



Non-GAAP Financial Measures

Adjusted Cash General and Administrative Expense per Unit

SandRidge defines adjusted cash general and administrative expense, as presented below, as general and administrative expense less stock compensation and costs related to the Company's restructuring, including severance and employee incentive and retention. The Company believes that deducting these costs from general and administrative expense provides a more accurate measure of the Company's cash general and administrative expense absent a restructuring transaction.

	Combined Year Ended December 31, 2016	Successor Period from October 2, 2016 through December 31, 2016 (in thousands)	Predecessor Period from January 1, 2016 through October 1, 2016	Year Ended December 31, 2015
Total general and administrative expense (GAAP)	\$ 156,618	\$ 22,171	\$ 134,447	\$ 150,166
Less:				
Employee incentive and retention	(22,984)	(2,843)	(20,141)	-
Employee termination benefits	(29,875)	(12,334)	(17,541)	(11,704)
Stock compensation	(6,257)	(1,966)	(4,291)	(11,465)
Restructuring costs	(23,669)	(4,804)	(18,865)	-
Other	(5,159)	13,166	(18,325)	(12,957)
Adjusted cash general and administrative expense (non-GAAP)	<u>\$ 68,674</u>	<u>\$ 13,390</u>	<u>\$ 55,284</u>	<u>\$ 114,040</u>
<i>Production</i>	19,369	4,342	15,027	29,995
<i>General and administrative expense (GAAP) per unit</i>	\$ 8.09	\$ 5.11	\$ 8.95	\$ 5.01
<i>Adjusted cash general and administrative expense per unit (non-GAAP)</i>	\$ 3.55	\$ 3.08	\$ 3.68	\$ 3.80

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

	December 31, 2016 (in millions)
Standardized measure of discounted net cash flows	\$ 438
Present value of future net income tax expense discounted at 10%	-
PV-10	<u>\$ 438</u>
Effects of calculating reserves and pricing using strip pricing	<u>508</u>
PV-10 of strip-based proved reserves	<u>\$ 946</u>



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

	Combined Year Ended December 31, 2016	Successor Period from October 2, 2016 through December 31, 2016 (in thousands)	Predecessor Period from January 1, 2016 through October 1, 2016
Net income (loss)	\$ 1,106,815	\$ (333,982)	\$ 1,440,797
Adjusted for			
Income tax expense	20	9	11
Interest expense	129,107	1,590	127,517
Depreciation and amortization - other	25,245	3,922	21,323
Depreciation and depletion - oil and natural gas	120,584	33,971	86,613
Accretion of asset retirement obligations	6,455	2,090	4,365
EBITDA	1,388,226	(292,400)	1,680,626
Asset impairment	1,037,281	319,087	718,194
Interest income	(2,636)	(1,218)	(1,418)
Stock-based compensation	6,257	1,966	4,291
Loss on derivative contracts	30,475	25,652	4,823
Cash received upon settlement of derivative contracts ⁽¹⁾	80,306	13,455	66,851
Loss on settlement of contract	90,184	-	90,184
(Gain) loss on sale of assets	(2,481)	313	(2,794)
Severance	29,875	12,334	17,541
Oil field services - exit costs	2,428	-	2,428
Gain on extinguishment of debt	(41,179)	-	(41,179)
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
Adjusted EBITDA	\$ 238,067	\$ 71,081	\$ 166,986

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