



SANDRIDGE ENERGY, INC.
Non-GAAP Financial Measures
Q3 (period ending September 30, 2011)

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>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	(in thousands)			
Net cash provided by operating activities	\$ 66,952	\$ 80,754	\$ 327,956	\$ 339,212
Add (deduct)				
Changes in operating assets and liabilities	76,896	35,251	49,796	(1,337)
Operating cash flow	<u>\$ 143,848</u>	<u>\$ 116,005</u>	<u>\$ 377,752</u>	<u>\$ 337,875</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>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	(in thousands)			
Net income	\$ 575,109	\$ 306,289	\$ 482,781	\$ 387,040
Adjusted for				
Income tax expense (benefit)	954	(457,248)	(6,013)	(457,086)
Interest expense ⁽¹⁾	60,968	60,388	183,545	178,487
Depreciation and amortization - other	13,551	12,441	39,918	36,564
Depreciation and depletion - oil and natural gas	86,725	91,237	236,798	197,834
EBITDA	<u>737,307</u>	<u>13,107</u>	<u>937,029</u>	<u>342,839</u>
Provision for doubtful accounts	26	18	1,622	102
Inventory obsolescence	125	76	145	200
Interest income	(51)	(69)	(94)	(236)
Stock-based compensation	9,390	9,956	26,489	24,174
Unrealized (gain) loss on derivative contracts	(606,515)	148,140	(527,166)	135,364
Realized gains on out-of-period derivative contract settlements	(9,876)	(48,228)	(40,894)	(85,345)
Other non-cash income (expense)	710	(451)	661	(129)
(Gain) loss on sale of assets	(422)	(44)	(1,148)	39
Transaction costs	1,444	10,680	4,531	15,434
Loss on extinguishment of debt	-	-	38,232	-
Settlement for prior claims	-	16,000	-	16,000
Non-cash portion of noncontrolling interest ⁽²⁾	36,874	-	39,119	-
Adjusted EBITDA	<u>\$ 169,012</u>	<u>\$ 149,185</u>	<u>\$ 478,526</u>	<u>\$ 448,442</u>

(1) Excludes unrealized (gain) loss on interest rate swaps of (\$2.0) million and \$3.3 million for the three-month periods ended September 30, 2011 and 2010, respectively, and (\$3.4) million and \$11.5 million for the nine-month periods ended September 30, 2011 and 2010, respectively.

(2) Represents depreciation and depletion of (\$5.2) million and (\$8.6) million for the three and nine-month periods ended September 30, 2011, respectively, and unrealized gain on commodity derivative contracts of \$42.1 million and \$47.7 million for the three and nine-month periods ended September 30, 2011, respectively, attributable to noncontrolling interests.

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>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	(in thousands)			
Net cash provided by operating activities	\$ 66,952	\$ 80,754	\$ 327,956	\$ 339,212
Changes in operating assets and liabilities	76,896	35,251	49,796	(1,337)
Interest expense ⁽¹⁾	60,968	60,388	183,545	178,487
Realized gains on out-of-period derivative contract settlements	(9,876)	(48,228)	(40,894)	(85,345)
Transaction costs	1,444	10,680	4,531	15,434
Settlement for prior claims	-	16,000	-	16,000
Noncontrolling interest - SDT ⁽²⁾	(15,341)	-	(26,372)	-
Noncontrolling interest - PER ⁽²⁾	(8,350)	-	(8,350)	-
Noncontrolling interest - Other ⁽²⁾	(433)	(1,313)	(317)	(3,547)
Other non-cash items	(3,248)	(4,347)	(11,369)	(10,462)
Adjusted EBITDA	<u>\$ 169,012</u>	<u>\$ 149,185</u>	<u>\$ 478,526</u>	<u>\$ 448,442</u>

(1) Excludes unrealized (gain) loss on interest rate sw aps of (\$2.0) million and \$3.3 million for the three-month periods ended September 30, 2011 and 2010, respectively, and (\$3.4) million and \$11.5 million for the nine-month periods ended September 30, 2011 and 2010, respectively.

(2) Excludes depreciation and depletion of (\$5.2) million and (\$8.6) million for the three and nine-month periods ended September 30, 2011, respectively, and unrealized gain on commodity derivative contracts of \$42.1 million and \$47.7 million for the three and nine-month periods ended September 30, 2011, respectively, attributable to noncontrolling interests.

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

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	(in thousands, except per share data)			
Income available to common stockholders	\$ 561,228	\$ 297,657	\$ 441,079	\$ 361,146
Tax expense (benefit) resulting from Arena acquisition	739	(456,437)	(6,247)	(456,437)
Unrealized (gain) loss on derivative contracts ⁽¹⁾	(564,387)	148,140	(479,506)	135,364
Realized gains on out-of-period derivative contract settlements	(9,876)	(48,228)	(40,894)	(85,345)
(Gain) loss on sale of assets	(422)	(44)	(1,148)	39
Transaction costs	1,444	10,680	4,531	15,434
Loss on extinguishment of debt	-	-	38,232	-
Settlement for prior claims	-	16,000	-	16,000
Effect of income taxes	193	(680)	203	(755)
Adjusted net loss applicable to common stockholders	(11,081)	(32,912)	(43,750)	(14,554)
Preferred stock dividends	13,881	8,632	41,702	25,894
Total adjusted net income (loss)	<u>\$ 2,800</u>	<u>\$ (24,280)</u>	<u>\$ (2,048)</u>	<u>\$ 11,340</u>
Weighted average number of common shares outstanding				
Basic	399,270	361,687	398,656	257,028
Diluted	497,700	419,137	496,428	313,283
Total adjusted net (loss) income				
Per share - basic	<u>\$ (0.03)</u>	<u>\$ (0.09)</u>	<u>\$ (0.11)</u>	<u>\$ (0.06)</u>
Per share - diluted	<u>\$ 0.01</u>	<u>\$ (0.06)</u>	<u>\$ (0.00)</u>	<u>\$ 0.04</u>

(1) Excludes unrealized gain on commodity derivative contracts of \$42.1 million and \$47.7 million for the three and nine-month periods ended September 30, 2011, respectively, attributable to noncontrolling interests.