

4Q 2014 EARNINGS REVIEW REMARKS

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[Zach Dailey]

Welcome to Marathon Oil Corporation's fourth quarter and full-year 2014 earnings review. The synchronized slides that accompany this review can be found on our website, at MarathonOil.com. Additionally, we'll conduct a live webcast on Thursday, February 19, at 8:00 am Central Time / 9:00 am Eastern Time. The live webcast will begin with prepared remarks discussing our 2015 capital, investment and exploration budget. A separate slide presentation accompanying those remarks will be posted on our website, approximately one hour prior to the live webcast. The remainder of the webcast will be available for Q&A.

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.

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 for the year ended December 31, 2013, and other filings with the Securities and Exchange Commissions, 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.

Please note that the appendix to this presentation includes reconciliations of our non-GAAP measures to their most directly comparable GAAP financial measures, as well as operating estimates and other data you may find useful. With that, I'll turn the presentation over to Lee Tillman, Marathon Oil president and CEO, who will begin on slide 3.

[Lee Tillman]

I'd like to extend my welcome to those listening, and begin by providing a brief summary of our 2014 full-year highlights, which reflect outstanding operational performance for the year.

Marathon Oil's U.S. resource plays -- the Eagle Ford, Bakken and Oklahoma Resource Basins -- combined to average 181,000 net BOE per day in 2014, 35 percent higher than 2013 as a direct result of solid execution across our portfolio. Eagle Ford, Bakken and Oklahoma Resource Basins were up 38, 31 and 29 percent, respectively, year over year.

Total Company production from continuing operations, excluding Libya, was up 8 percent year over year ... averaging nearly 400,000 net BOE per day in 2014.

We grew our U.S. unconventional net 2P resource to 3 billion BOE, up by more than 20 percent over year-end 2013. And, we achieved a reserve replacement ratio of 183 percent, excluding dispositions, at a competitive finding and development cost of about \$20 per BOE. We ended the year with 2.2 billion BOE of proved reserves, an increase of 6 percent over 2013, excluding our discontinued operations.

Operational reliability was again strong in 2014, with Company-operated assets turning in 97 percent average availability. This metric is particularly important in a low commodity price environment, as these are our most economic barrels.

You'll recall that we closed on two significant divestitures in 2014 -- Norway and Angola -- for aggregate cash proceeds of more than \$4 billion further advancing our strategic imperative of rigorous portfolio management.

Focusing on increasing shareholder value, we completed \$1 billion in share repurchases and increased our quarterly dividend 11 percent to 21 cents per share in the first half of 2014.

Importantly, Marathon Oil is well positioned with year-end liquidity of \$4.9 billion comprised of \$2.4 billion in cash and \$2.5 billion available through a committed credit facility. The revolver, which was renewed in May 2014, is fully committed through 2019. As always, Marathon Oil is careful to protect our strong balance sheet and investment grade rating and this will remain a focus through the current economic cycle.

Turning to the fourth quarter highlights on slide 4 ... our high margin U.S. resource plays are delivering strong returns and yielded increased net production of 7 percent quarter-on-quarter, to over 205,000 net BOE per day. That's up 43 percent over the year-ago quarter.

The Eagle Ford is executing at scale with 98 gross operated wells brought online, 11 of which were Austin Chalk wells ... and we continue to advance co-development in the Upper Eagle Ford and have spud our first "stack-and-frac" pilot.

In the Bakken we're aggressively piloting enhanced completions to improve value in this basin. Of the 17 gross operated Bakken wells to sales, 15 piloted enhanced completions ... and at year end, we had 42 of the 55 pilots online. We're seeing encouraging results with 18 wells showing greater than 30 percent uplift in cumulative production after 60 days, when compared to direct offset performance. We expect to have more to report on these wells once we have additional production history.

