



Non-GAAP Financial Measures

Reconciliation of Cash (Used in) Provided by Operating Activities to Adjusted Operating Cash Flow

	Combined Year Ended December 31, 2016	Successor	Predecessor	Predecessor	
		Period from October 2, 2016 through December 31, 2016	Period from January 1, 2016 through October 1, 2016	Three Months Ended December 31, 2015	Year Ended
			(in thousands)		
Net cash (used in) provided by operating activities	\$ (46,482)	\$ 65,595	\$ (112,077)	\$ 12,651	\$ 373,537
Changes in operating assets and liabilities	37,759	(13,437)	51,196	(68,466)	(127,550)
Adjusted operating cash flow	\$ (8,723)	\$ 52,158	\$ (60,881)	\$ (55,815)	\$ 245,987

Reconciliation of Net Income (Loss) to EBITDA and Adjusted EBITDA

	Combined Year Ended December 31, 2016	Successor	Predecessor	Predecessor	
		Period from October 2, 2016 through December 31, 2016	Period from January 1, 2016 through October 1, 2016	Three Months Ended December 31, 2015	Year Ended
			(in thousands)		
Net income (loss)	\$ 1,106,815	\$ (333,982)	\$ 1,440,797	\$ (653,698)	\$ (3,697,545)
Adjusted for					
Income tax expense	20	9	11	33	123
Interest expense	129,107	1,590	127,517	108,303	322,502
Depreciation and amortization - other	25,245	3,922	21,323	10,148	47,382
Depreciation and depletion - oil and natural gas	120,584	33,971	86,613	53,007	319,913
Accretion of asset retirement obligations	6,455	2,090	4,365	1,154	4,477
EBITDA	1,388,226	(292,400)	1,680,626	(481,053)	(3,003,148)
Asset impairment	1,037,281	319,087	718,194	886,844	4,534,689
Interest income	(2,636)	(1,218)	(1,418)	(451)	(1,081)
Stock-based compensation	6,257	1,966	4,291	2,171	11,465
Loss (gain) on derivative contracts	30,475	25,652	4,823	(14,027)	(73,061)
Cash received upon settlement of derivative contracts ⁽¹⁾	80,306	13,455	66,851	49,123	327,702
Loss on settlement of contract	90,184	-	90,184	50,976	50,976
(Gain) loss on sale of assets	(2,481)	313	(2,794)	(606)	1,491
Severance	29,875	12,334	17,541	(115)	11,704
Oil field services - exit costs	2,428	-	2,428	83	4,436
Gain on extinguishment of debt	(41,179)	-	(41,179)	(282,498)	(641,131)
Restructuring costs	23,669	4,804	18,865	-	-
Gain on reorganization items, net	(2,430,599)	-	(2,430,599)	-	-
Employee incentive and retention	22,984	2,843	20,141	-	-
Other	3,277	(15,755)	19,032	3,062	11,732
Non-cash portion of noncontrolling interest ⁽²⁾	-	-	-	(146,268)	(708,238)
Adjusted EBITDA	\$ 238,067	\$ 71,081	\$ 166,986	\$ 67,241	\$ 527,536
Less: EBITDA attributable to WTO properties (2016)	1,990	-	1,990	11,932	61,434
Pro forma adjusted EBITDA	\$ 240,057	\$ 71,081	\$ 168,976	\$ 79,173	\$ 588,970

⁽¹⁾ Excludes amounts received upon early settlement of contracts for 2016 period.

⁽²⁾ Represents depreciation and depletion, impairment, gain on commodity derivative contracts net of cash received on settlement and income tax expense attributable to noncontrolling interests in the 2015 period.

Reconciliation of Cash (Used in) Provided by Operating Activities to Adjusted EBITDA

	Combined Year Ended December 31, 2016	Successor	Predecessor	Predecessor	
		Period from October 2, 2016 through December 31, 2016	Period from January 1, 2016 through October 1, 2016	Three Months Ended December 31, 2015	Year Ended December 31, 2015
			(in thousands)		
Net cash (used in) provided by operating activities	\$ (46,482)	\$ 65,595	\$ (112,077)	\$ 12,651	\$ 373,537
Changes in operating assets and liabilities	37,759	(13,437)	51,196	(68,466)	(127,550)
Interest expense	129,107	1,590	127,517	108,303	322,502
Cash received on early settlement of derivative contracts	(17,894)	-	(17,894)	-	-
Contractual maturity reached on previous early settlements	17,893	5,756	12,137	-	-
Cash paid on early conversion of convertible notes	33,452	-	33,452	30,033	32,741
Cash paid on settlement of contract	11,000	-	11,000	24,889	24,889
Gain (loss) on convertible notes derivative liability	1,324	-	1,324	(20,523)	(10,377)
Severance ⁽¹⁾	20,511	8,048	12,463	(687)	6,317
Oil field services - exit costs ⁽¹⁾	2,386	-	2,386	63	4,338
Restructuring costs	23,669	4,804	18,865	-	-
Cash paid for reorganization items	12,483	-	12,483	-	-
Employee incentive and retention	22,984	2,843	20,141	-	-
Noncontrolling interest - SDT ⁽²⁾	-	-	-	(6,760)	(25,997)
Noncontrolling interest - SDR ⁽²⁾	-	-	-	(4,216)	(20,493)
Noncontrolling interest - PER ⁽²⁾	-	-	-	(5,028)	(38,240)
Other	(10,125)	(4,118)	(6,007)	(3,018)	(14,131)
Adjusted EBITDA	<u>\$ 238,067</u>	<u>\$ 71,081</u>	<u>\$ 166,986</u>	<u>\$ 67,241</u>	<u>\$ 527,536</u>

