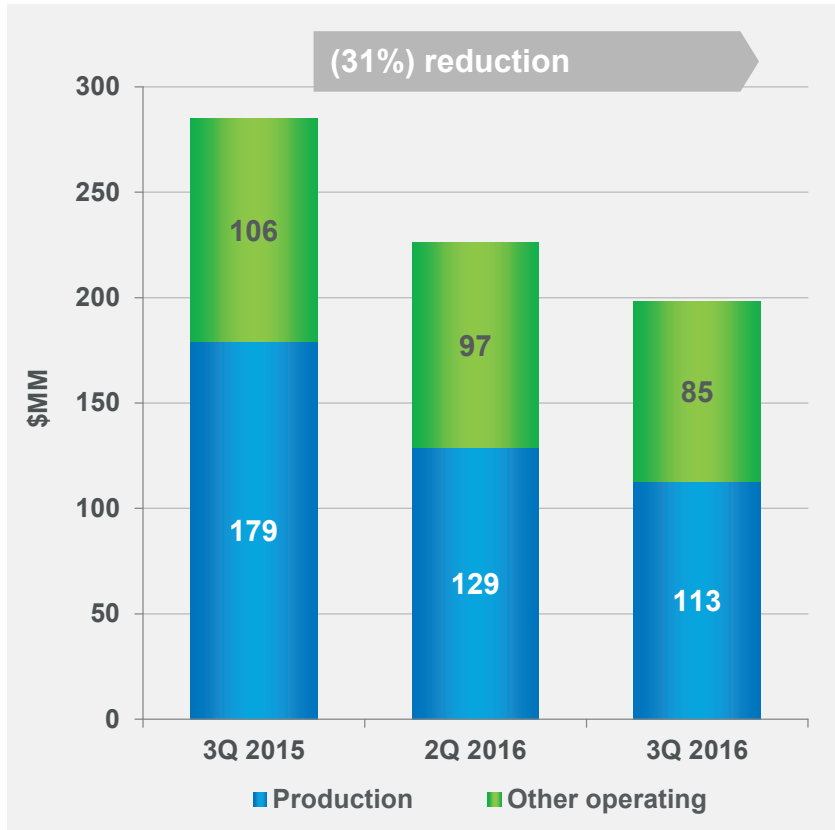
³Acquisitions & Dispositions includes \$9MM of All Other- net

See the 3Q 2016 Investor Packet at www.Marathonoil.com for non-GAAP reconciliations

Continued Cost Reductions in N.A. E&P

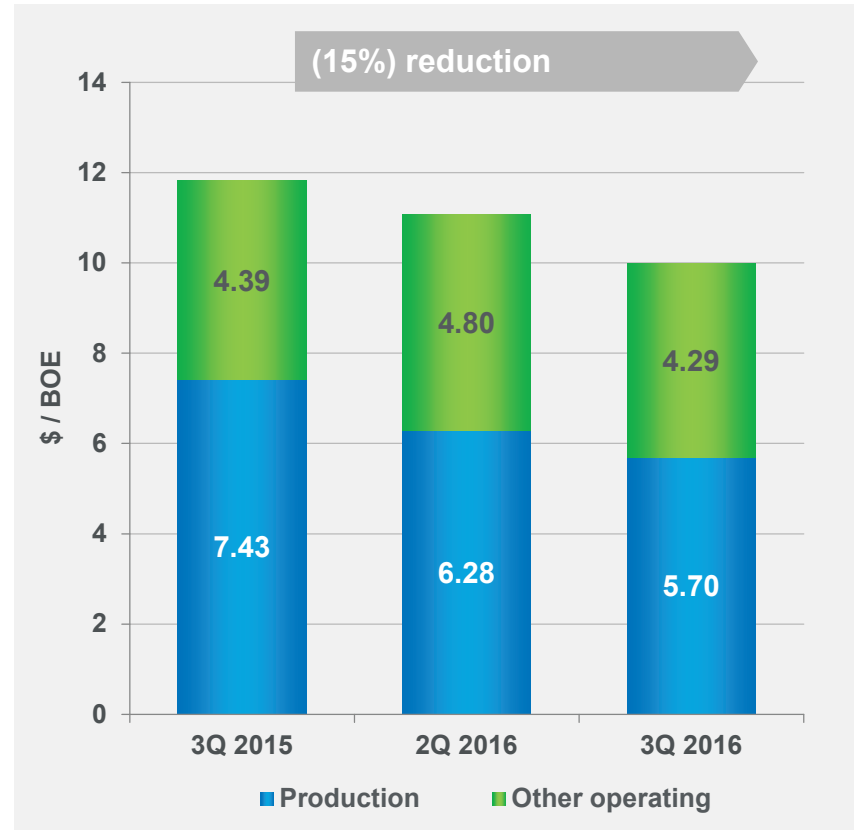
Significant absolute and unit decreases

Production & Other Operating Expenses



N.A. E&P production costs decreased 37% from year-ago quarter

Unit Production & Other Operating Expenses



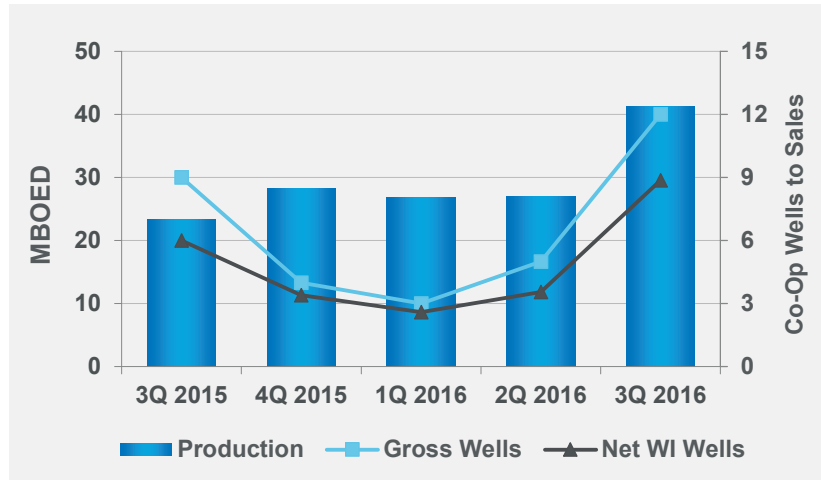
N.A. E&P production costs per BOE decreased 23% from year-ago quarter

