1Q 2012 EARNINGS CONFERENCE CALL REMARKS

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Welcome to Marathon Oil Corporation's first quarter 2012 earnings Web cast and teleconference. The synchronized slides that accompany this call can be found on our website MarathonOil.com.

On the call today are Clarence Cazalot, chairman, president and CEO, Janet Clark, executive vice president and CFO and Dave Roberts, executive vice president and COO.

Slide 2 contains the Forward-Looking Statement and other information related to this presentation. Our remarks and answers to questions today 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 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, 2011, and subsequent Forms 8-K, cautionary language identifying important factors, but not necessarily all factors, that could cause future outcomes to differ materially from those set forth in the forward-looking statements.

Please note that in the appendix to this presentation there is a reconciliation of quarterly net income to adjusted net income for 2011 and 2012, balance sheet and cash flow information, second quarter and full year 2012 operating estimates, and other data that you may find useful.

Moving to slide 3, our first quarter 2012 adjusted net income of $478 million, was a 13 percent decrease over the fourth quarter 2011, largely a result of higher income taxes as I'll explain on the next slide.

As shown on slide 4, earnings before tax from the international portion of our E&P segment increased $277 million, while the domestic portion of that segment decreased $30 million with the Oil Sands Mining and Integrated Gas segments decreasing quarter over quarter as well, $26 million and $27 million respectively.

To help explain the change in our tax position from the fourth quarter to the first quarter and given our present inability to predict activity in Libya with confidence, we've broken the $281 million increase in our consolidated tax expense into two categories, one for those income taxes related to the first quarter resumption of sales from Libya and one for all other changes in income taxes.

As we often point out, our revenue from Libya is taxed at 93.5 percent, which resulted in a first quarter tax charge of $203 million.

The $78 million increase in income taxes not related to our Libya operations is made up of $125 million for the E&P segment partially offset by reductions in other segments and a corporate tax benefit for un-allocated items.

Approximately 40 percent of the $125 million increase in income taxes for the E&P segment was a result of a shift to an excess foreign tax credit position. As you may recall, we pointed out this change in the third quarter of last year as we increased our international price and production forecast for future years and we had this built into our previous income tax forecast for the full year 2012.

The other 60 percent of the change is largely a result of our revised expectation for an increase in our higher-taxed international jurisdictions as a percentage of 2012 pre-tax earnings. With this revised expectation in sales mix we are now projecting an overall effective income tax rate for the full year 2012, excluding Libya, of between 60 and 65 percent. Remember, the actual effective income tax rate can vary quarter to quarter based on the expected annual level of sales by jurisdiction, as well as any discrete items.

On slide 5 we've included a comparison of the total Upstream Q1 liquid hydrocarbon sales volumes with the estimated liquid hydrocarbon sales volumes for Q2 as an aid in modeling the Company's earnings, with both periods excluding Libya. The timing of liftings can vary based upon nominations yet to be finalized, which can affect the estimated sales volumes as well as the percentage contributions.

As shown on slide 6, the first quarter was a good operating quarter for the E&P segment with higher sales volumes and better prices compared to the fourth quarter. However, these increases were more than offset by higher segment income tax expense, as I just discussed, and higher DD&A and other expenses on an absolute basis because of increased activity. On a BOE basis E&P costs were essentially flat quarter over quarter.

Slide 7 shows that in the U.S. we increased sales volumes quarter over quarter reflecting our ongoing development programs, primarily in the Eagle Ford, Bakken, and Woodford shale plays. Our U.S. price realizations were negatively impacted by lower domestic natural gas prices and by dislocations in the crude markets creating wider differentials and lower crude realizations in the Bakken and across the Rocky Mountain region. After the late January and February widening in differentials, they have returned to more normal levels, narrowing substantially in March and April. On an absolute basis DD&A and operating costs were higher in the U.S. reflecting our increased activity in the resource plays.

