

Fourth Quarter 2011 Earnings Conference Call and Web Cast

February 1, 2012

Marathon Oil Corporation



Forward-Looking Statement

Except for historical information, this presentation contains forward-looking information with respect to the timing and levels of the company's worldwide liquid hydrocarbon and natural gas production available for sale, integrated gas sales volumes, synthetic crude volumes, exploration expenses, estimated effective tax rates, the capital and exploration budget, reserve replacement, drilling activity, asset acquisitions and dispositions, and enhancing cost competitiveness. These statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied from such information. In accordance with the "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 and 10-K/A for the year ended December 31, 2010, as amended, and subsequent Forms 10-Q and 8-K, cautionary language identifying important factors, though not necessarily all such factors, that could cause future outcomes to differ materially from those set forth in the forward-looking statements.

Other Information

In addition to net income determined in accordance with generally accepted accounting principles (GAAP), Marathon has provided supplemental "adjusted income from continuing operations," a non-GAAP financial measure which facilitates comparisons to earnings forecasts prepared by stock analysts and other third parties. Such forecasts generally exclude the effects of items that are difficult to predict or to measure in advance and are not directly related to Marathon's ongoing operations. A reconciliation between GAAP income from continuing operations and "adjusted income from continuing operations" is provided in a table on slide 24. "Adjusted income from continuing operations" should not be considered a substitute for net income as reported in accordance with GAAP.

Management, as well as certain investors, uses "adjusted income from continuing operations" to evaluate Marathon's financial performance between periods. Management also uses "adjusted income from continuing operations" to compare Marathon's performance to certain competitors.

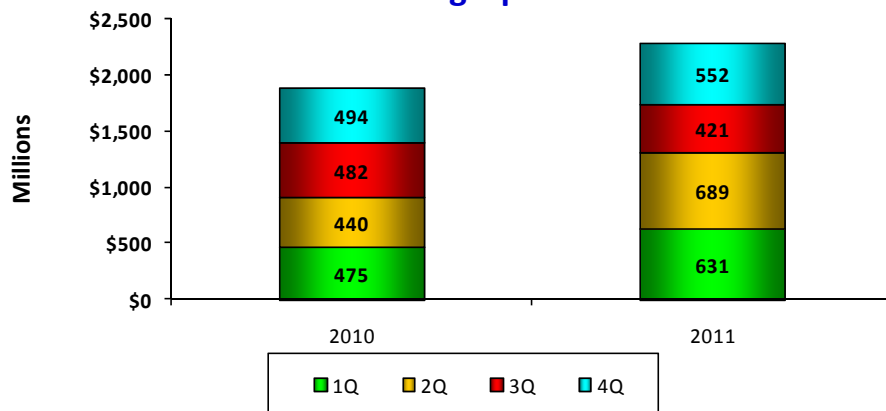
Marathon's downstream business was spun off on June 30, 2011. All previously reported periods have been recast to reflect the downstream business as discontinued operations. The discontinued operations presentation has not yet been audited; therefore, reported values are preliminary.

4Q-11 Earnings

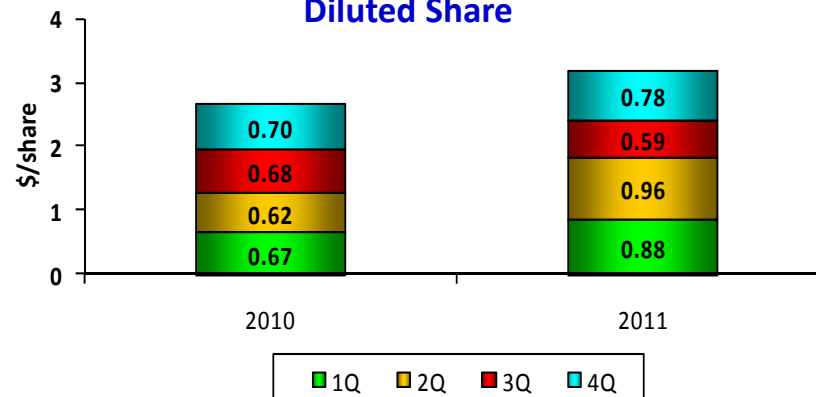
31%

	4Q 2011	3Q 2011	4Q 2010
Net Income from Continuing Ops.	\$549 MM	\$405 MM	\$424 MM
Adjusted Income from Continuing Ops.	\$552 MM	\$421 MM	\$494 MM
Net Income from Continuing Ops. per Diluted Share	\$0.78	\$0.57	\$0.60
Adj. Income from Cont. Ops. per Diluted Share	\$0.78	\$0.59	\$0.70