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

Accelerating Value in Oklahoma Resource Basins

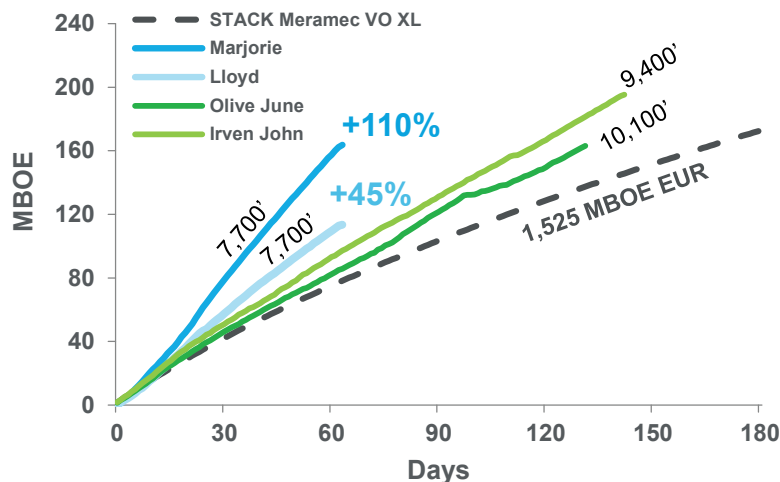
Focusing on strategic objectives – leasehold, delineation, completion design

Production Volumes and Wells to Sales



- Production averaged **41** net MBOED; **up >50%** from 2Q 2016
- **12** gross operated wells to sales (9 net working interest wells)
- STACK Meramec volatile oil wells continuing to outperform type curve
 - Marjorie XL & Lloyd XL 30-day IP **2,845 BOED & 2,010 BOED**, ~70% oil
 - Completed at 175' stage spacing, 2,900 lbs/ft of proppant, with diversion
- Increasing activity to **5 rigs** in 4Q
 - Expect 6 to 7 operated STACK wells to sales

STACK Meramec Volatile Oil Cumulative Production

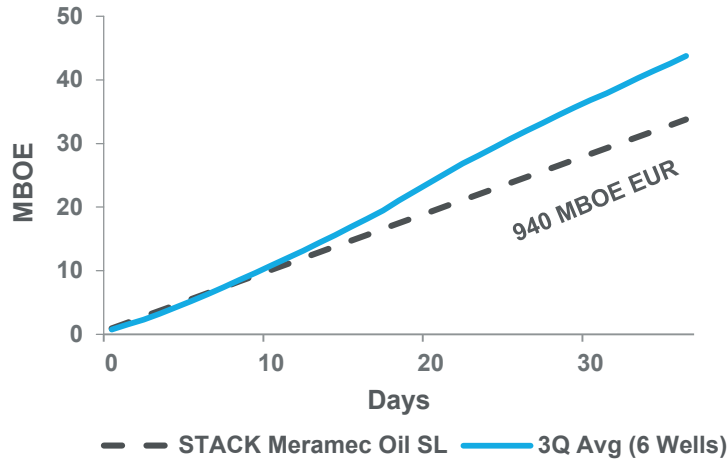


EUR assumes 10k lateral length

Meramec Oil Well Performance Exceeding Expectations

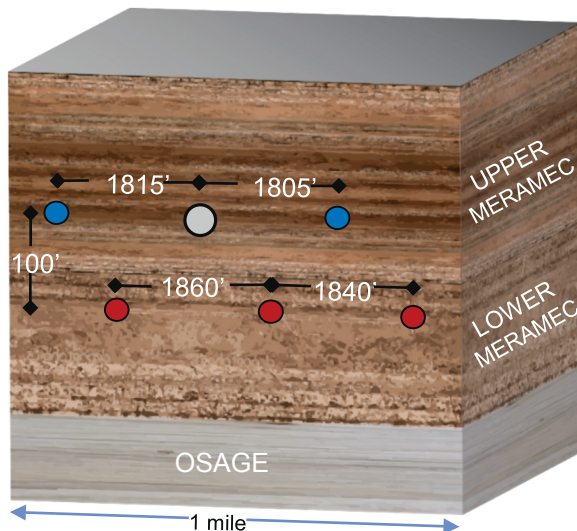
Integrating infill spacing with high intensity completions

STACK Meramec Oil SL Cumulative Production



- Average STACK 3Q Meramec Oil wells exceeding type curve **by ~30%**
 - Avg SL wells 30-day IP **~1,200 BOED**
- Progressing multi-variant analysis model v3.0 for predictive targeting capability
- Co-op Meramec infill pilot to **TD in 4Q**
 - Yost 6-well infill in Kingfisher County
 - “Stacked” 3 by 3 at 106 acre spacing
- 2 OBO infill tests online in 4Q

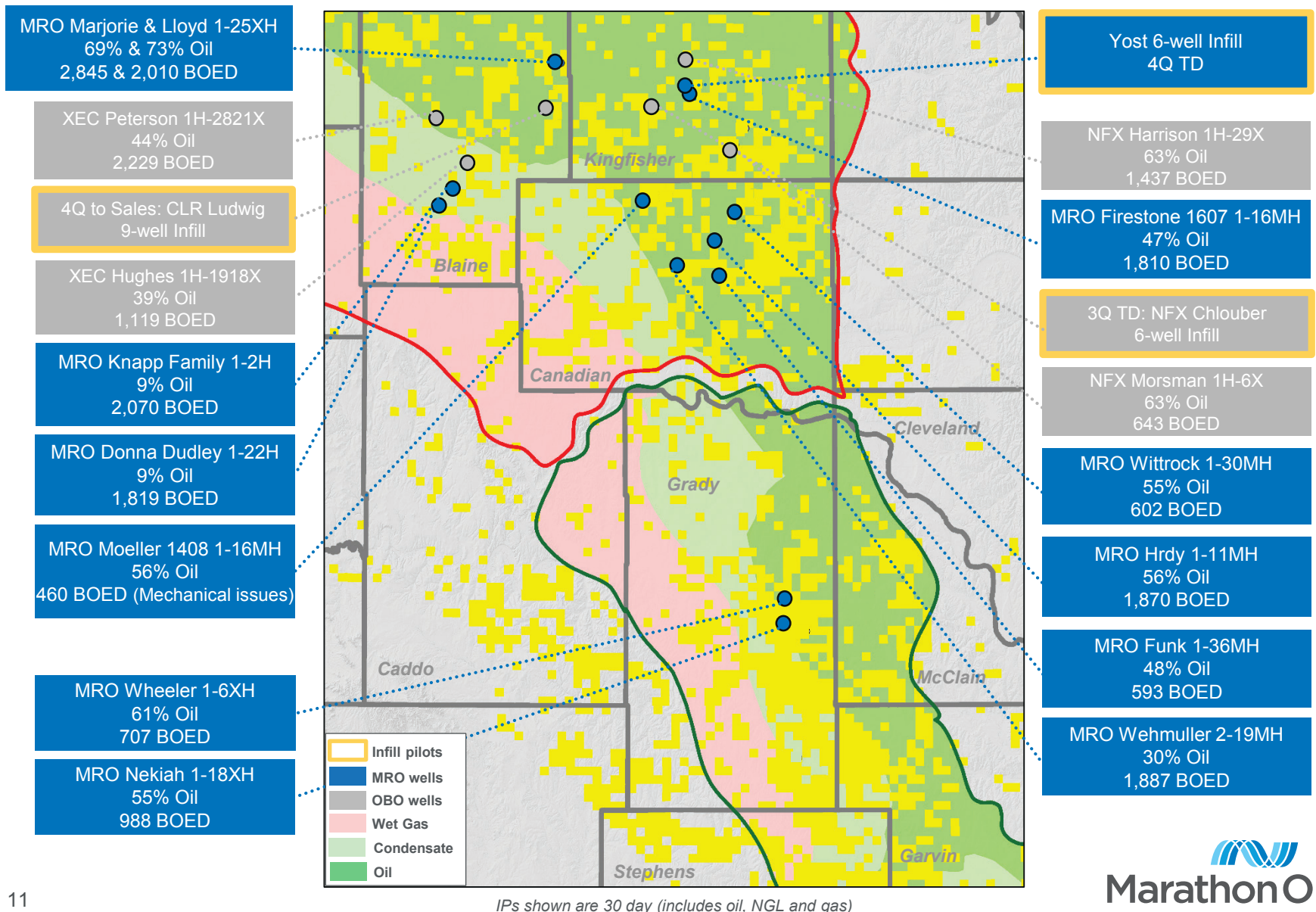
Yost Infill Pilot Cross Section



- Existing Meramec Well
- Planned Upper Meramec well
- Planned Lower Meramec well