In the Oklahoma Resource Basins we're focused on adding quality net acreage and protecting our leasehold. We brought 4 gross operated SCOOP wells to sales this quarter. Of those, one was an extended-reach lateral drilled updip in the highly liquids-rich area of the SCOOP. It had a 30-day IP rate of 1,065 BOE per day with 63 percent crude oil and condensate, and 21 percent NGLs. We also added another 10,000 net acres in the SCOOP, including acres with Springer potential.

In addition to our strong execution performance in the fourth quarter, we achieved 98 percent average operational availability for Company-operated assets.

Slide 5 focuses on the strong combined performance of our three U.S. resource plays, which comprise *more than half* of our E&P production mix. That's a noteworthy increase over the last 12 months. You can see from the table at the bottom of this slide that the resource plays have gone from 43 to 53 percent of the production mix. That strategic shift has occurred as we re-shaped our portfolio to concentrate on higher margin, higher return opportunities ... and consistently executed across the resource plays, delivering value with that growth.

The current low commodity price environment only serves to underscore the importance of subsurface quality and execution at scale. We have a deep inventory of resource play opportunities supported by compelling single well economics that are robust across a broad range of prices and that are further advantaged by capturing efficiencies and service cost reductions. Looking ahead, even with our announced rig reductions, 2015 4Q exit rates for the resource plays will be up relative to 2014 exit rates. Specifics will be discussed in greater detail on the live webcast, but briefly, our 2015 budget will direct approximately 70 percent of our capital to the U.S. resource plays: in the Eagle Ford, we'll be maintaining execution scale on our highest return wells – however, at a reduced level ... in the Bakken, we'll be high grading to the Myrmidon while continuing to pilot test completion designs and downspacing ... and in the Oklahoma Resource Basins, our focus will be to protect our valuable acreage position and be prepared to step up execution as prices recover and cash flows allow.

Now, I'll turn the call over to J.R. Sult, our CFO, who will review the fourth quarter financial results.

[J.R. Sult]

Thanks Lee. I'd like to extend my welcome as well, and add my thanks to you for taking time to listen to this quarter's webcast.

Similar to Lee's commentary, I too will start with a few brief comments on our full year financial performance, but will reserve the bulk of my time specifically for the fourth quarter.

I'll begin on slide 6. Adjusted income from continuing operations was \$1.2 billion, or \$1.70 per diluted share, for the full year 2014 compared to just over \$1 billion, or \$1.48 per diluted share in 2013. Increased production from the US resources plays highlighted by Lee earlier on the webcast was partially offset by lower liquid hydrocarbon price realizations across all segments of the business as well as lower international sales volumes, including Libya.

Adjusted net income, including our discontinued operations, was \$1.7 billion or \$2.53 per diluted share for the full-year 2014, compared to \$1.9 billion, or \$2.64 per diluted share in the prior year. Adjusted income from discontinued operations in 2014 reflects lower sales volumes as well as the impact of the timing of the dispositions of Norway and Angola.

Reported income from continuing operations for full-year 2014 was \$969 million, or \$1.42 per diluted share, compared to \$931 million, or \$1.31 per diluted share, for 2013. And, reported net income was \$3 billion, or \$4.46 per diluted share for 2014, compared to \$1.7 billion, or \$2.47 per diluted share last year. Adjustments to reported net income related to net gains on dispositions (primarily our discontinued operations), proved property impairments and pension settlement expense.

Let's turn our attention now to the fourth quarter on slide 7. During the most recent quarter, adjusted income from continuing operations was a loss of \$89 million, or 13 cents per diluted share, compared to \$388 million, or 57 cents per diluted share, in the third quarter of 2014. Despite continued operational excellence demonstrated by the asset teams, declining crude oil prices led to lower commodity price realizations across the asset portfolio. In the North

America E&P segment, crude oil and condensate realizations were down 26 percent sequentially. Higher exploration expenses driven primarily from unsuccessful drill bit activities in the Gulf of Mexico also weighed heavily on fourth quarter financial results. Looking at the quarter operationally, as Lee mentioned in his earlier remarks, production volumes from our U.S. unconventional resources grew 7 percent sequentially over the prior quarter levels as the Eagle Ford team brought 98 wells to sales during the period. In addition, our International E&P segment, including Libya, reported a 30 percent increase in sales volumes over the third quarter levels as additional liftings in the U.K. and Libya, and higher operational availability in Equatorial Guinea contributed to a solid performance.