Adjusted Income from Continuing Operations

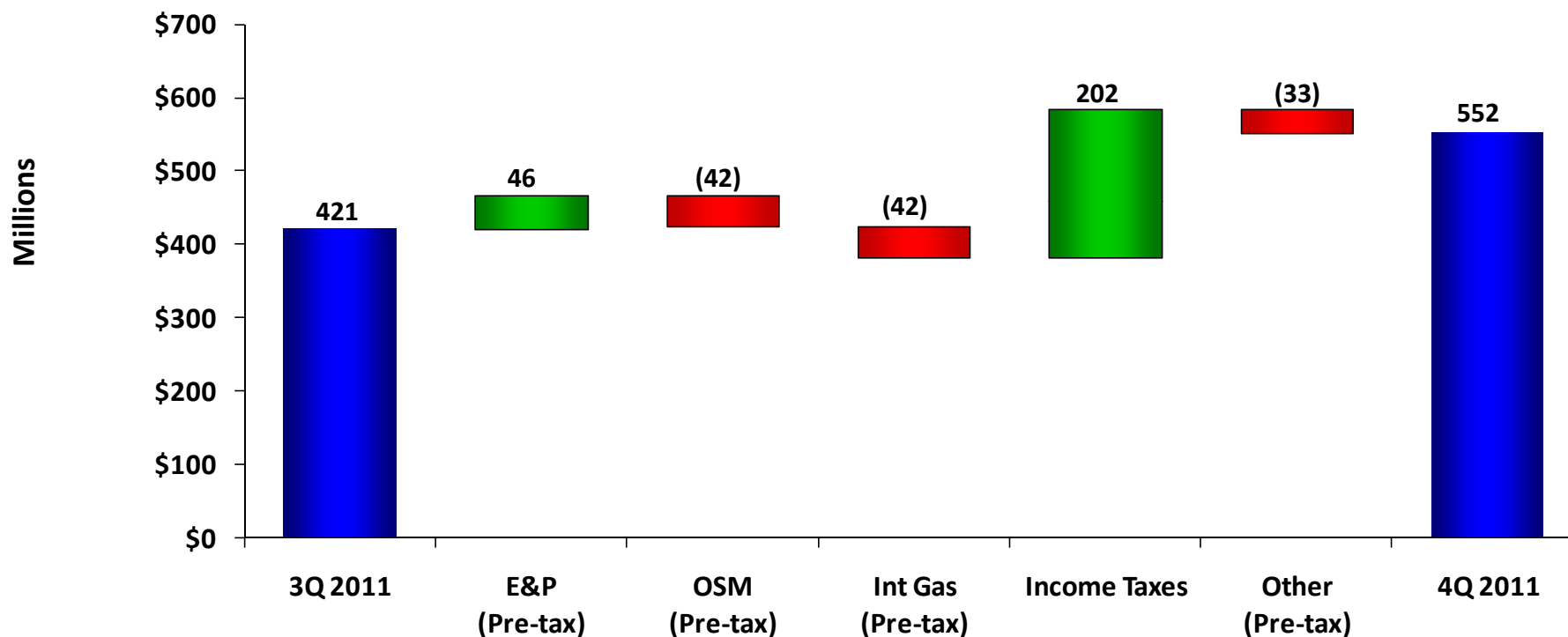


Adjusted Income from Continuing Operations per Diluted Share



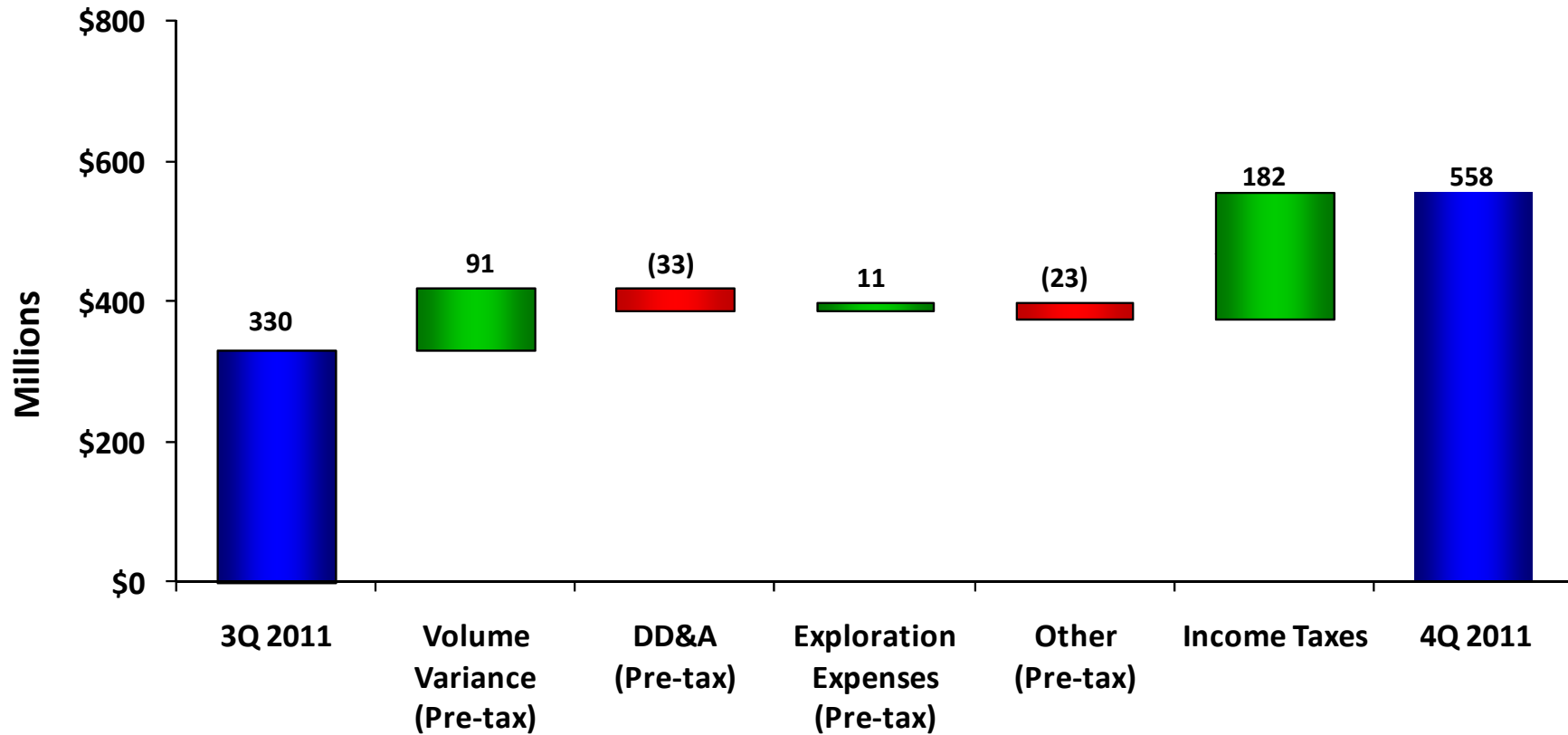
Adjusted Income From Continuing Operations

4Q-11 vs. 3Q-11 Variance Analysis



E&P Earnings

4Q-11 vs. 3Q-11 Variance Analysis



E&P 4Q-11 Realizations

- Average realizations down \$0.72/BOE
 - Liquid hydrocarbon average realizations down \$0.78/BBL
 - Natural gas average realizations up \$0.19/MCF

<u>MRO Realized Prices</u>	<u>1Q 2010</u>	<u>2Q 2010</u>	<u>3Q 2010</u>	<u>4Q 2010</u>	<u>1Q 2011</u>	<u>2Q 2011</u>	<u>3Q 2011</u>	<u>4Q 2011</u>
Liquid hydrocarbons (\$/BBL)	\$74.35	\$73.68	\$72.95	\$81.50	\$95.79	\$104.93	\$99.24	\$98.46
Natural gas (\$/MCF)	\$3.31	\$2.61	\$2.69	\$3.07	\$3.34	\$3.21	\$2.81	\$3.00
Average realizations (\$/BOE)	\$53.90	\$52.61	\$51.48	\$57.49	\$66.88	\$69.74	\$66.69	\$65.97
<u>Market Indicators</u>								
NYMEX prompt WTI (\$/BBL)	\$78.88	\$78.05	\$76.21	\$85.24	\$94.60	\$102.34	\$89.54	94.06
Brent (\$/BBL)	\$76.25	\$78.51	\$76.82	\$86.47	\$104.96	\$117.36	\$113.34	\$109.40
Nymex settlement natural gas (\$/MMBTU)	\$5.30	\$4.09	\$4.38	\$3.80	\$4.11	\$4.31	\$4.19	\$3.55

\$ (0.78)

\$ (0.72)

\$ 4.52

\$ (3.94)