Protecting Leasehold While Delineating

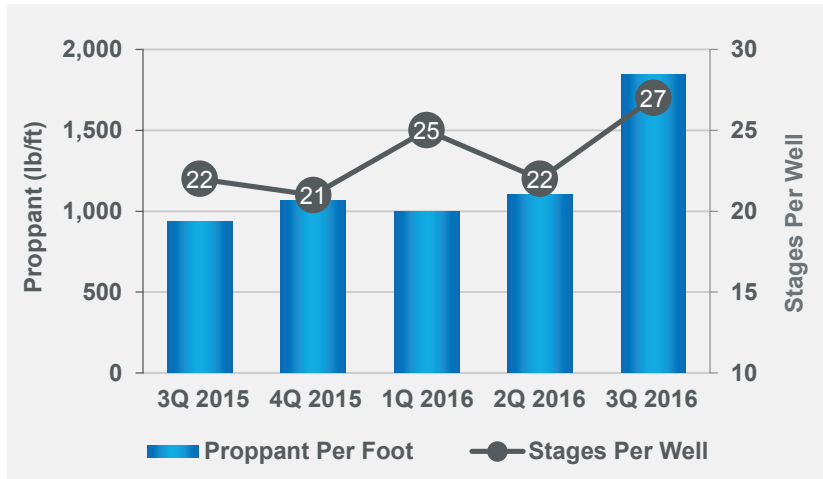
Leveraging operated and non-operated infill pilots



Eagle Ford Driving Efficiencies at Scale

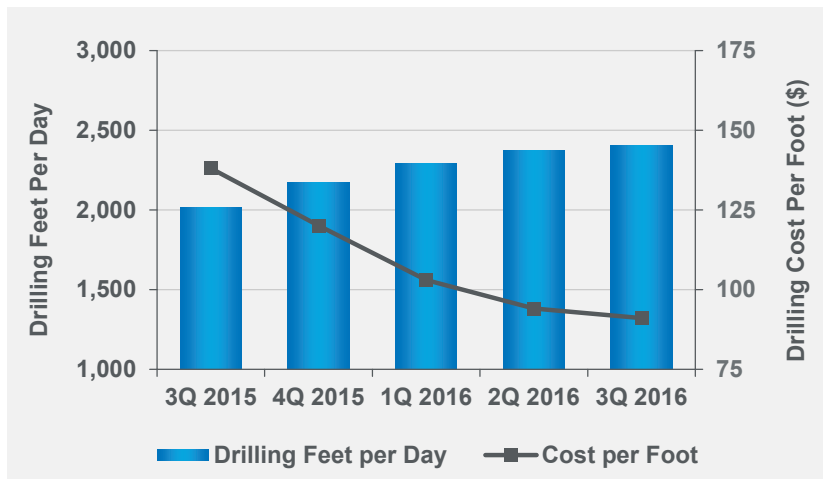
4Q activity holds production flat sequentially

Proppant Increases



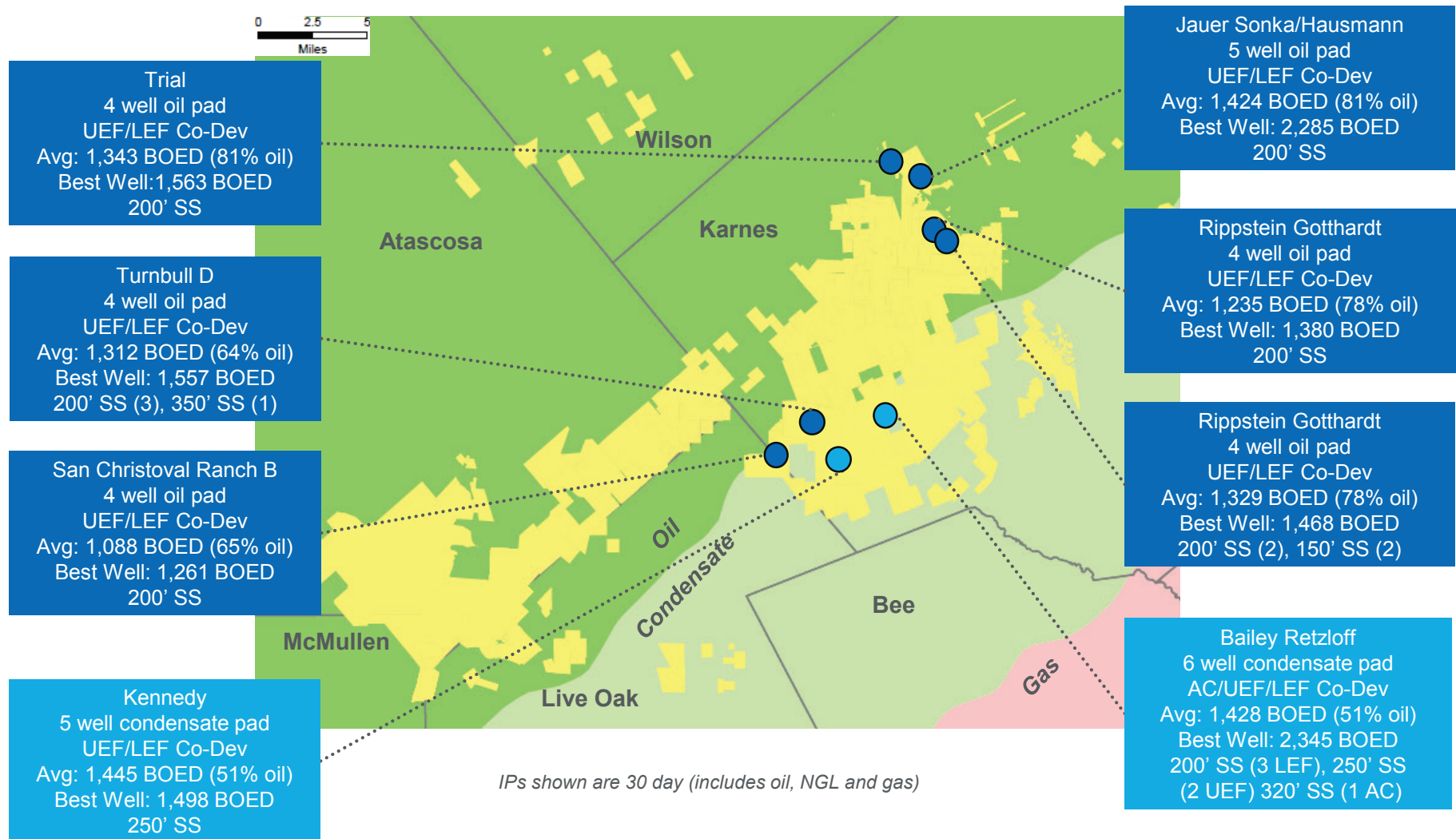
- Production averaged **97** net MBOED; down **~10%** from 2Q 2016
- **36** gross operated wells to sales (24 net working interest wells)
- Testing “engineered” completion designs with increased proppant and variable stage intervals
- Continuing efforts to reduce drilling time and costs
 - **<\$4.0MM** completed well costs; down ~20% from year-ago quarter
- Increasing from 4 to **6 rigs** in 4Q

