

Buy/Sell Rating: 1 - Strong Buy

USX - Marathon Group Oil Supports Steel in First Quarter 2001

Symbol	20-Apr 2001	Price (\$/sh) Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/sh)	Debt/ Present Value	McDep Ratio	EV/ Sales 2001E	EV/ Ebitda NTM	P/E NTM	Div'd NTM (%)	PV/ Ebitda NTM	
USX-Marathon Group	MRO	29.70	310	9,200	47.40	0.30	0.74	0.4	4.4	5.9	3.1	6.0
USX-U.S.Steel Group	X	15.80	89	1,400								

McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses
 EV = Enterprise Value = Market Cap and Debt (MRO + X): \$mm 17,800
 Ebitda = Earnings before interest, tax, depreciation and amortization (MRO + X): \$mm 4,012
 NTM = Next Twelve Months Ended March 31, 2002; P/E = Stock Price to Earnings (MRO)
 PV = Present Value of oil and gas and other businesses (MRO + X): \$mm 24,100

Summary and Recommendation

Our positive position on Marathon remains intact after seeing financial results for the quarter just ended. We believe that energy is an attractive investment, that Mid Cap energy is more attractive than Mega Cap energy and that MRO has extra appreciation potential in anticipation of a more complete separation of oil from steel (see Stock Idea, USX - Marathon Group, April 16, 2001). Oil performed well in the first quarter of 2001, while steel suffered further (see table on next page).

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Stock Idea

April 23, 2001

USX Corporation Quarterly Results

	<i>Q4</i>	<i>Year</i>	<i>Q1</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Q4E</i>	<i>Year</i>	<i>Q1E</i>	<i>Next</i>
	<i>12/31/00</i>	<i>2000</i>	<i>3/31/01</i>	<i>6/30/01</i>	<i>9/30/01</i>	<i>12/31/01</i>	<i>2001E</i>	<i>3/31/02</i>	<i>Twelve</i>
									<i>Months</i>
									<i>3/31/02</i>
Volume									
Natural Gas (mmcf)									
U.S.	744	731	789	780	780	780	782	780	780
International	525	510	510	510	474	525	505	525	508
Total	1,269	1,241	1,299	1,290	1,254	1,305	1,287	1,305	1,296
Oil (mbd)									
Total gas & oil (mbd)	421	414	439	425	424	438	431	438	432
Price									
Natural gas (\$/mcf)									
Henry Hub (\$/mmbtu)	6.52	4.31	6.31	5.17	5.29	5.47	5.56	5.47	5.35
U.S.	4.44	3.30	5.50	4.17	4.29	4.47	4.61	4.47	4.35
International	3.58	2.76	3.83	3.67	3.79	3.97	3.82	3.97	3.85
Total	4.08	3.08	4.84	3.97	4.10	4.27	4.30	4.27	4.15
Oil (\$/bbl)									
WTI Cushing	32.00	30.31	28.81	27.44	27.84	27.22	27.83	26.37	27.22
Worldwide	25.76	25.64	23.91	22.44	22.84	22.22	22.86	21.37	22.21
Total gas & oil (\$/mcf)	4.19	3.68	4.41	3.86	3.95	3.98	4.05	3.91	3.93
Revenue (\$mm)									
Natural Gas									
U.S.	304	883	391	296	308	321	1,315	321	1,245
International	173	515	176	170	165	192	703	192	719
Total	477	1,398	566	466	473	512	2,018	512	1,964
Oil	496	1,943	480	429	452	450	1,810	433	1,763
Refining/Marketing	7,087	30,518	7,700	7,700	7,700	7,700	30,800	7,700	30,800
Steel	1,391	6,055	2,180	2,180	2,180	2,180	8,720	2,180	8,720
Total	9,450	39,914	10,926	10,775	10,805	10,842	43,348	10,825	43,247
Cash Operating Cost	8,569	36,047	9,795	9,766	9,776	9,792	39,130	9,748	39,083
Administrative Cost	38	161	40	38	38	38	154	38	152
Ebitda (\$mm)									
Exploration and Production	645	2,344	902	591	611	635	2,738	661	2,498
Refining/Marketing	258	1,073	234	280	280	277	1,071	277	1,114
Steel	(60)	289	(45)	100	100	100	255	100	400
Total	843	3,706	1,091	971	991	1,012	4,064	1,039	4,012
Administrative Cost	(38)	(161)	(40)	(38)	(38)	(38)	(154)	(38)	(152)
Non-Cash Operating Cost									
Deprec., Deplet., & Amort.	307	1,256	449	307	307	307	1,370	307	1,228
Exploration	96	238	23	96	96	96	311	96	384
Operating Income									
Exploration and Production	405	1,535	600	351	371	395	1,716	421	1,538
Refining/Marketing	193	813	169	215	215	212	811	212	854
Steel	(120)	25	(110)	40	40	40	10	40	160
Total	478	2,373	659	606	626	647	2,537	674	2,552
Non-Operating Items	(141)	(787)	6	38	38	38	120	38	152
Ebit									
Interest	619	3,160	653	568	588	609	2,417	636	2,400
Income Tax	74	341	23	74	74	74	245	74	296
Ebt									
Income Tax	545	2,819	630	494	514	535	2,172	562	2,104
Net Income (\$mm)	218	1,442	252	198	205	214	869	225	842
Net Income (\$mm)									
Per share - MRO (\$)	327	1,377	378	296	308	321	1,303	337	1,262
Per share - X (\$)	1.25	4.20	1.55	1.18	1.22	1.27	5.23	1.32	5.00
	(0.67)	0.78	(1.12)	(0.78)	(0.79)	(0.80)	(3.49)	(0.82)	(3.19)

Analyses are prepared from original sources and data believed to be reliable, but no representation is made as to their accuracy or completeness. Oil and gas investment research by Kurt Wulff is accessible at <http://www.mcdep.com>. Owning shares in MRO, Mr. Wulff does not act contrary to a buy or sell rating. USX - Marathon Group does not pay Mr. Wulff, or his company, McDep Associates.