



**SANDRIDGE ENERGY, INC.**  
**Non-GAAP Financial Measures**  
**Q2 2010 (period ending June 30, 2010)**

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 June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	(in thousands)		(in thousands)	
Net cash provided by operating activities	\$ 110,857	\$ 68,803	\$ 258,459	\$ 144,147
Add (deduct):				
Changes in operating assets and liabilities	24,598	31,441	(36,588)	77,279
Operating cash flow	<u>\$ 135,455</u>	<u>\$ 100,244</u>	<u>\$ 221,871</u>	<u>\$ 221,426</u>

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

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	(in thousands)		(in thousands)	
Net income (loss)	\$ 53,515	\$ (91,174)	\$ 80,752	\$ (1,246,031)
Adjusted for:				
Income tax expense (benefit)	150	(365)	162	(1,534)
Interest expense <sup>(1)</sup>	59,858	46,324	118,099	86,825
Depreciation, depletion and amortization - other	11,820	14,034	24,123	26,760
Depreciation and depletion - oil and natural gas	54,319	34,350	106,597	94,443
EBITDA	<u>179,662</u>	<u>3,169</u>	<u>329,733</u>	<u>(1,039,537)</u>
Asset impairment	-	-	-	1,304,418
Provision for doubtful accounts	-	62	84	62
Inventory obsolescence	124	-	124	-
Income from equity investments	-	(200)	-	(434)
Interest income	(98)	(188)	(167)	(199)
Stock-based compensation	7,336	5,163	14,218	10,368
Unrealized losses (gains) on derivative contracts	2,735	109,833	(12,776)	1,823
Other non-cash expense	729	-	322	-
Loss on sale of assets	388	26,170	84	26,350
Adjusted EBITDA	<u>\$ 190,876</u>	<u>\$ 144,009</u>	<u>\$ 331,622</u>	<u>\$ 302,851</u>

<sup>(1)</sup> Excludes unrealized loss (gain) on interest rate swap of \$4.4 million and (\$3.9) million for the three-month periods ended June 30, 2010 and 2009, respectively, and \$8.2 million and (\$3.7) million for the six-month periods ended June 30, 2010 and 2009, respectively.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
	(in thousands)		(in thousands)	
Net cash provided by operating activities	\$ 110,857	\$ 68,803	\$ 258,459	\$ 144,147
Changes in operating assets and liabilities	24,598	31,441	(36,588)	77,279
Interest expense <sup>(1)</sup>	59,858	46,324	118,099	86,825
Other non-cash items	(4,437)	(2,559)	(8,348)	(5,400)
Adjusted EBITDA	<u>\$ 190,876</u>	<u>\$ 144,009</u>	<u>\$ 331,622</u>	<u>\$ 302,851</u>

<sup>(1)</sup> Excludes unrealized loss (gain) on interest rate swap of \$4.4 million and (\$3.9) million for the three-month periods ended June 30, 2010 and 2009, respectively, and \$8.2 million and (\$3.7) million for the six-month periods ended June 30, 2010 and 2009, respectively.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
	(in thousands, except per share data)		(in thousands, except per share data)	
Net income (loss) available (applicable) to common stockholders	\$ 44,884	\$ (91,174)	\$ 63,489	\$ (1,246,031)
Asset impairment	-	-	-	1,304,418
Unrealized losses (gains) on derivative contracts	2,735	109,833	(12,776)	1,823
Loss on sale of assets	388	26,170	84	26,350
Effect of income taxes	(9)	(542)	(2)	(1,752)
Adjusted net income available to common stockholders	47,998	44,287	50,795	84,808
Preferred stock dividends	8,631	-	17,263	-
Total adjusted net income	<u>\$ 56,629</u>	<u>\$ 44,287</u>	<u>\$ 68,058</u>	<u>\$ 84,808</u>
Weighted average number of common shares outstanding				
Basic	209,161	174,154	209,153	168,767
Fully diluted <sup>(1)</sup>	261,605	209,668	261,518	204,313
Per share - basic	<u>\$ 0.23</u>	<u>\$ 0.25</u>	<u>\$ 0.24</u>	<u>\$ 0.50</u>
Per share - fully diluted	<u>\$ 0.22</u>	<u>\$ 0.21</u>	<u>\$ 0.26</u>	<u>\$ 0.42</u>

<sup>(1)</sup> Weighted average fully diluted common shares outstanding for certain periods presented includes shares that are considered antidilutive for calculating earnings per share in accordance with GAAP.