Drilling Performance



Eagle Ford Well Performance

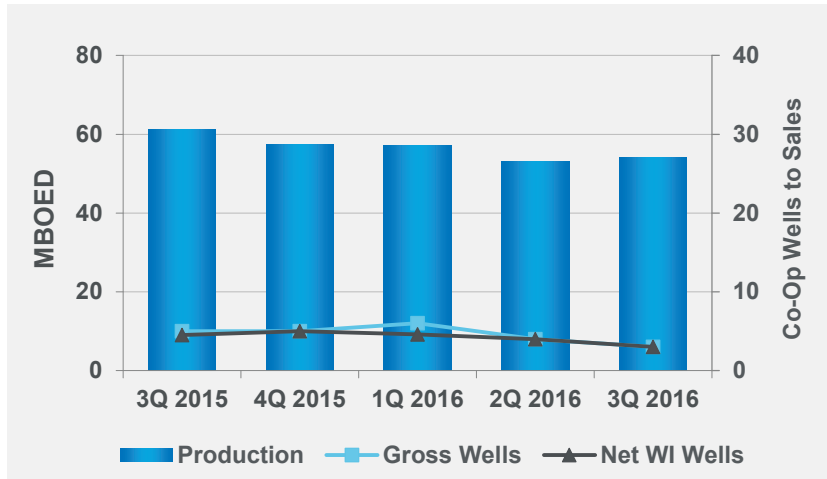
Tighter stage-spacing in oil window enhancing value



Bakken Well Productivity Continues to Improve

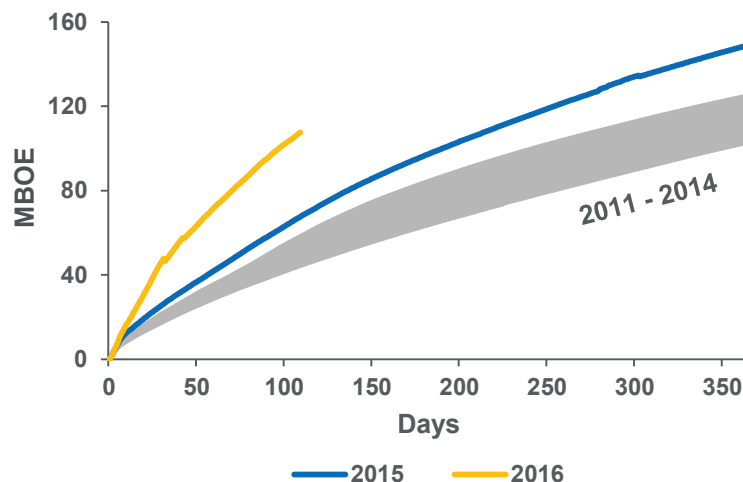
Successfully mitigating declines

Production Volumes and Wells to Sales



- Production averaged **54** net MBOED; up slightly from 2Q 2016
 - Only **3** gross operated wells to sales
- Combined 30-day IPs from 3 Maggie Pad wells total **~6,925 BOED**
- Step-change improvement in completion design and well productivity from 2015 to 2016
- **\$5.9MM** completed well costs including new completion designs
- Production expense per boe reduction of **~20%** year over year
- Adding **one rig** before year-end to position for 2017

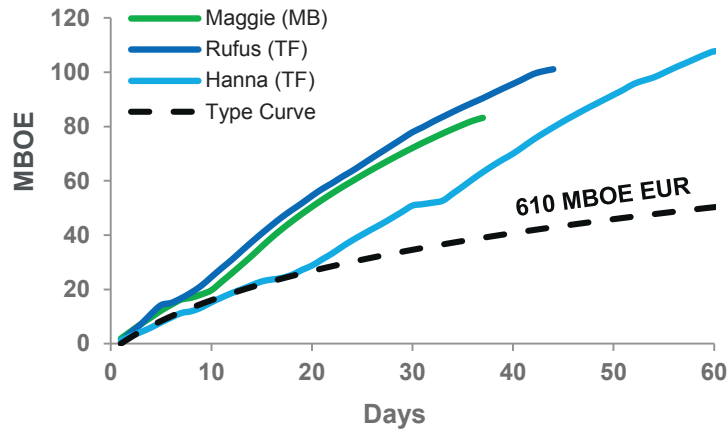
Average MRO Operated Well Cum Production