⁽¹⁾ Excludes associated stock-based compensation.

⁽²⁾ Excludes depreciation and depletion, impairment, gain on commodity derivative contracts net of cash received on settlement and income tax expense attributable to noncontrolling interests for 2015 period.

Reconciliation of Net Income Available (Loss Applicable) to Common Stockholders to Adjusted Net Income Available (Loss Applicable) to Common Stockholders

	Combined Year Ended December 31, 2016	Successor	Predecessor	Predecessor	
		Period from October 2, 2016 through December 31, 2016	Period from January 1, 2016 through October 1, 2016	Three Months Ended December 31, 2015	Year Ended December 31, 2015
			(in thousands)		
Income available (loss applicable) to common stockholders	\$ 1,090,494	\$ (333,982)	\$ 1,424,476	\$ (664,579)	\$ (3,735,495)
Asset impairment ⁽¹⁾	1,037,281	319,087	718,194	751,120	3,878,804
Loss (gain) on derivative contracts ⁽¹⁾	30,475	25,652	4,823	(13,485)	(67,411)
Cash received upon settlement of derivative contracts ⁽¹⁾⁽²⁾	80,306	13,455	66,851	41,540	291,203
(Gain) loss on convertible notes derivative liability	(1,324)	-	(1,324)	20,523	10,377
Loss on settlement of contract	90,184	-	90,184	50,976	50,976
(Gain) loss on sale of assets	(2,481)	313	(2,794)	(606)	1,491
Severance	29,875	12,334	17,541	(115)	11,704
Oil field services - exit costs	2,428	-	2,428	83	4,436
Gain on extinguishment of debt	(41,179)	-	(41,179)	(282,498)	(641,131)
Restructuring costs	23,669	4,804	18,865	-	-
Gain on reorganization items, net	(2,430,599)	-	(2,430,599)	-	-
Employee incentive and retention	22,984	2,843	20,141	-	-
Other	4,024	(15,494)	19,518	3,484	10,381
Effect of income taxes	22	10	12	24	101
Adjusted net (loss) income applicable to common stockholders	(63,841)	29,022	(92,863)	(93,533)	(184,564)
Preferred stock dividends ⁽³⁾	-	-	-	10,881	37,950
Effect of convertible debt, net of income taxes ⁽³⁾	-	-	-	9,151	11,707
Total adjusted net (loss) income	<u>\$ (63,841)</u>	<u>\$ 29,022</u>	<u>\$ (92,863)</u>	<u>\$ (73,501)</u>	<u>\$ (134,907)</u>
Weighted average number of common shares outstanding					
Basic		18,967	708,928	586,801	521,936
Diluted		33,573	708,928	805,368	641,608
Total adjusted net income (loss)					
Per share - basic		<u>\$ 1.53</u>	<u>\$ (0.13)</u>	<u>\$ (0.16)</u>	<u>\$ (0.35)</u>
Per share - diluted		<u>\$ 0.86</u>	<u>\$ (0.13)</u>	<u>\$ (0.09)</u>	<u>\$ (0.21)</u>

⁽¹⁾ Excludes amounts attributable to noncontrolling interests for 2015 period.

⁽²⁾ Excludes amounts received for early settlement of contracts for 2016 period.

⁽³⁾ Not considered dilutive securities in 2016 periods.

Reconciliation of Standardized Measure of Discounted Net Cash Flows to PV-10

	Successor	Predecessor
	December 31,	December 31,
	2016	2015
	(in millions)	
Standardized measure of discounted net cash flows ⁽¹⁾	\$ 438	\$ 1,314
Present value of future net income tax expense discounted at 10%	-	\$ 1
PV-10 ⁽²⁾	\$ 438	\$ 1,315
Effects of calculating reserves and pricing using strip pricing	\$ 508	
PV-10 of strip-based proved reserves	\$ 946	

(1) Includes approximately \$225 million attributable to SandRidge noncontrolling interests at December 31, 2015.

(2) Includes approximately \$226 million attributable to SandRidge noncontrolling interests at December 31, 2015.