Adjusted net income, including results from our discontinued Norway business, was essentially breakeven in the fourth quarter of 2014, compared to \$515 million, or 76 cents per diluted share in the prior quarter. The results from our Norway business were included through the date of sale on October 15.

Reported income from continuing operations was a loss of \$93 million, or 14 cents per diluted share in fourth quarter, compared to a gain of \$304 million, or 45 cents per diluted share in the third quarter ... while reported net income was \$926 million, or \$1.37 per diluted share in the current quarter, compared to \$431 million, or 64 cents per diluted share last quarter.

Adjustments to reported net income in the current quarter related primarily to a net after-tax gain of \$932 million associated with the sale of our discontinued operations, as well as a charge in connection with pension settlements. As Zach indicated at the start of this webcast, a reconciliation of the adjusted non-GAAP measures to the reported GAAP measures is included in the appendix to the slides.

Now let's turn to the individual segment results on slide 8. North America E&P had an after-tax loss of \$143 million during the quarter, compared to income of \$292 million in the third quarter. The 5 percent sequential production increase in North America E&P segment during the quarter, underpinned by the resource plays, was more than offset by the decline in average commodity price realizations and higher exploration expenses.

Exploration expenses in the fourth quarter of 2014 included dry well costs of \$211 million and unproved property impairments of \$166 million. Costs related to the Company-operated Key Largo, and outside-operated Perseus and second Shenandoah appraisal well in the Gulf of Mexico were included in exploration expense during the quarter. While we did not encounter hydrocarbons at Key Largo, we did encounter 1,200 feet of quality reservoir sands which further confirms the potential for large resource accumulations, and is part of what makes the inboard Paleogene attractive. Unproved property impairments reflect non-cash charges related to Key Largo and certain onshore assets that will not compete for capital in a sustained low commodity price environment.

Segment income from the International E&P segment was lower than the previous quarter, declining to \$81 million in fourth quarter 2014, reflecting lower commodity price realizations, higher other operating expenses, offset by the higher sales volumes mentioned earlier. Fourth quarter results include four liftings from Libya compared to only one lifting in the third quarter. Other operating expenses included the impact of a settlement related to the calculation of the net profits interest payments associated with the Company's Alba Plant equity interests in Equatorial Guinea. Exploration expenses for the quarter included dry well costs for the Company-operated Sodalita West well in EG. Although we were encouraged to confirm high quality oil in multiple stacked sands, reservoir development at the Sodalita location does not appear sufficient to support commerciality.

Finally, the Oil Sands Mining segment posted segment earnings of \$23 million during the fourth quarter 2014, compared to \$93 million in the third quarter. While synthetic crude sales volumes held flat during the period despite planned maintenance at the Muskeg River and Jackpine mines, average syn crude price realizations were down 26 percent quarter over quarter.

Net cash provided by operations and cash capital expenditures can be seen on Slide 9. For the full-year 2014, cash flows from continuing operations were \$4.7 billion, up 9 percent compared to 2013. Production growth in our U.S. unconventional resource plays was the

primary driver to the increase in cash flow performance. Cash flows from discontinued operations for 2014 were \$751 million, compared to \$882 million in the prior year.

Cash capital expenditures for continuing operations for 2014 were \$5.2 billion as compared to \$4.4 billion in 2013. The increase was driven by higher average activity levels in the U.S. unconventional resource plays compared to 2013. Cash capital expenditures invested in our discontinued operations were \$376 million in 2014, compared to \$550 million in 2013.

Cash and cash equivalents at year end were approximately \$2.4 billion, including \$2.1 billion received with the close of the Norway sale. Total liquidity at year end – including cash on hand and committed credit facilities – was \$4.9 billion. As Lee mentioned earlier, we're committed to preserving our solid balance sheet, while maintaining financial flexibility throughout this commodity price cycle ... and positioning ourselves as a stronger E&P in the long term.

