

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See attached

Multiple horizontal lines for providing details for question 17.

18 Can any resulting loss be recognized? ▶ See attached

Multiple horizontal lines for providing details for question 18.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See attached

Multiple horizontal lines for providing details for question 19.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ *Lisa E Klein* Date ▶ 11/18/14

Print your name ▶ Lisa E. Klein Title ▶ Vice President - Financial Reporting

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶	Firm's EIN ▶		Phone no.	
Firm's address ▶				

SandRidge Energy, Inc.

EIN: 20-8084793

Attachment to Form 8937, Report of Organizational Action Affecting Basis of Securities

Description	CUSIP #	Ticker Symbol
SandRidge Common Equity	80007P869	SD

Form 8937, Part II, Line 14

On October 4, 2016 (the "**Effective Date**") SandRidge Energy, Inc. (the "**Company**" or "**SandRidge**") completed a financial restructuring under Chapter 11 of the US Bankruptcy Code (the "**Reorganization**"). As part of the Reorganization, \$1,328,000,000 of the Company's Second Lien Notes ("**Second Lien Notes**") and \$2,349,039,495 of the Company's Senior Unsecured Notes ("**Senior Unsecured Notes**") were exchanged for multiple forms of consideration including newly issued common stock ("**New Common Stock**"), mandatorily convertible debt, cash, and warrants. Holders of Second Lien Notes received mandatorily convertible notes with a face amount of \$281,780,873 that are required to be converted to New Common Shares upon the occurrence of certain conditions. ("**Convertible Notes**"). Holders of Senior Unsecured Notes (the "**Senior Unsecured Noteholders**") received \$33,874,116 in cash, with certain other holders of Senior Unsecured Notes also receiving warrants to purchase New Common Stock ("**Warrants**"). The existing common equity interests ("**Existing Common Stock**") were cancelled as part of the Reorganization.

Form 8937, Part II, Line 15

On the Effective Date, the Company issued (1) 72.3% of New Common Stock to certain creditors of the Company holding Second Lien Notes, (2) Convertible Notes to certain creditors of the Company holding Second Lien Notes, (3) 27.7% of New Common Stock to holders of Senior Unsecured Notes, (4) \$33,874,116 in cash to holders of Senior Unsecured Notes, and (5) Warrants to purchase New Common Stock to certain holders of Senior Unsecured Notes, in each case in accordance with the Chapter 11 Plan of Reorganization (the "**Plan**"). In particular, on the Effective Date the Company issued the following:

- 18,932,139 shares of New Common Stock, par value \$.01 per share.
- Convertible Notes which are mandatorily converted into 15,021,291 shares of Common Stock on or before October 4, 2020, principal amount of \$281,780,873
- \$33,874,116 in cash
- 4,533,051 Warrants to purchase common stock at \$41.34 strike price, expiring on October 4, 2022 ("**New A Warrants**")
- 1,908,652 Warrants to purchase common stock at \$42.03 strike price, expiring on October 4, 2022 ("**New B Warrants**")

1. Exchange of \$1,328,000,000 of the Second Lien Notes for New Common Stock and Convertible Notes:

- a. The Company is taking the position that the exchange of New Common Stock and Convertible Notes for the Second Lien Notes will qualify as a reorganization under Section 368(a)(1)(E) of the Internal Revenue Code. If such is the case, the recipient Second Lien Noteholders should take an aggregate tax basis in the New Common Stock and Convertible Notes equal to such recipient's tax basis in the Second Lien Notes immediately prior to the Reorganization.
- b. The Company does not have information with respect to any Second Lien Noteholders' tax basis or holding period in the Second Lien Notes.
- c. The Company is taking the position that the Second Lien Notes and Convertible Notes qualify as securities for US federal income tax purposes.

2. Exchange of \$2,349,039,495 of Senior Unsecured Notes for New Common Stock, \$33,874,116 in cash, and Warrants:

- a. The Company is taking the position that receipt of cash is properly treated as a partial repayment of the Senior Unsecured Notes. However, the Company is taking the position that the Exchange of New Common Stock and Warrants for the Senior Unsecured Notes qualifies as a reorganization under Section 368(a)(1)(E) of the Internal Revenue Code. With respect to such exchange of Senior Unsecured Notes for New Common Stock and Warrants, the recipient Senior Unsecured Noteholder should take an aggregate tax basis in the New Common Stock and Warrants equal to such recipient's tax basis (reduced by the cash received) in the Second Lien Notes immediately prior to the Reorganization, allocated based on the fair market value of each. Pursuant to Treas. Reg. §1.354-1(e), the Warrants would be treated as debt securities having a \$0 principal amount. Senior Unsecured Noteholders should discuss reasonable warrant valuation methods with their financial advisors.
- b. Certain Senior Unsecured Noteholders may elect to receive cash and Warrants instead of New Common Stock. If such is the case, the Warrants would be viewed as a partial repayment of the Senior Unsecured Notes to the extent of the fair market value of the Warrants. Accordingly, Senior Unsecured Noteholders should discuss reasonable warrant valuation methods with their financial advisors. As of the Effective Date, it is anticipated that the Warrants will be transferrable, but it is unknown at the Effective Date whether the Warrants will be listed on a trading market.
- c. The Company does not have information with respect to any Senior Unsecured Noteholders' tax basis or holding period in the Senior Unsecured Notes, respectively.
- d. As referenced above, the Company is taking the position that the Senior Unsecured Notes qualify as securities for US federal income tax purposes.