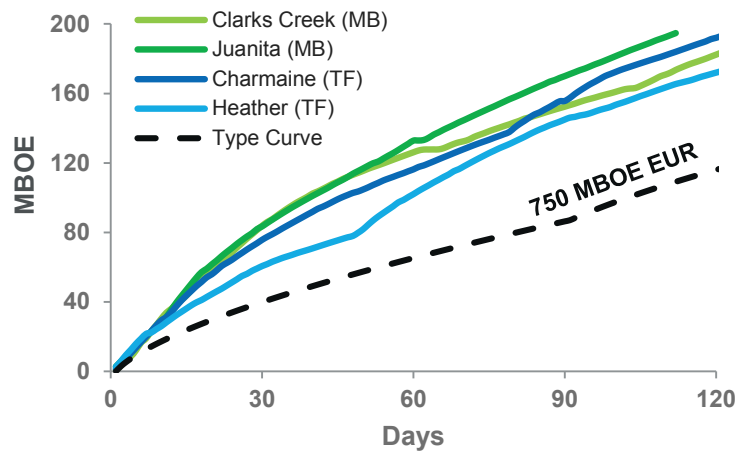
East Myrmidon Outperforming

Sustained strong performance in West Myrmidon

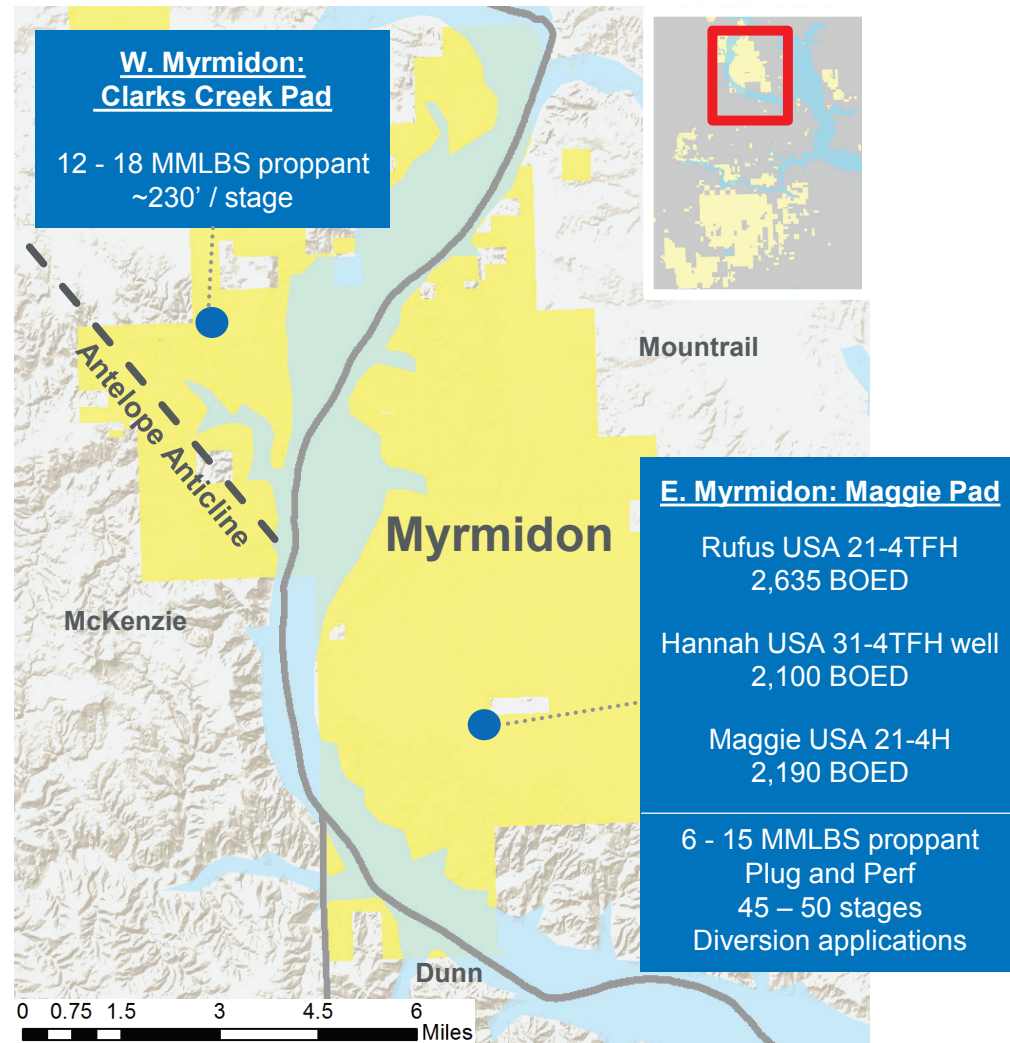
Maggie Pad (E. Myrmidon) Cum Production



Clarks Creek (W. Myrmidon) Cum Production



MB = Middle Bakken, TF = Three Forks



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

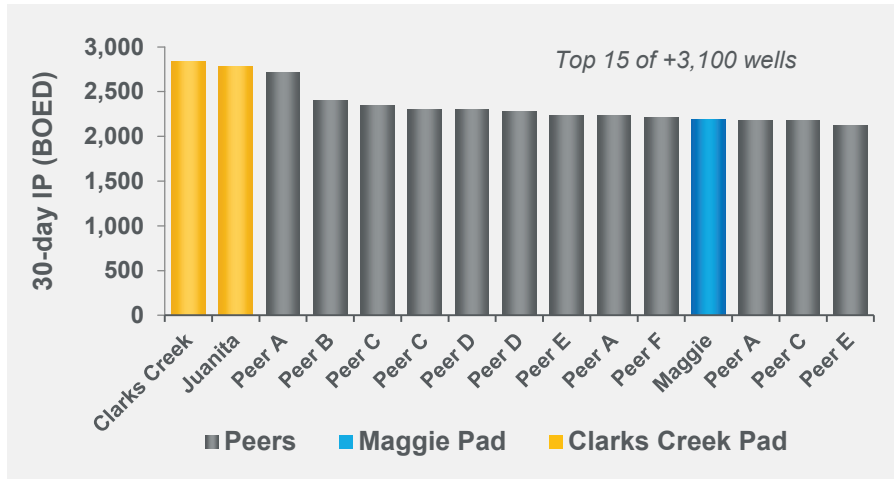


Marathon Oil

Recent Bakken Wells Setting New Benchmark

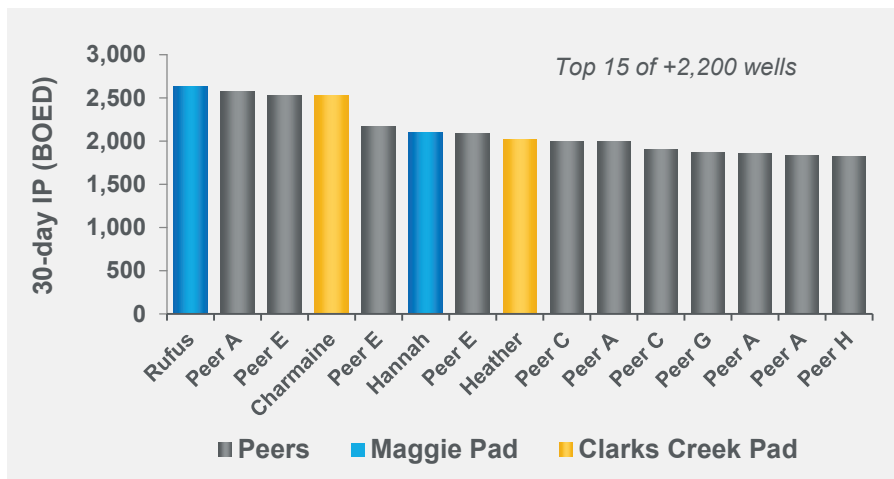
Strong economics competing for capital allocation

2013 – 2016 Middle Bakken Well Performance



- Top two Middle Bakken wells in the past three years with a 30-day IP of **2,840** and **2,780 BOED**