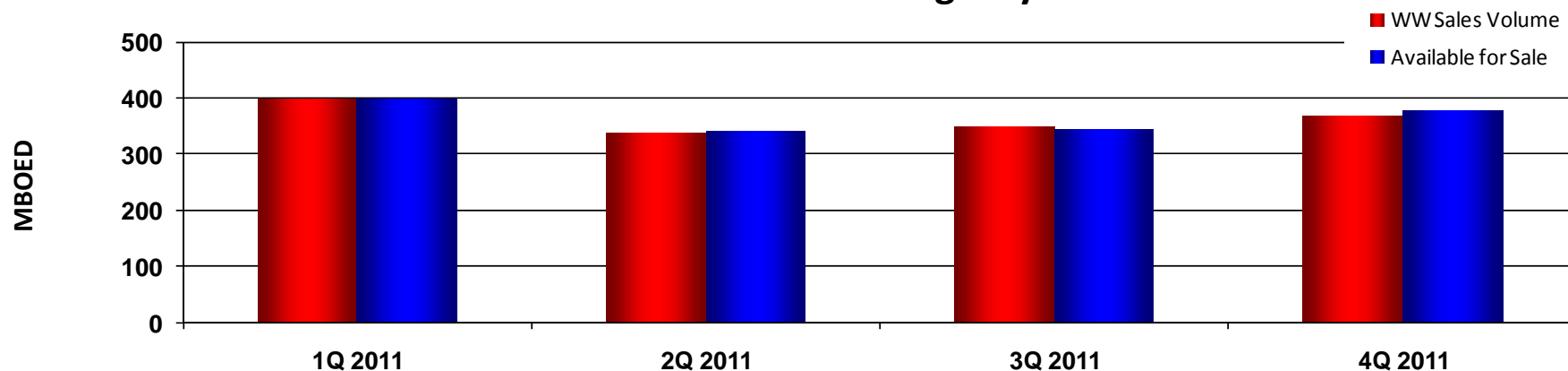
E&P Segment

4Q-11 E&P Production Volumes

- Sales volumes up 5% vs 3Q-11
 - Underlifted in Norway, U.K. and Libya and overlifted in Equatorial Guinea during 4Q
 - Cumulative underlift at year-end 2011 ~4 MMBOE

- Production available for sale up 10% vs 3Q-11
 - New wells online in Norway, Eagle Ford, Bakken, and Libya coupled with higher 4Q reliability in the U.K.

Production Volumes Including Libya

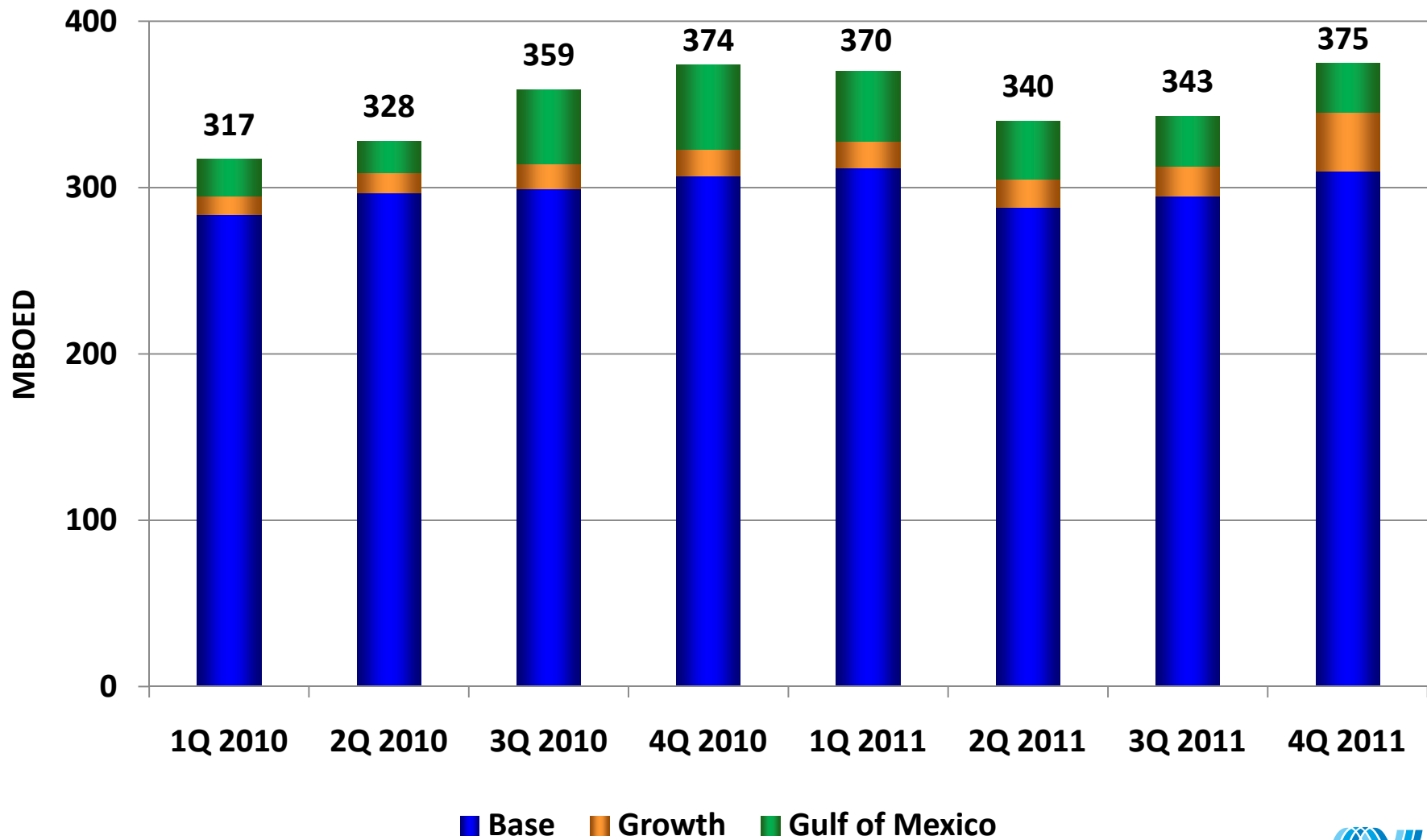


Libya Available
for Sale
(MBOED)