Summary of property exchanged in the Reorganization and the respective exchange ratios

Issuer	Security Description	CUSIP	Rate of New Common Stock per \$1,000 Principal Amount	Rate of new A Warrants per \$1,000 of Principal Amount	Rate of new B Warrants per \$1,000 of Principal Amount	Rate of Convertible Notes per \$1,000 of Principal Amount
SandRidge Energy Inc.	8.75% Senior Secured Notes due 2020	80007PAU3	9.58	N/A	N/A	12.04
SandRidge Energy, Inc.	Senior Unsecured Notes	80007PAX7 80007PAW9 80007PAL3 80007PAN9 80007PAQ2 80007PAS8	2.23	1.93	.81	N/A

Form 8937, Part II, Line 16

3. Exchange of \$1,328,000,000 of the Second Lien Notes for New Common Stock and Convertible Notes:

- a. Assuming the Reorganization qualifies as a recapitalization under section 368(a)(1)(E) of the Internal Revenue Code, New Common Shares and Convertible Notes received in exchange for the Second Lien Notes will have a tax basis equal the holder's tax basis of the Second Lien Notes prior to the Reorganization.
- b. For Second Lien Noteholders receiving New Common Stock and Convertible Notes, such holders will need to compute the fair market value of the New Common Stock and Convertible Notes. Such Second Lien Noteholders will then allocate tax basis according to the percentage of value attributed to the New Common Stock and the percentage of value attributed to the Convertible Notes.
- c. Second Lien Noteholders who received Convertible Notes should discuss reasonable valuation methods with their financial advisors.
- d. As of the Effective Date, it is anticipated that the Convertible Notes will be transferrable, but it is unknown at the Effective Date whether the Convertible Notes will be listed on a trading market.

4. Exchange of \$2,349,039,495 of Senior Unsecured Notes for New Common Stock, \$33,874,116 in cash and Warrants:

- a. Assuming the Reorganization qualifies as a recapitalization under section 368(a)(1)(E) of the Internal Revenue Code, New Common Shares received in exchange for the Senior Unsecured Notes will equal the holder's tax basis in the Senior Unsecured Notes prior to the Reorganization reduced by the cash received.
- b. With respect to an exchange of Senior Unsecured Notes for New Common Stock and Warrants, the recipient Senior Unsecured Noteholder should take an aggregate tax basis in the New Common Stock and Warrants equal to such recipient's tax basis (reduced by the cash received) in the Second Lien Notes immediately prior to the Reorganization, allocated

based on the fair market value of each. Pursuant to Treas. Reg. §1.354-1(e), the Warrants would be treated as debt securities having a \$0 principal amount. Senior Unsecured Noteholders should discuss reasonable warrant valuation methods with their financial advisors.

- c. Senior Unsecured Noteholders participating in the Warrant Exchange will receive tax basis in the Warrants at their cost, which equals the fair market value of the Warrants at the Effective Date.
- d. New Common Stock was trading at an average price of \$20.09 per share on the Effective Date of October 4, 2016

Form 8937, Part II, Line 17

5. Exchange of \$1,328,000,000 of the Second Lien Notes for New Common Stock and Convertible Notes:

- a. Section 301, Section 354(a), Section 358, Section 368(a)(1)(E), Section 1012, Section 7701.

6. Exchange of \$2,349,039,495 of Senior Unsecured Notes for New Common Stock, \$33,874,116 in cash and Warrants:

- b. Section 301, Section 354(a), Section 356(a), Section 358, Section 368(a)(1)(E), Section 1001, Section 1012, Section 7701.

Form 8937, Part II, Line 18

7. Exchange of \$1,328,000,000 of the Second Lien Notes for New Common Stock and Convertible Notes:

- a. No loss can be recognized for US federal income tax purposes with regard to the exchange of the Second Lien Notes for shares of New Common Stock and Convertible Notes, assuming the Reorganization qualifies as a tax-free reorganization under Section 368(a)(1)(E) of the Internal Revenue Code.

8. Exchange of \$2,349,039,495 of Senior Unsecured Notes for New Common Stock, \$33,874,116 in cash and Warrants:

- a. No loss can be recognized for US federal income tax purposes with regard to the exchange of the Senior Unsecured Notes for shares of New Common Stock alone or with Warrants, assuming the Reorganization qualifies as a tax-free reorganization under Section 368(a)(1)(E) of the Internal Revenue Code.
- b. Senior Unsecured Noteholders participating in the Warrant Exchange, i.e., receiving solely Warrants or Warrants and cash, may recognize gain or loss for US federal income tax purposes.

Form 8937, Part II, Line 19

The transaction occurred on October 4, 2016. The Company cannot offer tax advice. Creditors and shareholders should consult their tax advisor regarding the application of the Internal Revenue Code to a particular circumstance. The reportable tax year is 2016 with respect to calendar year taxpayers.