



**SandRidge Energy, Inc.**  
**Non-GAAP Financial Measures**  
**Q4 and YE 2009 (period ending December 31, 2009)**

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 December 31,</u>		<u>Year Ended December 31,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	(in thousands)			
Net cash provided by operating activities	\$ 38,339	\$ 44,821	\$ 311,559	\$ 579,189
Add (deduct):				
Changes in operating assets and liabilities	74,425	69,860	106,022	(38,875)
Operating cash flow	<u>\$ 112,764</u>	<u>\$ 114,681</u>	<u>\$ 417,581</u>	<u>\$ 540,314</u>

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

	<u>Three Months Ended December 31,</u>		<u>Year Ended December 31,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	(in thousands)			
Net (loss) income	\$ (428,243)	\$ (1,594,658)	\$ (1,775,590)	\$ (1,441,280)
Adjusted for:				
Income tax (benefit) expense	(4,602)	(127,636)	(8,716)	(38,328)
Interest expense <sup>(1)</sup>	50,630	42,112	186,137	138,282
Depreciation, depletion and amortization - other	12,014	19,106	50,865	70,448
Depreciation and depletion - natural gas and oil	48,524	81,621	176,027	290,917
EBITDA	<u>(321,677)</u>	<u>(1,579,455)</u>	<u>(1,371,277)</u>	<u>(979,961)</u>
Asset impairment	402,732	1,867,497	1,707,150	1,867,497
Provision for doubtful accounts	152	125	214	1,748
(Income) loss from equity investments	7	(43)	(1,020)	(1,398)
Interest income	(88)	(501)	(375)	(3,569)
Stock-based compensation	6,267	4,501	22,793	18,784
Unrealized loss (gain) on derivative contracts	62,736	(134,072)	200,049	(215,675)
Loss (gain) on sale of assets	60	(142)	26,419	(9,273)
Adjusted EBITDA	<u>\$ 150,189</u>	<u>\$ 157,910</u>	<u>\$ 583,953</u>	<u>\$ 678,153</u>

<sup>(1)</sup> Excludes unrealized (gain) loss on interest rate swap of (\$1.3) million and \$16.5 million for the three-month periods ended December 31, 2009 and 2008, respectively, and (\$0.4) million and \$8.7 million for the years ended December 31, 2009 and 2008, respectively.

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

	Three Months Ended December 31,		Year Ended December 31,	
	2009	2008	2009	2008
	(in thousands)			
Net cash provided by operating activities	\$ 38,339	\$ 44,821	\$ 311,559	\$ 579,189
Changes in operating assets and liabilities	74,425	69,860	106,022	(38,875)
Interest expense <sup>(1)</sup>	50,630	42,112	186,137	138,282
Other non-cash items	(13,205)	1,117	(19,765)	(443)
Adjusted EBITDA	<u>\$ 150,189</u>	<u>\$ 157,910</u>	<u>\$ 583,953</u>	<u>\$ 678,153</u>

<sup>(1)</sup> Excludes unrealized (gain) loss on interest rate swap of (\$1.3) million and \$16.5 million for the three-month periods ended December 31, 2009 and 2008, respectively, and (\$0.4) million and \$8.7 million for the years ended December 31, 2009 and 2008, respectively.

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

	Three Months Ended December 31,		Year Ended December 31,	
	2009	2008	2009	2008
	(in thousands, except per share amounts)			
Net (loss) income (applicable) available to common stockholders	\$ (434,240)	\$ (1,594,658)	\$ (1,784,403)	\$ (1,457,512)
Asset impairment	402,732	1,867,497	1,707,150	1,867,497
Unrealized loss (gain) on derivative contracts	62,736	(134,072)	200,049	(215,675)
Loss (gain) on sale of assets	60	(142)	26,419	(9,273)
Effect of income taxes	(4,949)	(128,450)	(9,445)	(42,549)
Adjusted net income available to common stockholders	26,339	10,175	139,770	142,488
Preferred stock dividends	5,997	-	8,813	16,232
Total adjusted net income	<u>\$ 32,336</u>	<u>\$ 10,175</u>	<u>\$ 148,583</u>	<u>\$ 158,720</u>
Weighted average number of common shares outstanding:				
Basic	184,211	163,044	175,005	155,619
Fully diluted <sup>(1)</sup>	238,912	164,837	229,337	157,090
Per share - basic	<u>\$ 0.14</u>	<u>\$ 0.06</u>	<u>\$ 0.80</u>	<u>\$ 0.92</u>
Per share - fully diluted	<u>\$ 0.14</u>	<u>\$ 0.06</u>	<u>\$ 0.65</u>	<u>\$ 1.01</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.

## Reconciliation of Standardized Measure of Discounted Net Cash Flows to PV-10

	December 31,	
	2009	2008
Standardized measure of discounted net cash flows	\$ 1,561.0	\$ 2,220.6
Present value of future net income tax expense discounted at 10% <sup>(1)</sup>	-	37.9
PV-10	<u>\$ 1,561.0</u>	<u>\$ 2,258.5</u>

<sup>(1)</sup> Due to a full valuation allowance on the company's deferred tax asset at December 31, 2009 that serves to reduce to \$0 a tax benefit that otherwise would result from the tax effects of PV-10, there was no effect of income taxes in the Standardized Measure at December 31, 2009.