2013 - 2016 Three Forks Well Performance

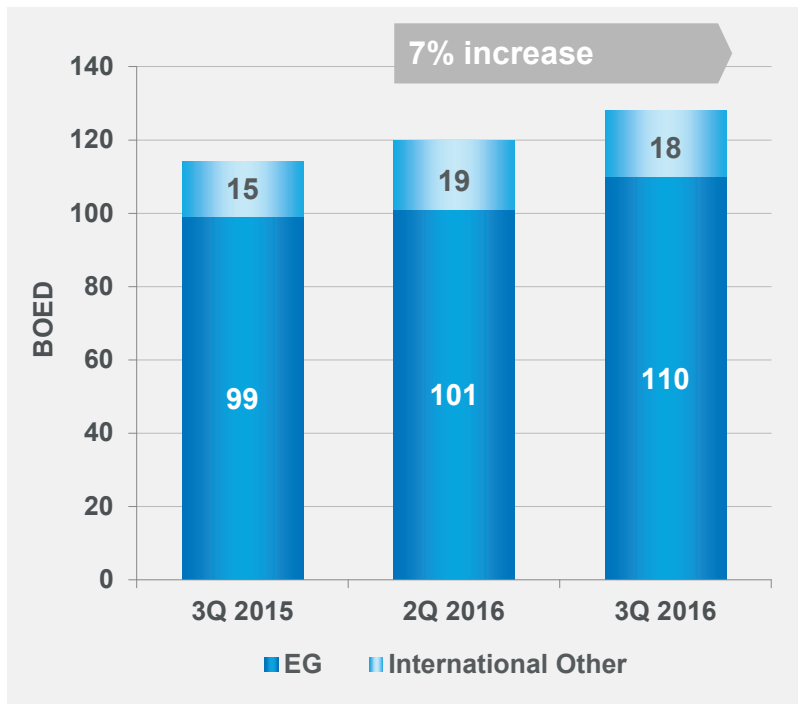


- Four of the best Three Forks wells in the past three years with 30-day IP rates from **2,100** to **2,635 BOED**

International E&P Highlights

Positioned to deliver substantial free cash flow

Intl E&P Production Volumes



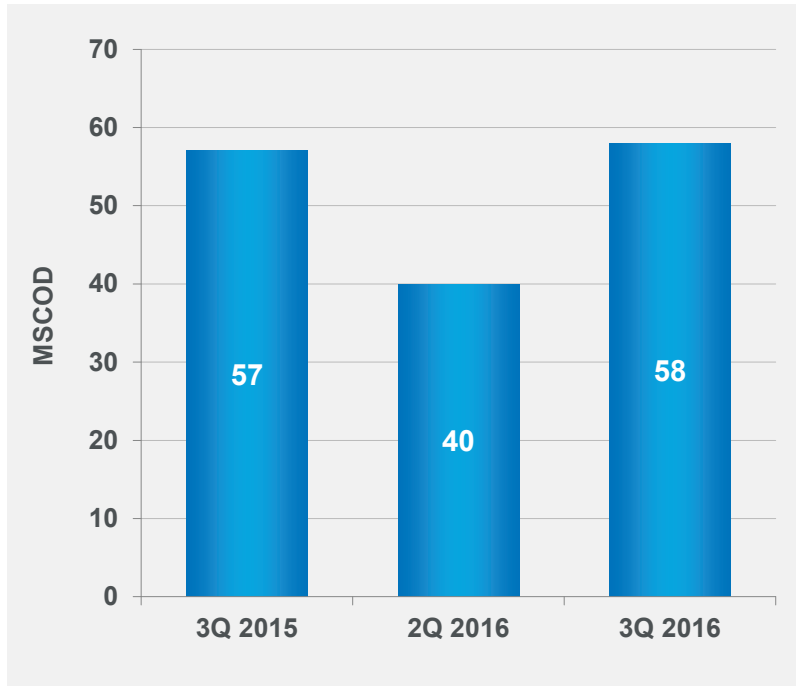
- International E&P production **up ~7%** from 2Q 2016
- Equatorial Guinea
 - Highest quarterly production in 3 years
 - Alba B3 Compression exceeding expectations
 - Almost **\$100MM of EBITDA** from equity share of onshore plants
- Unit production costs (excl. Libya) **down 24%** and **46%** from previous and year-ago quarters
- Libya
 - Force Majeure lifted at Es Sider Terminal
 - Gross production resumed at reduced rates in 4Q

EG Equity EBITDA	\$78MM	\$67MM	\$94MM
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Record Quarterly Production From OSM

Lowest unit costs in asset's history

OSM Synthetic Crude Oil Production Volumes



- Production averaged **58** net MSCOD; up **45%** from 2Q 2016
 - Reliability initiatives reducing unplanned downtime and increasing volumes
- 3Q OPEX **lowest unit cost** performance to date
 - 20% reduction from year-ago quarter
- Strong JV alignment on base business optimization and cash generation
- Planned pit-stop in 4Q

Synthetic Crude Oil Avg Realizations (\$/BBL)	\$39.49	\$40.88	\$39.59
OPEX per synthetic barrel (\$/BBL)	\$26.01	\$39.02	\$20.69

OPEX per synthetic barrel is before royalties

Note: Q2 volumes and OPEX reflect impact from wildfires and TAR

Key Takeaways

15 - 20%

Resource play CAGR at flat \$55 WTI*

50% ↑

Increase in rig count by YE16 within \$1.3B budget

3Q 2016 Total Company Production



402 MBOED

above top end of guidance

Strong STACK Meramec VO wells



2,010 & 2,845
BOED 30-day IP rates

Best Bakken Three Forks Well in 3 years



2,635 BOED
30-day IP rate

Ongoing Portfolio Management



>\$1.5B non-core asset
sales since August 2015

Cost Reductions

~40%



N.A. E&P production
costs from prior year

Balance Sheet Strength



\$5.3B 3Q liquidity,
including \$2.0B cash





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	164		
- Natural Gas (MMCFD)	315	310	315		
- North America E&P Total (MBOED)	239	224	216		
International E&P Net Sales Volumes:					
- Liquid Hydrocarbons (MBD)	32	44	44		
- Natural Gas (MMCFD)	382	457	489		
- International E&P Total (MBOED)	96	120	126		
E&P Segments Combined Sales Volumes:					
- Total Net Sales (MBOED)	335	344	342		
- Total Available for Sale (MBOED)	339	344	344		
Oil Sands Mining Net Sales Volumes (MBD)*					
- Synthetic Crude Oil Production (MBD)**	49	40	58		
Total Company Available for Sale (MBOED)	388	384	402		
Equity Method Investment Net Sales Volumes:					
- LNG (metric tonnes/day)	4,322	5,797	6,620		
- Methanol (metric tonnes/day)	1,280	1,303	1,529		
- Condensate and LPG (BOED)	10,208	11,306	16,766		
Exploration Expenses (Pre-tax)***:					
- North America E&P (\$ millions)	18	37	35		
- International E&P (\$ millions)	6	4	10		
Consolidated Effective Tax Rate (excl. Libya)	39%	26%	30%		

*Includes blendstocks

**Upgraded bitumen excluding blendstocks

***Excludes N.A. E&P impairments of \$179MM in 2Q and \$38MM in 3Q reported as special items and OSM \$7MM exploration expense in 2Q

2016 Estimates

Volumes

	Available for Sale 4QE	Available for Sale Year Estimate
North America E&P Total (MBOED)	205 – 215	
- Liquid Hydrocarbons (MBD)	156 – 164	
- Natural Gas (MMCFD)	295 – 305	
International E&P Total (MBOED)*	120 – 130	
- Liquid Hydrocarbons (MBD)*	41 – 49	
- Natural Gas (MMCFD)*	475 – 485	
Total both E&P Segments (MBOED)*	325 – 345	335 – 345
Synthetic Crude Oil Production (MBD) (excludes royalty)**	40 – 45	45 – 50
Equity Method Investment LNG (metric tonnes/day)	6,200 – 6,600	5,500 – 5,900

* Excluding Libya.

