Employee meetings were held on May 17, 2012 and May 21, 2012 to discuss employee questions relating to the Retirement Plan of Marathon Oil Company ("Retirement Plan") Funding Target Attainment Percentage (FTAP) notification that was sent in April 2012. Following is a list of summarized questions that were asked, either verbally or through advance email notice, as well as the answers that were provided.

The following questions were about a general understanding of FTAP and why it is important.

1. **Explanation of the required funding level set by Pension Protection Act of 2006 and what is the penalty for not reaching this required funding level?**
2. **Explain the recent changes, if any, in PBGC regulations related to funding level requirements.**
3. **Why is the 80% funding level important?**
4. **Provide clarification around statement of that "the lump sum option would not be eliminated completely" if FTAP below 80%.**
5. **Please explain the restrictions to be applied if FTAP drops below 60%.**

   In regard to the above five questions, as some background the Pension Benefit Guaranty Corporation (PBGC) was created in 1974 as a result of the Employee Retirement Income and Security Act (ERISA). The purpose of the PBGC is to insure pension benefits earned by employees in defined benefit plans, such as our Retirement Plan. As an employer that sponsors a defined benefit plan, Marathon Oil pays the PBGC premiums each year for this insurance.

   Plans that are underfunded pay higher premiums to the PBGC. The Pension Protection Act of 2006 (PPA) requires that requires plans that offer a lump sum as an optional form of benefit must restrict lump sums if the plan is funded at less than 80%. The restriction for plans funded between 60% and 80% is that no more than half of the benefit due to the employee may be paid as a lump sum. The PPA further restricts, that if a plan is funded at less than 60% there can be no further benefit accruals and the lump sum optional form of benefit payment is no longer available on any portion of the benefit.

6. **Will there be advance notice sent to participants when the funding level falls below the 80% threshold needed to avoid funding restrictions?**

   First, we have no intention of being funded below 80%. However in the unlikely event the Retirement Plan's funding ever dropped below 80% so that lump sums were restricted, Marathon Oil would be legally required to notify participants about benefit restrictions within 30 days after the effective date of the restrictions.

   We do not know whether advance notification of benefit restrictions would be permitted. The purpose of the restrictions on lump sum payments is to protect the funded status of the plan, and advance notice would encourage participants to take lump sums immediately, which could cause a decline in the funded status of the plan. IRS officials have expressed concern about plans becoming "defunded" in similar situations. While the most recent guidance from the IRS, which was issued in July 2012, does not explicitly prohibit advance notice, the legal requirements in this area continue to evolve.

   Before making a decision about providing advance notice, the plan's fiduciaries would have to review current legal requirements and consider their obligations to all plan participants carefully, which they will do if this issue ever becomes relevant.

7. **Has there been consideration towards providing FTAP notification twice a year?**

The current requirement is that we provide the FTAP notification to participants in April. Updating and communicating the calculation is a complex and expensive undertaking.

8. **Are funding levels evaluated separately amongst Legacy and Cash Balance Plan? Is the Lump Sum option for the Cash Balance Plan affected by the FTAP limitations?**

The Retirement Plan of Marathon Oil Company is a single benefit plan with two formulas, the Legacy Formula and the Cash Balance formula. Funding is determined at the Retirement Plan level as are the restrictions on lump sums.

The following questions address a general understanding of how the FTAP is calculated.

9. **How was the 81% FTAP determined and what assumptions are incorporated within this FTAP?**

The 81% FTAP is derived by dividing the plan's assets by the plan's liabilities as of January 1, 2011. For purposes of the FTAP, assets reflect a 2-year smoothing of investment gains/losses. Assets are reduced by any funding balances that might exist. Funding balances are amounts created when company contributions have exceeded the minimum required by law and the funding balances can be used to satisfy future contribution requirements. Liabilities are the present value of benefits that have been earned under the plan discounted to January 1, 2011 using interest rates required by the IRS for funding the plan (5.86% for 2011). There are many other actuarial assumptions used in the calculation of the liabilities and they are summarized in the IRS Form 5500 filing available at www.MRObenefits.com.

10. **Was there a change in investment performance/allocation or investment management that contributed to the year to year comparison decline in the FTAP?**

The FTAP notice communicated a decline from 100.76% in 2009 to 85.00% in 2010. This decline was primarily attributable to the government allowing for a different interest rate to value liabilities in 2009 as a result of the 2008 financial crisis. Using the different calculation methodology in 2009 was optional. One of the reasons Marathon Oil chose to use this relief in 2009 was because having an FTAP over 100% meant that Marathon Oil paid less to the PBGC in insurance premiums.

11. **When is the FTAP level established and by whom?**

The FTAP is calculated by the company's enrolled actuary who works at AonHewitt. It is established in April.

12. **Is the FTAP notification made after the March contribution?**

Yes. Contributions made in March are included in the calculation of the FTAP that is communicated in April.

13. **What is the effect in the event of a large number of retirements?**

A large number of retirements do not have a significant impact on the following year's funding requirements. Although there is a small loss experienced by the plan for each lump sum retirement benefit distributed when interest rates are below the averaged plan assumption, there is also a reduction in liabilities since that benefit is no longer due from the plan. Therefore, abnormal numbers of retirements do not have a significant impact on funding because both assets and liabilities are decreased.

14. **How do high bonus levels impact pension liabilities?**

Most bonuses (such as annual bonus plans) are included as pensionable earnings in the Retirement Plan. Pensionable earning are used in the Legacy formula to calculate Final Average Pay and in the Cash Balance formula to calculate annual pay credits. So, high bonuses would increase pension benefits. An increase in pension benefits would most likely result in increased liabilities, which result in increased contributions.