28	0	0	3
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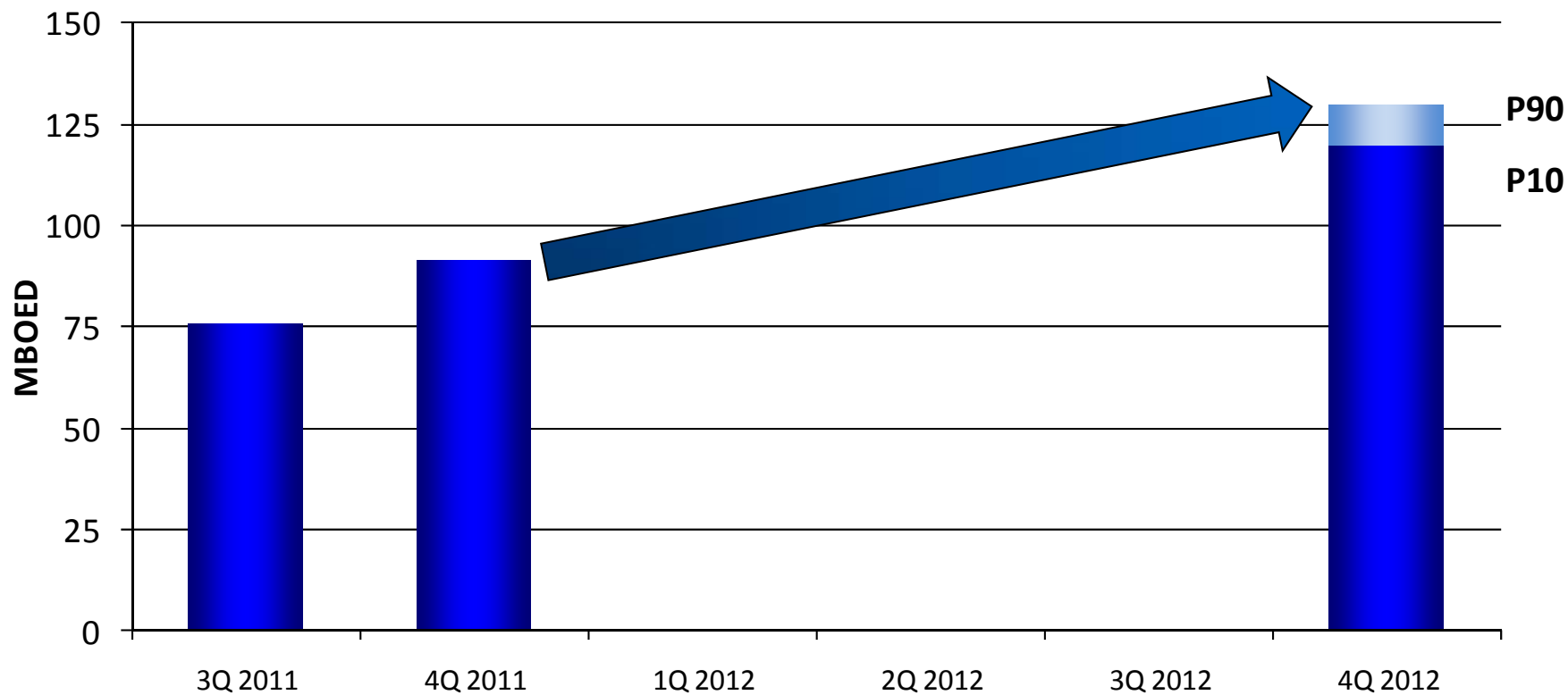
E&P Segment