** Upgraded bitumen excluding blendstocks

2016 Estimates

Exploration expenses & annual production operating costs per BOE

	4QE	Year Estimate
Exploration Expenses (Pre-tax):		
North America E&P (\$ millions)	30 – 40	
International E&P (\$ millions)	5 – 10	
Effective Consolidated Tax Rate (excluding Libya)		33 – 37%
North America E&P Cost Data		
Production Operating		\$6.00 – 7.00
DD&A		\$20.75 – 23.25
Other*		\$4.50 – 5.00
International E&P Cost Data**		
Production Operating		\$4.50 – 5.50
DD&A		\$6.00 – 7.50
Other*		\$1.75 – 2.25

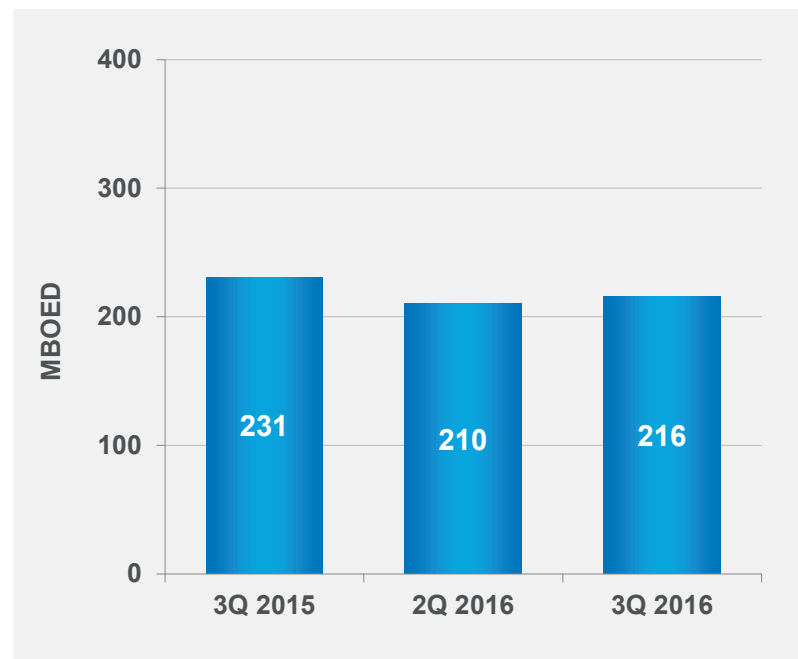
* Other includes shipping and handling, general and administrative, and other operating expenses

** Excludes Libya

E&P Production Performance

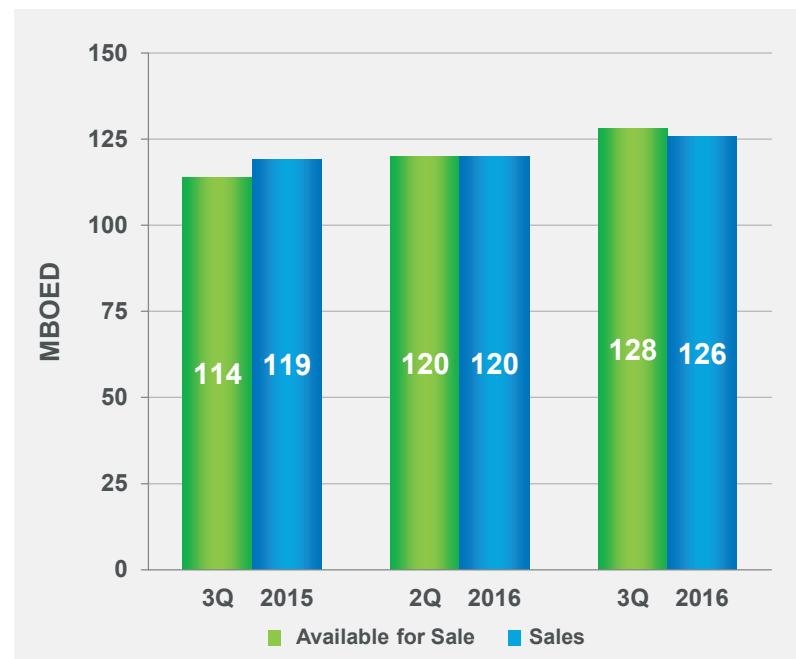
Combined total 3Q volumes up sequentially

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



Adjusted for divestitures of 30 MBOED in 3Q15 and 14 MBOED in 2Q16

Intl E&P Production & Sales Volumes



*Cumulative underlift of (2,472) MBOE in Libya and (905) MBOE in UK.
Cumulative overlift of 28 MBOE in EG and 1 MBOE in Kurdistan*

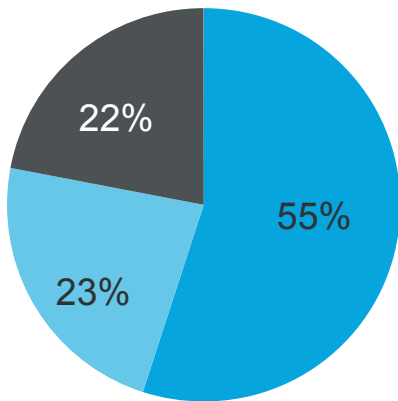
Avg C&C Realizations (\$/BBL)	<u>Excluding Derivatives</u>		
	\$41.37	\$40.77	\$41.35
	<u>Including Derivatives</u>		
	\$43.24	\$40.89	\$42.90

Avg C&C Realizations (\$/BBL)	\$46.18	\$42.21	\$41.45
Equity Earnings	\$48MM	\$37MM	\$59MM
Equity EBITDA	\$78MM	\$67MM	\$94MM