15. **Has there been age demographics applied against plan assets; percentage of plan liabilities?**

Yes, our actuaries do take age demographics into account when determining funding, which is determined by looking at assets and liabilities. The assumptions used are contained within the 5500 which can be found at www.MRObenefits.com.

The following questions are about Marathon Oil's Retirement Plan funding strategy.

16. **Is Management committed to funding at a level needed for maintaining Lump Sum option?**

Yes. While no one can predict with certainty what the future will hold, it is certainly the intent to maintain funding the Retirement Plan at a level of 80% or higher.

17. **What is meant when management says "intent is to keep at current funding levels"; Can management say "we will fund" at levels that will maintain Lump sum option?**

Management can predict the future no better than anyone else. Whereas it is the intent to fund at 80% or higher, a change in current law, national economic emergency, or significant tragic company event could require that the intent be revisited. It's no different than your intent to pay your mortgage.

18. **If the FTAP is 79.9%, could Marathon make additional contributions into the Plan to restore the full lump sum option?**

Marathon Oil does have the option throughout the year to make contributions to raise our funding level. In March of 2012, Marathon Oil made a large contribution to maintain an 81% funding level for the FTAP certification.

19. **At the time, were lump sums affected by Marathon's application of the 2009 financial relief calculation of FTAP?**

No, the calculation of the optional lump sum form of benefit is determined by formulas in the Retirement Plan. FTAP is not a component in the calculation of either the Legacy formula or the Cash Balance formula.

The following questions relate to contributions.

20. Please explain the timeline for when contributions are made; Quarterly and Bi-annually? What are these contributions used for?

If required, quarterly contributions are due in April, July, and October of the plan year as well as the January following the plan year. Quarterly contributions, when required, are primarily for growth in participant benefit accruals and a portion of the funding shortfall. In addition to quarterly contributions, Marathon Oil can also make voluntary contributions throughout the year. Most generally, if these are done they are done in March or September. The advantage to doing an additional contribution in March is primarily to increase the FTAP above 80% for the FTAP certification. This was done in March 2012 when Marathon Oil contributed $31 Million to the pension plan. The advantage of completing a September contribution is either to increase our funding level prior to the actuarial certification or to make a contribution that can be applied to the prior plan year. Sometimes, there are tax advantages to have a contribution count towards a prior plan year. This is being done in September of 2012 when Marathon Oil will fund $73 Million to the 2011 plan year.

21. How are assumptions applied to determination of the quarterly contributions? Please provide the assumptions used.

The rules for determining the quarterly minimum contribution are provided by the IRS and the assumptions used for calculating the contribution are summarized in the IRS Form 5500 filing available at www.MRObenefits.com.

22. Since management gets estimates in March and September, does it reduce quarterly contributions if FTAP is over the desired level?

The amount for the quarterly contributions is determined prior to the beginning of the year and does not change throughout the year.

23. How does a change in the discount rate change contribution limits?

A change in discount rate does not significantly impact contributions. However, a change in the plan's discount rate for the year could increase required contributions the following year if the plan's interest rate is below the assumption used. Likewise, a rise in interest rate that might prompt a large number of retirements does not significantly impact contributions either.

Other Retirement Plan questions asked in the meeting.

24. Who oversees investment allocations? What is the investment committee looking at (what assumptions) when evaluating investment allocation?

The Retirement Plan Trust is overseen by the Retirement Plan Investment Committee ("Committee"). The Committee has established a set of Investment Guidelines which the investment manager, Wellington Management Company LLP, is to adhere to in pursuit of the Retirement Plan's long-term goals. The long-term goals include managing the Retirement Plan's assets in accordance with the legal requirements of ERISA, and all other applicable laws, to produce investment results which meet or exceed established benchmarks, and to de-risk the Plan over time by adjusting the asset allocation to better match Retirement Plan liabilities.

Marathon Oil

25. **How do we (Marathon Oil) benchmark our Retirement Plan for competitiveness?**

Marathon Oil benchmarks the competitiveness of all of our compensation and benefits programs through surveys. We choose surveys that are reliable and well known in our industry and thus many of our competitors participate in these surveys as well.

26. **What is the rounding methodology applied to the average (April – September) PBGC discount rate used by the Plan?**

The interest rate used for each plan year is determined by taking the lesser of (1) the January rate of the plan year, or (2) the April through September average for the preceding year rounded to the nearest quarter of a percent. The April through September average rounded to the nearest quarter of a percent for 2012 is determined to be 1.25%. We will not know if the 2013 plan rate will be 1.25% until the January 2013 rate is released which should occur about December 15, 2012. We do know definitively, however, that the 2013 rate will not be higher than 1.25%.

27. **Is Marathon Oil Company able to change the methodology of how the lump sum discount rate is calculated?**

We currently have no plan to change the methodology of how the lump sum discount rate is calculated. In certain cases, legal restrictions could apply to these types of plan changes, including a change to the interest rate used to calculate the lump sum optional form of benefit. So, there might be some restrictions here that would be applicable if the decision was made to change the lump sum discount rate calculation.

28. **What effect would "change in control" have on availability of Lump Sum option as well as on requirement per Plan rules to become retirement eligible (age 50 and 10 years service)?**

Change in Control would have no effect on the availability of the lump sum optional form of benefit in the Retirement Plan. Change in Control provisions could help some participants that are currently not retirement eligible become retirement eligible. However, in no circumstances could change in control provisions make someone who is currently retirement eligible become not retirement eligible.

29. **In the wake of the recently announced Retirement Plan changes made by Marathon Petroleum Company, is Marathon Oil Company considering any changes to our Retirement Plan?**

Marathon Oil continually evaluates the Retirement Plan's competitiveness within its peer group. Marathon Petroleum is not in that group.