E&P Production Available for Sale Volumes without Libya

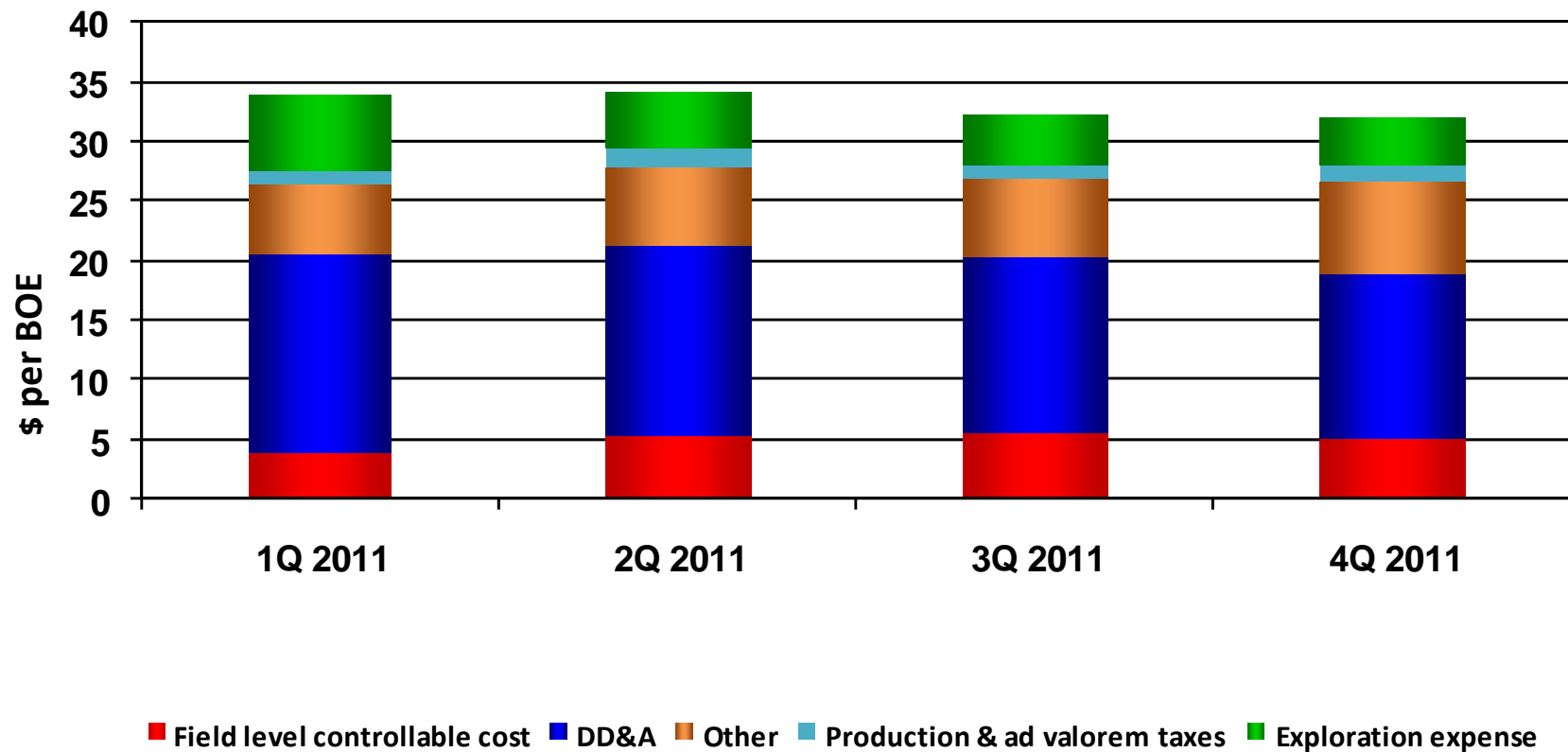


Lower 48 Onshore Production Forecast

Available for Sale

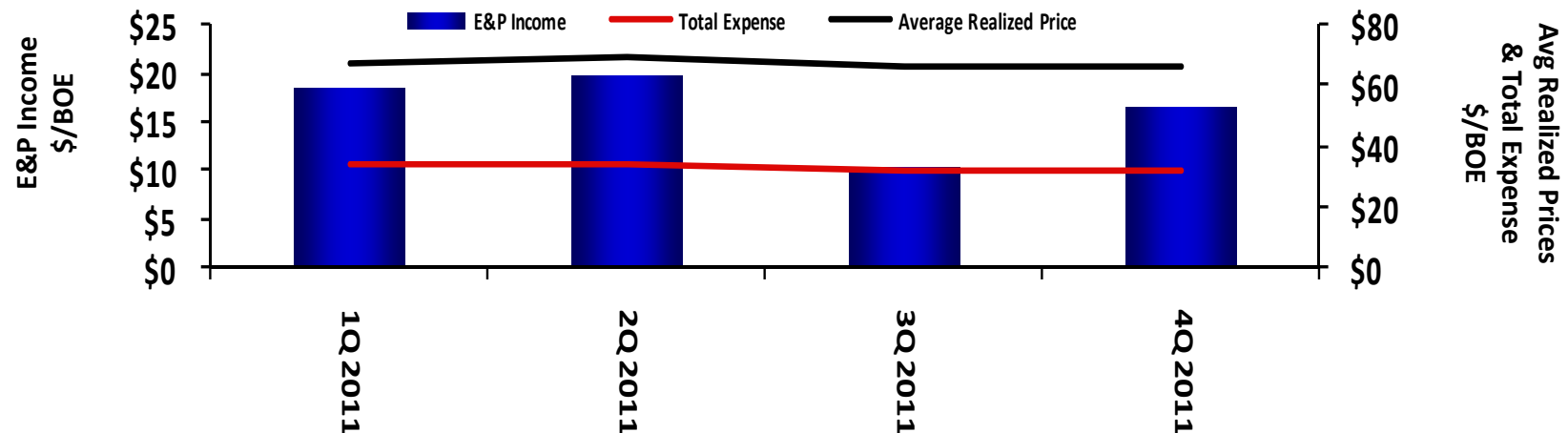


E&P Cost per BOE Trend



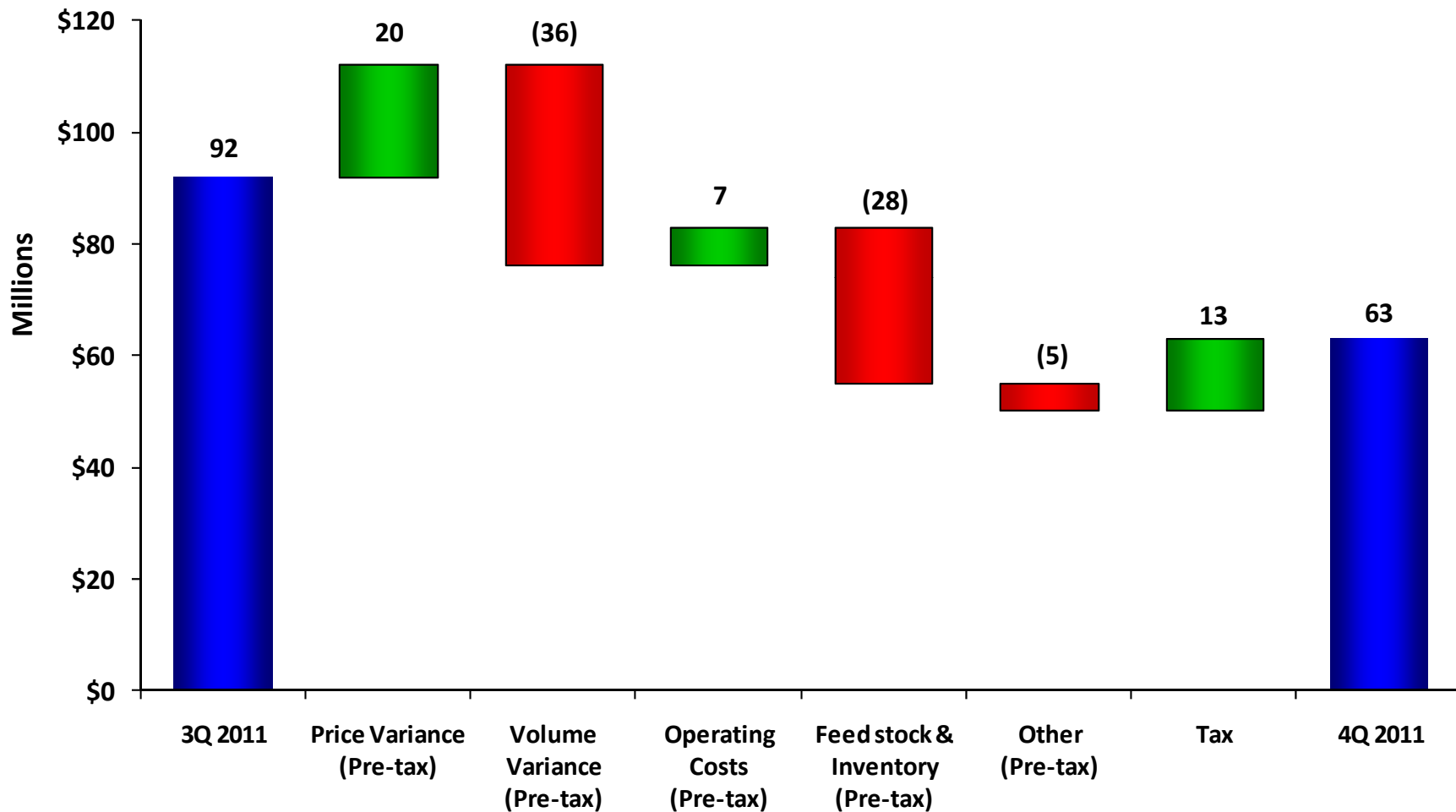
4Q-11 E&P Expenses and Profitability

- 4Q-11 Income per BOE increased 60% from 3Q-11, \$16.47/BOE vs \$10.27/BOE
 - Increase primarily due to lower income taxes, DD&A and field level controllable costs per BOE partially offset by lower realizations and other expenses
 - Total expenses relatively flat from 3Q-11, \$32.08/BOE vs \$32.11/BOE
 - Total expenses excluding exploration: \$27.92/BOE down \$0.18/BOE from 3Q-11
 - Exploration expenses increased \$0.15/BOE to \$4.16/BOE (\$11 MM) from 3Q-11



