

SAGE:

Sustainability Achieved Through Greater Engagement

Calvert SAGE Strategies:

emphasize strategic engagement to advance environmental, social, and governance (ESG) performance on the part of companies that may not meet all of Calvert's Signature* ESG criteria today but have the potential to improve.

Marathon Oil Corporation

This company is a Calvert SAGE™ Strategy holding in the Calvert Large Cap Value Fund and is not eligible for investment in the Calvert Signature™ Funds.

Marathon has a strong demonstrated commitment to employee health and safety reflected in its performance relative to its peers. Marathon's goal to reduce the company's greenhouse gas (GHG) emission intensity by 4% by 2013 helps differentiate it among its peers as company that takes limiting its investors' exposure to carbon regulation risk seriously. The company is also engaged with two of the most important industry-wide initiatives, the Voluntary Principles on Security and Human Rights (VPs)** and the Extractive Industries Transparency Initiative (EITI).*** However, Marathon's operations in high-risk countries such as Angola, Equatorial Guinea, Libya, and Russia compel increasing leadership on human rights and transparency. To the extent possible, the company should report on its very admirable implementation of human rights impact assessments and VPs training for management and security staff at these operations, while supporting the strengthening of the VPs global plenary process. Marathon can also reinforce stability in its international operations and diminish investors' political risk by encouraging the timely implementation of the new U.S. extractive industries revenue transparency regulations publicly and through the SEC rule-making process and by supporting efforts to mandate similar disclosures through other market regulators around the world.

MARATHON OIL ADVOCACY OBJECTIVES

- Establish commitments and report on GHG emissions reductions that take into account the need for global emissions reductions of 80% by 2050 as recommended by the Intergovernmental Panel on Climate Change (IPCC).
- Support climate change public policy initiatives that set strong and clear reduction requirements in GHG emissions.
- Conduct urgent reviews of safety procedures and spill contingency plans with the appropriate regulatory agencies at the company's deepwater exploration and production operations. Also verify or establish legally-binding environment, health, and safety (EHS) standards for all entities involved in their deepwater exploration and production joint operating agreements.
- Commit to clear standards for reducing GHG emissions and improving energy efficiency, water use, and land reclamation in the company's oil sands development in Alberta, Canada. Assess oil sands investments in the context of the company's long-term business strategy, the carbon intensity of its reserves, and potential environmental liabilities.
- Implement, monitor, and evaluate progress of VPs training at high-risk projects and make the findings public. Also, support strengthening the global VPs' plenary process through more accountable leadership, greater resources, and more transparent public reporting to complement the company's own significant implementation efforts.
- Conduct and report on human rights impact assessments and training for management and security staff at high-risk operations.

*Calvert's Signature ESG criteria examine corporate performance across seven broad areas of concern: governance and ethics, environment, workplace, product safety and impact, human rights, Indigenous Peoples' rights, and community relations. For more information, please visit <http://www.calvert.com/sri-signature-criteria.html>.

**The Voluntary Principles are global human rights standards for the oil, gas, and mining sectors and the first operational standards for any sector addressing corporate responsibility in zones of conflict.

***The EITI is a global framework for promoting oil, gas, and mining revenue transparency for governments and companies.

- Strengthen the quality and reach of stakeholder engagement in the communities neighboring high-risk projects.
- Encourage the timely implementation of the new U.S. extractive industries revenue transparency regulations publicly and through the SEC rule-making process.

ENGAGEMENT TOOLS APPLIED

- Direct dialogue with Marathon Oil executive management
- Possible shareholder resolutions
- Sign-on letters on specific objectives

RECENT ENGAGEMENT

- On October 15, 2009, Calvert visited the Marathon offices in Houston and met with the Vice President of Investor Relations; Vice President of EHS; Director of Corporate Sustainability Research; Manager of Investor Relations; and Counsel. The discussion covered Marathon's commitment to disclose GHG emissions reduction targets in 2010, the company's positioning regarding the current climate change U.S. legislative proposals, and efforts to limit the environmental impact of the company's oil sands operations. The group also discussed the company's position regarding the Energy Security Through Transparency Act, its implementation of the VPs and human rights impact assessments.

As of 7/31/2010, securities of Marathon Oil represented 2.36% of the Calvert Large Cap Value Fund.

Investment in mutual funds involves risk, including possible loss of principal invested. You could lose money on your investment in the Fund, or the Fund could underperform, because of the following risks: a) the stock market may decline in value, b) the individual stocks in the Fund may not perform as well as expected, and/or c) the Fund's portfolio management practices may not work to achieve their desired result.

The market may not recognize a security's intrinsic value for a long time, and a stock judged to be undervalued by the Fund's Advisor may actually be appropriately priced.

Large cap companies may be unable to respond quickly to new competitive challenges such as changes in technology, and also may not be able to attain the high growth rate of successful smaller companies, especially during extended periods of economic expansion.

*For more information on any Calvert fund, please contact your financial advisor, call Calvert at **800.368.2748** or visit www.calvert.com for a free summary prospectus and/or prospectus. An institutional investor should call Calvert at **800.327.2109**. An investor should consider the investment objectives, risks, charges, and expenses of an investment carefully before investing. The summary prospectus and prospectus contain this and other information. Read them carefully before you invest or send money.*

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