Slide 8 shows that on a BOE basis the U.S. E&P costs quarter to quarter were actually slightly lower. Excluding exploration expense, per BOE costs were up $0.77, again predominately a reflection of increased activity in the Eagle Ford and the Bakken.

Slide 9 shows that our first quarter Lower 48 onshore production was 12 percent higher than the fourth quarter. It also shows we continue to project this portion of our business will grow significantly, reaching between 120,000 and 130,000 BOED in the fourth quarter 2012.

Slide 10 shows the positive pretax impact from higher volumes and higher price realizations, which combined resulted in a 26 percent increase in international E&P pre-tax earnings quarter over quarter. These positive operating results were more than offset by the previously discussed increase in income taxes.

Slide 11 compares the international E&P cost structure by category over the past five quarters. Compared to the fourth quarter, field level controllable costs, DD&A and other costs fell in the first quarter, partially offset by an increase in exploration expense. Total international costs decreased $0.31 per barrel quarter over quarter.

As shown on slide 12, our E&P segment production available for sale increased 7 percent, quarter over quarter, primarily a result of the increased production available for sale in Libya. Sales volumes in the first quarter increased approximately 4 percent from the fourth quarter. The higher production available for sale compared to actual sales is due to an underlift for the first quarter of 23,000 BOED compared to a 10,000 BOED underlift in the fourth quarter. For the first quarter, Europe was underlifted approximately 500,000 BOE and Libya was underlifted about 1.7 million BOE. The cumulative underlift at the end of the first quarter was approximately 6 million BOE; 2.9 million BOE underlifted in Libya, 2 million BOE in Alaska gas storage, and underlift positions of 750,000 BOE in Europe and 400,000 BOE in EG.

In April we entered into agreements to sell all of our Alaska assets. Additional, we continue to build on our core Eagle Ford holdings, adding 20,000 net acres through recent and pending acquisitions with current net production of 7,000 BOED, nearly all of which is operated. We expect these transactions to close in the second half of the year.

We now expect our capital, investment and exploration expenditures budget, excluding acquisition costs, to move up about $200 million from $4.8 billion to $5 billion as a result of adding two rigs to our existing fleet of 18 in the Eagle Ford play, and other adjustments.

Slide 13 shows the more than 17 percent growth in our E&P production available for sale since the beginning of 2010, excluding Libya.

Increased volumes in the most recent two quarters were a result of improved reliability in our base business and new wells coming online in our growth assets, particularly in the Eagle Ford and Bakken.

Slide 14 shows our Oil Sands Mining segment decreased $22 million quarter over quarter. This was a result of lower price realizations and higher expenses due to unplanned maintenance, partially offset by changes in DD&A, Taxes and Other expenses. Net synthetic crude sales were flat quarter to quarter at 44,000 barrels per day.

To finish segment reporting, slide 15 shows that the Integrated Gas segment income decreased $16 million quarter over quarter, with this decrease primarily a result of lower Henry Hub based LNG sales prices and slightly lower LNG sales volumes due to the planned turnaround that began in late March.

Slide 16 provides an analysis of cash flows for the first quarter 2012. Operating cash flow, before changes in working capital, was $1 billion, while working capital changes from operations resulted in a $76 million use of cash. Cash capital expenditures for the quarter were $1 billion, proceeds from dispositions totaled $208 million and dividends paid totaled $120 million. During the first quarter of 2012 there was an approximate $150 million U.S. tax payment related to the inclusion of the downstream business in our 2011 tax return. The quarter end cash balance was approximately $500 million.

As shown on Slide 17, at the end of the first quarter 2012, our cash-adjusted debt-to-total capital ratio remained at 20 percent.

We will now open the call to questions and to accommodate all who want to ask questions we ask that you limit yourself to two questions. You may re-prompt for additional questions as time permits. For the benefit of all listeners we ask that you identify yourself and your affiliation.

Thank you.