Oil Sands Mining Earnings

4Q-11 vs. 3Q-11 Variance Analysis



4Q-11 Integrated Gas Results

- Segment income: 4Q-11 \$20 MM, 3Q-11 \$55 MM
 - Decrease primarily due to lower LNG sales prices, offset by an \$8mm pre-tax gain on sale of the Alaska LNG plant
 - Net LNG sales volumes MTPD : 4Q-11 6,743 vs. 3Q-11 6,745
 - Net methanol sales volumes MTPD : 4Q-11 1,199 vs. 3Q-11 1,366

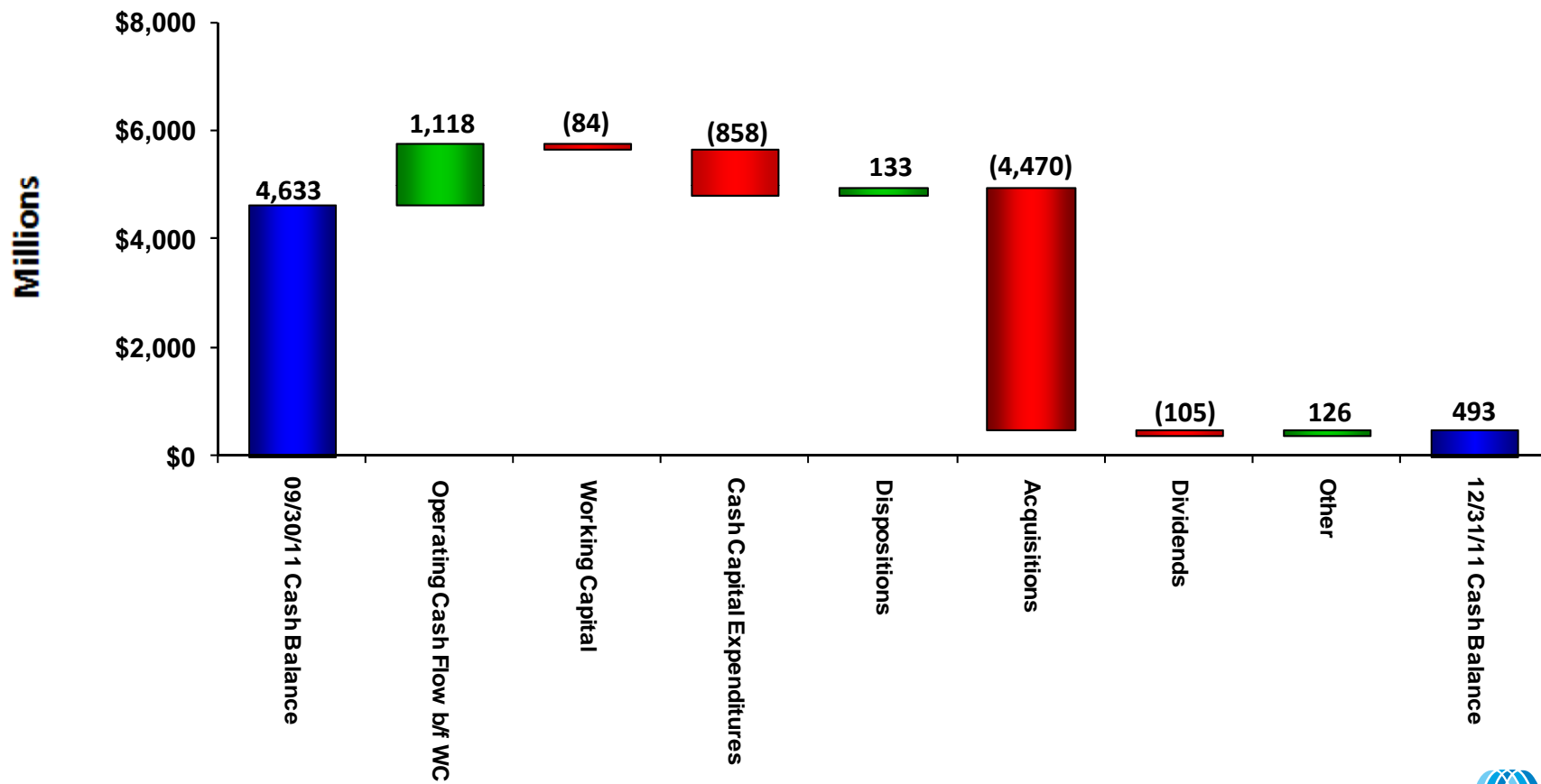
Reserve Replacement

Estimated Net Proved Reserves

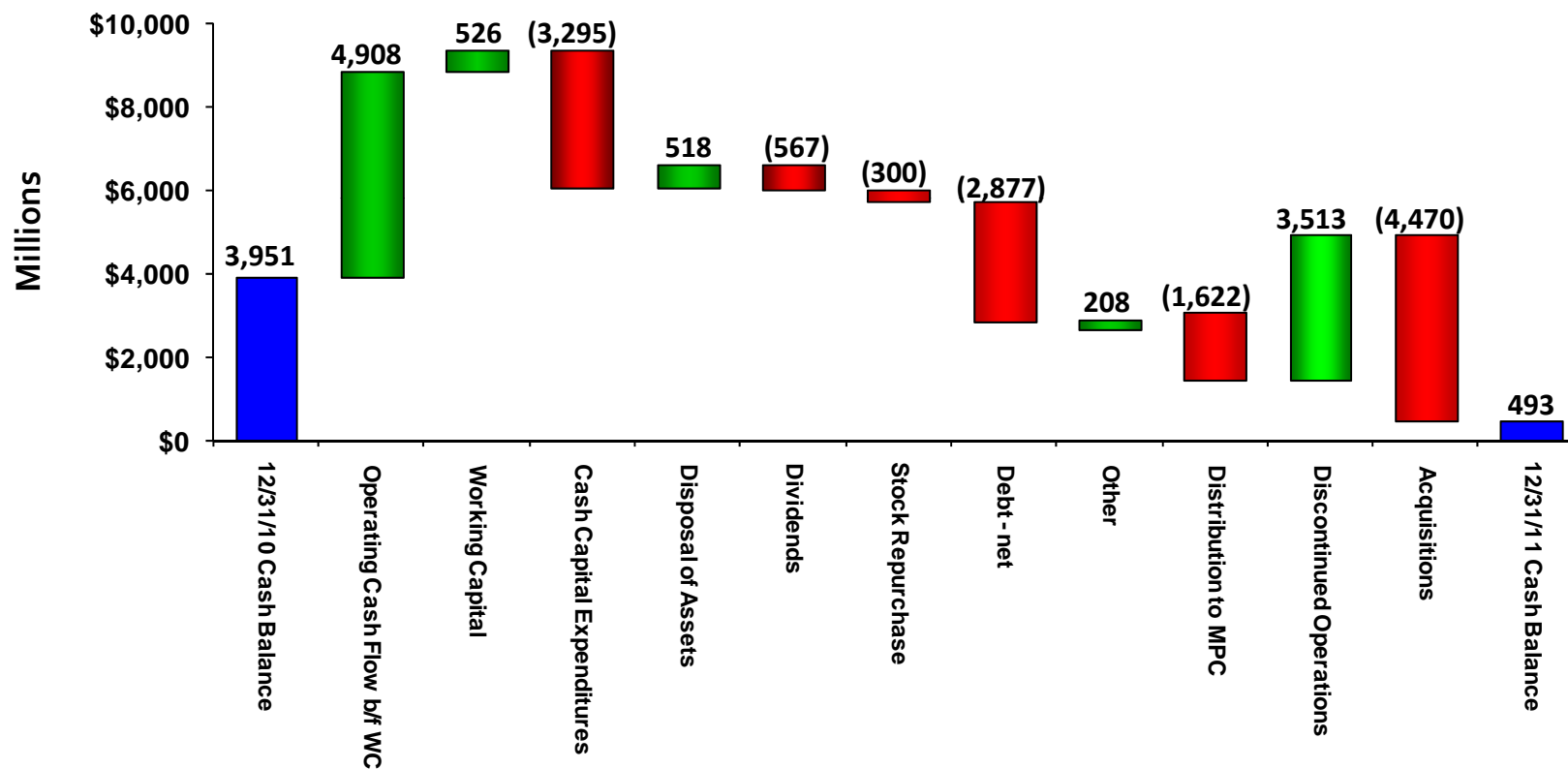
Category	E&P			OSM	TOTAL	% Proved Developed of Total
	Liquids (mmbbl)	Natural Gas (bcf)	Total (mmboe)	Synthetic Crude Oil (mmbbl)	(mmboe)	
As of Dec 31, 2010	630	2,617	1,066	572	1,638	75%
Additions	93	240	133	65	198	
Acquisitions	89	119	109	0	109	
Production	(79)	(310)	(131)	(14)	(145)	
As of Dec 31, 2011	733	2,666	1,177	623	1,800	78%
Reserve Replacement Ratio (including acquisitions)	230%	116%	185%	464%	212%	
Reserve Replacement Ratio (excluding acquisitions)	118%	77%	102%	464%	137%	

Total Company Preliminary Cash Flow

Q4 2011

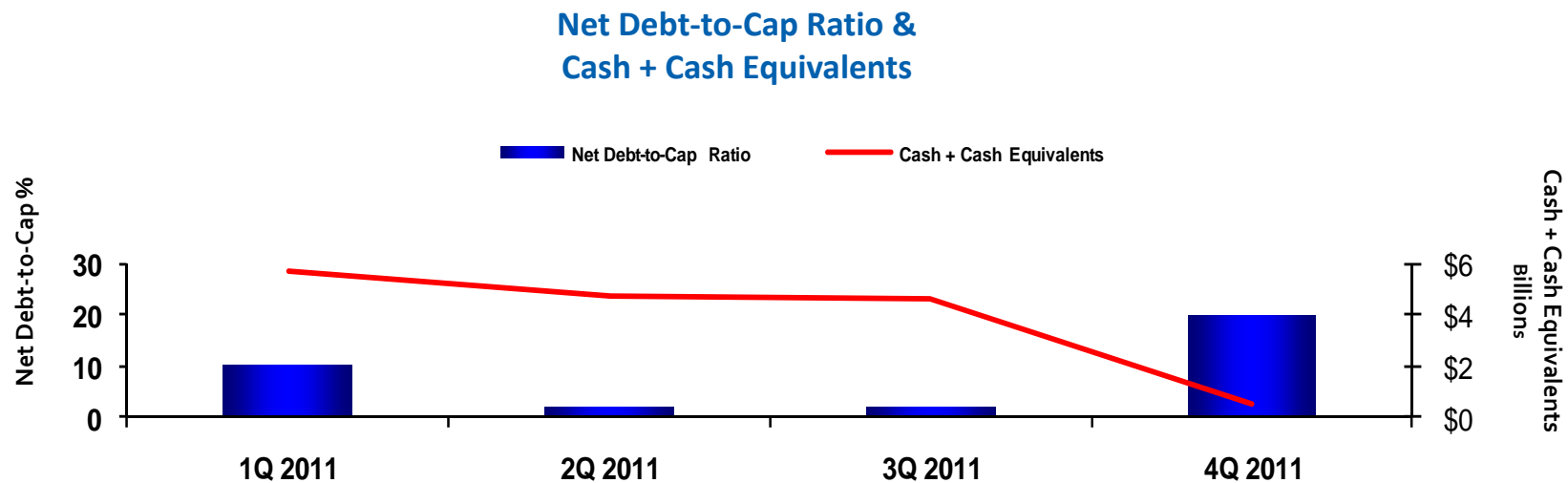


Total Company Preliminary Cash Flow 2011



4Q-11 Select Financial Data

- 4Q-11 Net debt-to-total cap ratio 20%
 - Quarter end cash and cash equivalents: \$0.5B
- 4Q-11 Effective tax rate: 55%
 - Full year 2012 effective tax rate, including disc. operations estimated at 55-60%
