



**SANDRIDGE ENERGY, INC.**  
**Non-GAAP Financial Measures**  
**Q4 2008 (period ending December 31, 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**

	Three Months Ended December 31,		Year Ended December 31,	
	2008	2007	2008	2007
	(in thousands)		(in thousands)	
Net cash provided by operating activities	\$ 44,821	\$ 117,896	\$ 579,189	\$ 357,452
Add (deduct):				
Change in operating assets and liabilities	69,860	(8,680)	(38,875)	(61,813)
Operating cash flow	<u>\$ 114,681</u>	<u>\$ 109,216</u>	<u>\$ 540,314</u>	<u>\$ 295,639</u>

**Reconciliation of Net Income to EBITDA and Adjusted EBITDA**

	Three Months Ended December 31,		Year Ended December 31,	
	2008	2007	2008	2007
	(in thousands)		(in thousands)	
Net (loss) income <sup>(1)</sup>	\$ (1,594,658)	\$ 14,230	\$ (1,441,280)	\$ 50,221
Adjusted for:				
Income tax (benefit) expense	(127,636)	8,522	(38,328)	29,524
Interest expense <sup>(2)</sup>	42,112	28,555	138,282	117,185
Depreciation, depletion and amortization - other	19,106	16,996	70,448	53,541
Depreciation, depletion and amortization - natural gas and crude oil	81,621	57,692	290,917	173,568
EBITDA	<u>(1,579,455)</u>	<u>125,995</u>	<u>(979,961)</u>	<u>424,039</u>
Asset impairments	1,867,497	-	1,867,497	-
Provision for doubtful accounts	125	-	1,748	-
Income from equity investments	(43)	(973)	(1,398)	(4,372)
Minority interest	2	(597)	855	(276)
Interest income	(501)	(1,022)	(3,569)	(4,694)
Stock-based compensation	4,501	2,240	18,784	7,202
Unrealized (gains) losses on derivative contracts	(134,072)	9,814	(215,675)	(26,238)
Adjusted EBITDA	<u>\$ 158,054</u>	<u>\$ 135,457</u>	<u>\$ 688,281</u>	<u>\$ 395,661</u>

<sup>(1)</sup> Includes gain on sale of assets

<sup>(2)</sup> Excludes unrealized loss of \$16.5 million and \$8.7 million on interest rate swap for the three months and year ended December 31, 2008, respectively.

**Reconciliation of Net Cash Provided by Operating Activities to Adjusted EBITDA**

	Three Months Ended December 31,		Year Ended December 31,	
	2008	2007	2008	2007
	(in thousands)		(in thousands)	
Net cash provided by operating activities	\$ 44,821	\$ 117,896	\$ 579,189	\$ 357,452
Changes in operating assets and liabilities	69,860	(8,680)	(38,875)	(61,813)
Interest expense <sup>(1)</sup>	42,112	28,555	138,282	117,185
Unrealized gains (losses) on derivative contracts	134,072	(9,814)	215,675	26,238
Gain on sale of assets	142	73	9,273	1,777
Other non-cash items	(132,953)	7,427	(215,263)	(45,178)
Adjusted EBITDA	<u>\$ 158,054</u>	<u>\$ 135,457</u>	<u>\$ 688,281</u>	<u>\$ 395,661</u>

<sup>(1)</sup> Excludes unrealized loss of \$16.5 million and \$8.7 million on interest rate swap for the three months and year ended December 31, 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 December 31,</u>		<u>Year Ended December 31,</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	\$ (1,594,658)	\$ 4,916	\$ (1,457,512)	\$ 10,333
Asset impairments	1,867,497	-	1,867,497	-
Unrealized (gains) losses on derivative contracts	(134,072)	9,814	(215,675)	(26,238)
Effect of income taxes	(128,461)	(3,676)	(42,789)	9,714
Adjusted net income available (loss applicable) to common stockholders	<u>\$ 10,306</u>	<u>\$ 11,054</u>	<u>\$ 151,521</u>	<u>\$ (6,191)</u>
Per share - basic and diluted	<u>\$ 0.06</u>	<u>\$ 0.09</u>	<u>\$ 0.97</u>	<u>\$ (0.06)</u>