



SANDRIDGE ENERGY, INC.
Non-GAAP Financial Measures
Q3 2008 (period ending September 30, 2008)

The tables below reconcile the most directly comparable GAAP financial measures to operating cash flow, EBITDA, adjusted EBITDA, and adjusted net income available (loss applicable) to common stockholders.

Reconciliation of Net Cash Provided by Operating Activities to Operating Cash Flow

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	(in thousands)		(in thousands)	
Net cash provided by operating activities	\$ 237,534	\$ 58,712	\$ 534,368	\$ 239,556
Add (deduct):				
Change in operating assets and liabilities	(100,348)	14,614	(108,735)	(53,133)
Operating cash flow	<u>\$ 137,186</u>	<u>\$ 73,326</u>	<u>\$ 425,633</u>	<u>\$ 186,423</u>

Reconciliation of Net Income to EBITDA and Adjusted EBITDA

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	(in thousands)		(in thousands)	
Net income ⁽¹⁾	\$ 230,346	\$ 20,920	\$ 153,378	\$ 35,991
Adjusted for:				
Income tax expense	130,693	11,920	89,308	21,002
Interest expense ⁽²⁾	38,326	28,522	96,170	88,630
Depreciation, depletion and amortization - other	17,597	14,282	51,342	36,545
Depreciation, depletion and amortization - natural gas and crude oil	71,964	45,177	209,296	115,876
EBITDA	<u>488,926</u>	<u>120,821</u>	<u>599,494</u>	<u>298,044</u>
Provision for doubtful accounts	1,623	-	1,623	-
Income from equity investments	60	(1,235)	(1,355)	(3,399)
Minority interest	2	164	853	321
Interest income	(923)	(544)	(3,068)	(3,671)
Stock-based compensation	7,023	2,704	14,283	4,962
Unrealized gains on derivative contracts	(317,092)	(19,279)	(81,603)	(36,052)
Adjusted EBITDA	<u>\$ 179,619</u>	<u>\$ 102,631</u>	<u>\$ 530,227</u>	<u>\$ 260,205</u>

⁽¹⁾ Includes gain on sale of assets

⁽²⁾ Excludes unrealized loss (gain) of \$2.7 million and (\$7.7) million on interest rate swap for the three and nine month periods ended September 30, 2008, respectively.

Reconciliation of Net Cash Provided by Operating Activities to Adjusted EBITDA

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	(in thousands)		(in thousands)	
Net cash provided by operating activities	\$ 237,534	\$ 58,712	\$ 534,368	\$ 239,556
Changes in operating assets and liabilities	(100,348)	14,614	(108,735)	(53,133)
Interest expense ⁽¹⁾	38,326	28,522	96,170	88,630
Unrealized gains on derivative contracts	317,092	19,279	81,603	36,052
Gain on sale of assets	1,420	1,045	9,131	1,704
Other non-cash items	(314,405)	(19,541)	(82,310)	(52,604)
Adjusted EBITDA	<u>\$ 179,619</u>	<u>\$ 102,631</u>	<u>\$ 530,227</u>	<u>\$ 260,205</u>

⁽¹⁾ Excludes unrealized loss (gain) of \$2.7 million and (\$7.7) million on interest rate swap for the three and nine month periods ended September 30, 2008, respectively.

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

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	(in thousands)		(in thousands)	
Net income available (loss applicable) to common stockholders	\$ 230,346	\$ 11,607	\$ 137,146	\$ 5,418
Unrealized gains on derivative contracts	(317,092)	(19,278)	(81,603)	(36,052)
Effect of income taxes	114,785	6,997	30,030	13,285
Adjusted net income available (loss applicable) to common stockholders	<u>\$ 28,039</u>	<u>\$ (674)</u>	<u>\$ 85,573</u>	<u>\$ (17,349)</u>
Per share:				
Basic	<u>\$ 0.17</u>	<u>\$ (0.01)</u>	<u>\$ 0.56</u>	<u>\$ (0.17)</u>
Diluted	<u>\$ 0.17</u>	<u>\$ (0.01)</u>	<u>\$ 0.55</u>	<u>\$ (0.17)</u>