- Dividend increased 13% to 17 cents per share payable in 2012



2012 Priorities

- Deliver 5% growth in Upstream production available for sale over 2011, excluding Libya
- Spend within the announced capital and exploration expenditure budget of \$4.8 billion, excluding acquisitions
- Upstream reserve replacement of 150% or greater, excluding acquisitions and divestitures
- Drill key exploration wells in Gulf of Mexico, Kurdistan and Poland
- Continue to upgrade portfolio through selective asset acquisitions in core areas and dispositions
- Enhance overall cost competitiveness

Upstream Volumes & Exploration Expense 2011

	2011				
	1Q	2Q	3Q	4Q	2011
Domestic E&P Net Sales Volumes:					
Liquid Hydrocarbons (MBD)	78	72	69	83	75
Natural Gas (MMCFD)	368	315	296	325	326
Domestic Total (MBOED)	139	125	118	137	129
International E&P Net Sales Volumes:					
Liquid Hydrocarbons (MBD)	169	126	142	136	144
Natural Gas (MMCFD)	548	516	532	567	540
International Total (MBOED)	261	212	231	231	234
Total E&P Net Sales (MBOED)	400	337	349	368	363
E&P Available for Sale (MBOED)	398	341	343	378	365
Oil Sands Mining Net Volumes:					
Synthetic Crude Production (MBD)	32	37	43	38	38
Integrated Gas Net Sales Volumes:					
Worldwide LNG (metric tonnes/day)	7,822	6,614	6,935	6,984	7,056
Exploration Expense (Pre-tax):					
Domestic (\$ millions)	151	54	75	99	379
International (\$ millions)	79	91	54	41	265

