



SANDRIDGE ENERGY, INC.
Non-GAAP Financial Measures
Q42007 (period ending December 31, 2007)

The first table below reconciles operating cash flow with cash provided by (used in) operating activities from the company's financial information. The second table presents a reconciliation of net income (loss), the most directly comparable GAAP performance measure, to adjusted EBITDA for each of the periods presented. The third table reconciles cash provided by (used in) operating activities to adjusted EBITDA for the same periods. The fourth table reconciles income available (loss applicable) to common stockholders to adjusted net income available (loss applicable) to common stockholders.

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

	Three Months Ended December 31,		Years Ended December 31,	
	2007	2006	2007	2006
	(in thousands)		(in thousands)	
Net cash provided by (used in) operating activities	\$ 117,897	\$ (151)	\$ 357,453	\$ 67,349
Add (deduct):				
Change in operating assets and liabilities	(8,680)	17,771	(61,813)	15,909
Operating cash flow	<u>\$ 109,217</u>	<u>\$ 17,620</u>	<u>\$ 295,640</u>	<u>\$ 83,258</u>

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

	Three Months Ended December 31,		Years Ended December 31,	
	2007	2006	2007	2006
	(in thousands)		(in thousands)	
Net income (loss)	\$ 14,230	\$ (3,306)	\$ 50,221	\$ 15,621
Adjusted for:				
Income tax expense (benefit)	8,522	(695)	29,524	6,236
Interest expense	28,555	12,814	117,185	16,904
Depreciation, depletion and amortization - other	16,996	7,199	53,541	29,305
Depreciation, depletion and amortization - natural gas and crude oil	57,692	12,389	173,568	26,321
EBITDA	<u>125,995</u>	<u>28,401</u>	<u>424,039</u>	<u>94,387</u>
Income from equity investments	(973)	(927)	(4,372)	(967)
Minority interest	(597)	15	(276)	296
Interest income	(1,222)	(661)	(5,423)	(1,109)
Stock-based compensation	2,240	636	7,202	8,792
Unrealized (gains) losses on derivative contracts	9,814	3,885	(26,238)	1,878
Provision for doubtful accounts	-	70	-	2,528
Adjusted EBITDA	<u>\$ 135,257</u>	<u>\$ 31,419</u>	<u>\$ 394,932</u>	<u>\$ 105,805</u>

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

	Three Months Ended December 31,		Years Ended December 31,	
	2007	2006	2007	2006
	(in thousands)		(in thousands)	
Net cash provided by (used in) operating activities	\$ 117,897	\$ (151)	\$ 357,453	\$ 67,349
Changes in operating assets and liabilities	(8,680)	17,771	(61,813)	15,909
Interest expense	28,555	12,814	117,185	16,904
Unrealized gains (losses) on derivative contracts	(9,814)	(3,885)	26,238	(1,878)
Other non-cash items	7,299	4,870	(44,131)	7,521
Adjusted EBITDA	<u>\$ 135,257</u>	<u>\$ 31,419</u>	<u>\$ 394,932</u>	<u>\$ 105,805</u>

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

	<u>Three Months Ended December 31,</u>		<u>Years Ended December 31,</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	<u>(in thousands)</u>		<u>(in thousands)</u>	
Net income available (loss applicable) to common stockholders	\$ 4,916	\$ (7,273)	\$ 10,333	\$ 11,654
Unrealized (gains) losses on derivative contracts	9,814	3,885	(26,238)	1,878
Effect of income taxes	<u>(3,676)</u>	<u>(675)</u>	<u>9,714</u>	<u>(536)</u>
Adjusted net income available (loss applicable) to common stockholders	<u>\$ 11,054</u>	<u>\$ (4,063)</u>	<u>\$ (6,191)</u>	<u>\$ 12,996</u>
Per share - basic	<u>\$ 0.09</u>	<u>\$ (0.05)</u>	<u>\$ (0.06)</u>	<u>\$ 0.18</u>
Per share - diluted	<u>\$ 0.09</u>	<u>\$ (0.05)</u>	<u>\$ (0.06)</u>	<u>\$ 0.17</u>