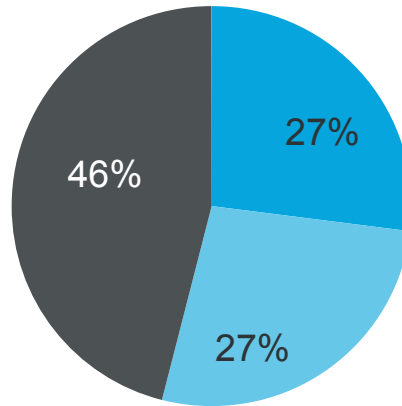
2016 3Q Production Mix

Increased oil mix in Oklahoma Resource Basins

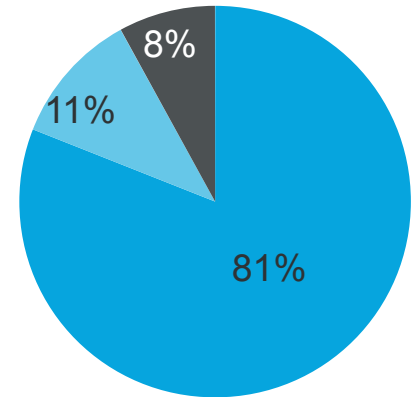
Eagle Ford



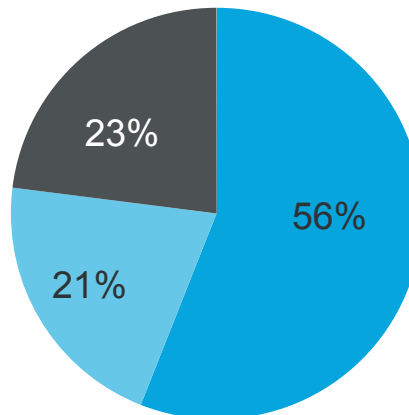
Oklahoma Resource Basins



Bakken



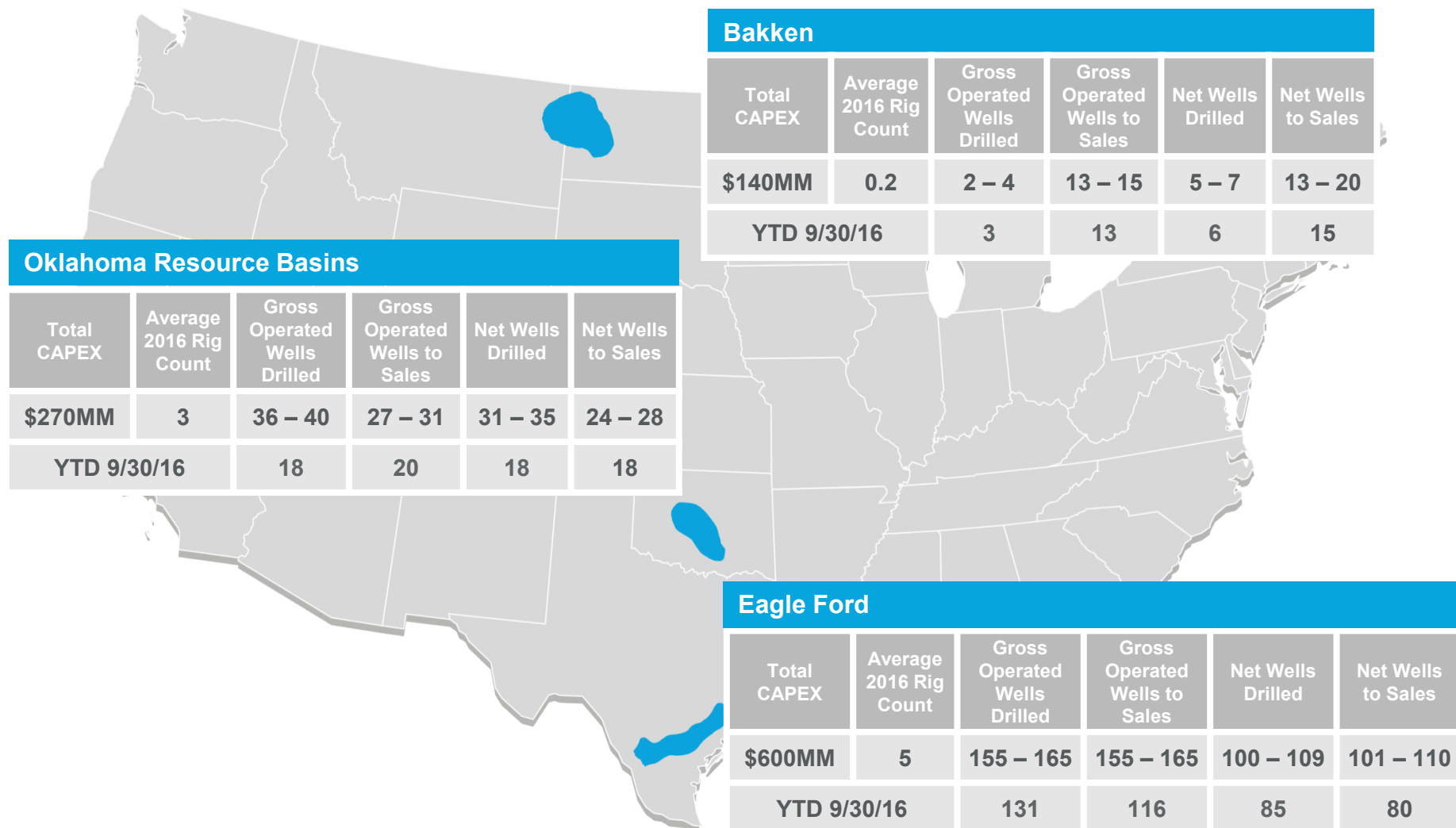
Total U.S. Resource Plays



■ 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 September 30, 2016

Crude Oil (Benchmark to WTI)					
	4Q 2016	1Q 2017	2Q 2017	3Q 2017	4Q 2017
Three-Way Collars^(a)					
Volume (Bbls/day)	47,000	30,000	30,000	-	-
Price per Bbl:					
Ceiling	\$55.37	\$58.19	\$58.19	-	-
Floor	\$50.23	\$49.33	\$49.33	-	-
Sold put	\$40.96	\$42.67	\$42.67	-	-
Sold call options^(b)					
Volume (Bbls/day)	10,000	35,000	35,000	35,000	35,000
Price per Bbl	\$72.39	\$61.91	\$61.91	\$61.91	\$61.91
Two-way Collars					
Volume (Bbls/day)	10,000	-	-	-	-
Price per Bbl:					
Ceiling	\$50.00	-	-	-	-
Floor	\$41.55	-	-	-	-

^(a) Subsequent to 9/30/16, we entered into 10,000 Bbls/day of three-way collars for January - June 2017 with a ceiling price of \$58.27, a floor price of \$49.50, and sold put price of \$42.50.

^(b) Call Options settle monthly.



North America E&P Natural Gas Derivatives

As of September 30, 2016

Natural Gas (Benchmark to HH)					
	4Q 2016	1Q 2017	2Q 2017	3Q 2017	4Q 2017
Three-Way Collars^(a)					
Volume (MMBtu/day)	20,000	60,000	60,000	60,000	60,000
Weighted Average Price:					
Ceiling	\$2.93	\$3.46	\$3.46	\$3.46	\$3.46
Floor	\$2.50	\$2.84	\$2.84	\$2.84	\$2.84
Sold put	\$2.00	\$2.35	\$2.35	\$2.35	\$2.35

^(a) On our 2016 collars, the 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 Revised Budget	2016 YTD* Actual
Capital expenditures	1,171	785
M&S Inventory	0	(73)
Investments in equity method investees & others	0	0
Exploration costs other than well costs	105	93
Prior period non-cash accrual adjustments	0	41
Capital, Investment & Exploration Budget	1,276	846**

* YTD is through 9/30/16

** Does not include acquisition costs of \$902MM, net of cash