Upstream Volumes & Exploration Expense

2012 Estimates

	2012				
	1QE	2QE	3QE	4QE	Year Est*
Domestic E&P Net Sales Volumes*:					
Liquid Hydrocarbons (MBD)	83 – 85				
Natural Gas (MMCFD)	310 – 320				
Domestic Total (MBOED)	135 – 138				
International E&P Net Sales Volumes*:					
Liquid Hydrocarbons (MBD)	133 – 136				
Natural Gas (MMCFD)	490 – 515				
International Total (MBOED)	215 – 222				
Total E&P Net Sales (MBOED)					
E&P Available for Sale (MBOED)*	350 – 360				360 – 380
Oil Sands Mining Net Volumes:					
Synthetic Crude Production (MBD) **	40 – 45				40 – 50
Integrated Gas Net Sales Volumes:					
Worldwide LNG (metric tonnes/day)	5,350 – 5,900				5,750 – 6,250
Exploration Expense (Pre-tax):					
Domestic (\$ millions)	90 – 150				
International (\$ millions)	40 – 75				

*Estimated volumes are based upon production available for sale. Production available for sale may vary materially from production sold in any given period based on the timing of liquids liftings and natural gas sales, primarily in international operations. Excludes Libya

**Estimates reflect projections after royalties.



E&P Supplemental Financial Data

Operating Costs per BOE - 2012 Estimates

	2012
U.S. E&P	
Field level controllable costs	7.50-8.50
DD&A*	25.00-27.50
Other**	9.50-11.50
Total Costs**	42.00-47.50
International E&P ***	
Field level controllable costs	4.50-5.50
DD&A*	9.00-10.50
Other**	3.00-4.00
Total Costs**	16.50-20.00

*DD&A cost estimates per BOE are based on production available for sale. DD&A actual costs per BOE are based on volumes sold

** Excludes production taxes, ad valorem tax and exploration costs

*** Excludes Libya

Estimated 2012 Production & Tax Rates by Jurisdiction

Jurisdiction	Approximate Production %	Effective Tax Rate	Statutory Tax Rate
US	38	30% - 40%	35%
Norway	19	68% - 78%*	78%
EG	27	23% - 33%*	25%
Angola	1	45% - 55%	50%
UK	5	60% - 70%*	62%
Canada	10	25% - 35%	26.5%
Total Upstream (exc Libya)	100		
Libya		93%*	93%

*Mostly current

Appendix



Marathon Oil Corporation



Marathon Oil
Corporation

Reconciliation

Income to Adjusted Income (\$MM)

	1Q 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011	3Q 2011	4Q 2011
Net Income	457	709	696	706	996	996	405	549
Exclude discontinued operations	160	(335)	(229)	(282)	(541)	(698)	0	0
Income from continuing operations	617	374	467	424	455	298	405	549
Loss/(Gain) on dispositions	(449)			42		(24)	1	(22)
Impairments	262	9	15			195		
Pension settlement				28				19
Loss on early extinguishment of debt		57			176			
Deferred income tax items	45					50	15	(4)
Water abatement – oil sands						48		
Eagle Ford transaction costs								10
Tax effect of subsidiary restructuring						122		
Adjusted income from continuing operations*	475	440	482	494	631	689	421	552

* See slide 2 of this presentation for a discussion of the use of the non-GAAP measure adjusted income.

Net Income

(\$MM unless otherwise noted)

	2010				2011			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
E&P Segment Income	502	432	510	497	668	601	330	558
Oil Sands Mining Segment Income (Loss)	(17)	(60)	18	9	32	69	92	63
Integrated Gas Segment Income	<u>44</u>	<u>24</u>	<u>41</u>	<u>33</u>	<u>60</u>	<u>43</u>	<u>55</u>	<u>20</u>
Total Segment Income	529	396	569	539	760	713	477	641
Unallocated Administrative Expense (Before income tax)	(82)	(99)	(97)	(112)	(119)	(97)	(84)	(102)
Net Interest and other financing costs (Before income tax)	(22)	(15)	(16)	(22)	(19)	(13)	(30)	(45)
Unallocated Income Taxes	50	149	26	89	9	86	58	58
Gain (Loss) on dispositions	449	-	-	(42)	-	24	(1)	22
Impairments	(262)	-	(15)	-	-	(195)	-	-
Pension settlement	-	-	-	(28)	-	-	-	(19)
Loss on early extinguishment of debt	-	(57)	-	-	(176)	-	-	-
Deferred income tax items	(45)	-	-	-	-	(50)	(15)	4
Water abatement – oil sands	-	-	-	-	-	(48)	-	-
Eagle Ford transaction costs	-	-	-	-	-	-	-	(10)
Tax effect of subsidiary restructuring	-	-	-	-	-	<u>(122)</u>	-	-
Income from continuing operations	617	374	467	424	455	298	405	549
Discontinued operations, net of tax*	<u>(160)</u>	<u>335</u>	<u>229</u>	<u>282</u>	<u>541</u>	<u>698</u>	-	-
Net Income	457	709	696	706	996	996	405	549
Effective Tax Rate *	55%	54%	55%	50%	54%	67%	69%	55%

*The effective tax rates shown have been calculated in accordance with GAAP.



Select Balance Sheet / Cash Flow Data

Preliminary (\$B unless otherwise noted)

	2010				2011			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
As of quarter ended:								
Cash and cash equivalents	2.7	2.1	1.6	4.0	5.7	4.7	4.6	0.5
Total debt	8.5	7.9	7.9	7.9	8.3	5.0	5.0	4.8
Cash-adjusted total debt	5.8	5.8	6.3	3.9	2.6	0.3	0.4	4.3
Stockholders' equity	22.2	22.8	23.4	23.8	24.7	16.7	16.8	17.2
Cash-adjusted debt-to-capital ratio	21%	20%	21%	14%	10%	2%	2%	20%
Year-to-date:								
Net cash provided by continuing operations	0.9	2.0	3.1	4.2	1.6	3.3	4.4	5.4
Net cash provided by continuing operations before changes in working capital	0.7	1.6	2.5	3.7	1.4	2.8	3.8	4.9

Capital, Investment & Exploration

Spending Reconciliation \$MM

	2011 Budget	2011 Preliminary
Capital expenditures	3,473	3,399*
Investments in equity method investees & others	0	1
Exploration costs other than well costs	420	288
Capital, Investment & Exploration Spending	3,893	3,688

*Excludes Eagleford Acquisition of \$4,470



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