With that, I'd like to turn it back to Lee to review the Company's operational performance.

[Lee Tillman]

Thanks J.R.

I'd like to take everyone through our operational highlights by asset, which demonstrate how we delivered against our 2014 priorities and performance commitments.

I'll start with the Eagle Ford on slide 10. As shown in the chart on the upper-left, we're executing with confidence, with production averaging more than 130,000 net BOE per day in the fourth quarter, up 46 percent over the year-ago average and 12 percent above third quarter 2014.

The enhanced completion design applied in 2014 in the Eagle Ford continues to contribute to our strong results. We now have nearly 150 wells with greater than 180-day cumulative production with the new design. And these additional wells have solidified the sustained 25 percent improvement in cumulative volumes and the associated enhanced economics.

Directing your attention to the bottom chart, we brought 98 gross operated wells to sales this quarter -- a pace that's up 13 percent over the previous quarter. Of the 98 wells, 11 were Austin Chalk wells as our co-development progresses on plan. For full-year 2014, we completed 22 Austin Chalk wells and expect to add to our delineated acreage, 2P resource and future well inventory. Currently, we have an additional 14 Austin Chalk wells drilling, completed or awaiting first production. We also brought online our first four Upper Eagle Ford wells, and spud our first four-well "stack-and-frac" pilot which had an Austin Chalk, Upper Eagle Ford and two lower Eagle Ford wells.

Given the current commodity price environment, we will moderate our level of activity in the Eagle Ford in 2015, while still executing at scale and capturing material savings in service costs. The Eagle Ford continues to be among our highest return opportunities.

On slide 11, the headline for the Bakken is our active pursuit of enhanced completions, with about 80 percent of the pilots now online. Production averaged 55,000 net BOE per day this quarter, up nearly 40 percent compared to the year-ago quarter, and relatively flat with the third quarter as a result of increased density pad drilling and the timing of bringing wells to sales. We brought 17 Bakken wells to sales in the fourth quarter, as shown in the bottom-left chart.

Importantly, our enhanced completion design pilots are progressing with encouraging early results. Of the 17 Bakken wells to sales this quarter, 15 piloted enhanced designs, such as varied fluid and sand volumes ... reduced stage spacing ... and added surfactant. As of year-end, we'd completed 42 of the 55 tests in the program. The initial results are showing greater than 30 percent uplift in cumulative production after 60 days. This is based on the results of 18 wells, compared to direct offset performance. We'll report more results on these pilots once we have additional production history.

Additionally, we have three of the four high-density spacing pilots spud, each spaced at six wells per horizon. Two have recently finished drilling and are awaiting completion.

In 2015 we'll continue to pilot enhanced completion designs in the Bakken, with a reduced level of drilling activity that focuses on the high quality and high return core Myrmidon area.

On slide 12, we cover the Oklahoma Resource Basins where we're continuing to add high-value, quality acreage and protecting our leasehold while development and delineation moves forward. Production averaged 20,000 net BOE per day, up more than 40 percent compared to the year-ago quarter and 5 percent sequentially. We brought four gross operated wells online this quarter – all in the SCOOP. One was an extended-reach lateral drilled in the updip, highly liquids-rich area of the SCOOP, which I mentioned earlier among our quarterly highlights. We executed agreements for another 10,000 net acres in the SCOOP, including acres with Springer potential.

We're reducing our rig activity in 2015 to focus on holding our large, quality acreage position, noting that greater than 70 percent of our Oklahoma acreage was held by production at year end.

On slide 13, this chart shows our production history for our U.S. unconventional resource plays. These are high margin, high return opportunities with compelling economics that are attractive across a broad range of pricing scenarios. In 2014 our U.S. resource play investment program yielded a 35 percent increase in production from 2013 to 2014.

Slide 14 provides the perspective of all Lower 48 onshore production, which we've more than doubled since 2012. We recorded a 6 percent increase for fourth quarter over third quarter 2014.

And as illustrated in the table at the bottom, we've maintained our differentiated position with respect to product mix, with 65 percent crude oil and condensate, or nearly 80 percent liquids, at year end.

Shifting to international operations, slide 15 shows an overview that includes activity updates for Equatorial Guinea, U.K. and Libya. International production volumes and sales from continuing operations, excluding Libya, are shown in the upper left graph. Clearly, our international assets continue to deliver value and cash flow.

Equatorial Guinea had higher operational availability in the fourth quarter at 99 percent. The B3 compression project in EG is about 60 percent complete and on schedule for start-up in 2016.

UK production was up more than 50 percent compared to the prior quarter as a result of two South Brae infill wells drilled late in the third quarter with initial production rates well above pre-drill estimates. Production also benefited from higher reliability at the outside-operated Foinaven.

We had four liftings in Libya early in the fourth quarter. However, disruptions from civil unrest continue with force majeure reinstated at the Es Sider terminal in December, and considerable uncertainty remains around future production from Libya.

A review of our year-end 2014 reserves is outlined on slide 16, along with two pie charts that show the percent of our year end proved reserves by type. Our proved reserve replacement ratio for the year was 183 percent, excluding dispositions, once again driven by our U.S. resource plays. And we had a 6 percent increase in proved reserves from continuing operations. Even if you include the effects of our dispositions of Norway and Angola, we still maintained a positive overall reserve replacement ratio of well above 100 percent.

As shown in the pie chart on the left, the net proved reserve base is 67 percent proved developed ... and on the right, you can see the reserve base is 80 percent liquids at year-end 2014. Our finding and development costs in 2014 averaged approximately \$20 per BOE as we added more than 300 million BOE of net proved reserves.

Our North America E&P operations added 296 million BOE of net proved reserves, mainly due to downspacing, drilling activity and improved well performance - - amounting to a 38 percent increase over the prior year's ending balance.

Furthermore our total Company liquids reserve replacement ratio was 235 percent excluding discontinued operations.

Moving to my final slide, 17... the strong investment case for Marathon Oil is underpinned by our seven strategic imperatives which are durable across any business environment and commodity cycle. Not only achieving, but excelling across these imperatives is our corporate strategy, and the roadmap for how we plan to become the premier independent E&P company.

In 2014 we delivered on our commitments – meeting production targets for our U.S. resource plays and total Company. And, importantly, closing on two significant divestitures in a timely fashion that took advantage of a more favorable commodity price environment. Our re-shaped portfolio, concentrated on higher margin, higher return opportunities, gives us the optionality to adjust our short-cycle investments as needed. We returned value to our shareholder through an increased dividend and \$1 billion in share repurchases.

We finished strong with a fourth quarter that featured the Eagle Ford executing consistently at scale ... the Bakken aggressively piloting enhanced completion designs and increased density spacing ... and Oklahoma adding quality net acreage to our already material position.

Looking ahead, we're well prepared for 2015. Our just released 2015 capital budget reflects a focus on returns, balance sheet flexibility, and positioning for price recovery. We're not

opportunity limited ... and the current low price environment continues to underscore the importance of our subsurface quality and ability to execute and operate at scale. We've high graded our 2015 resource play drilling inventory and captured service cost reductions early in the cycle to maximize returns. About 70 percent of the 2015 budget will be invested in the high return U.S. resource plays ... and we've reduced exploration spend by over half.

We're delivering a high return investment portfolio for 2015 while managing cash flow and outspend levels. All supported by a year-end liquidity of \$4.9 billion including \$2.4 billion in cash. Marathon Oil is well prepared to generate long-term shareholder value through the commodity cycle and stands ready to take further action should the business environment warrant.

That concludes our prepared remarks and we look forward to your questions during the live webcast tomorrow morning, at which time we'll address our 2015 budget and activity level in greater detail. Thank you.