



**Oasis Petroleum Inc.**

**Non-GAAP Financial Measures**

Adjusted EBITDA is a supplemental non-GAAP financial measure that is used by management and external users of the Company's consolidated financial statements, such as industry analysts, investors, lenders and rating agencies. The Company defines Adjusted EBITDA as earnings before interest expense, income taxes, depreciation, depletion, amortization, exploration expenses and other similar non-cash or non-recurring charges. Adjusted EBITDA is not a measure of net income or cash flows as determined by United States generally accepted accounting principles, or GAAP.

The following tables present a reconciliation of the non-GAAP financial measure of Adjusted EBITDA to the GAAP financial measures of net income and net cash provided by operating activities, respectively.

**Adjusted EBITDA Reconciliations**

	Three Months Ended March 31,	
	2014	2013
	<i>(In thousands)</i>	
<b>Adjusted EBITDA reconciliation to Net Income:</b>		
Net income	\$ 169,953	\$ 51,851
Gain on sale of properties	(183,393)	---
Change in fair value of derivative instruments	15,364	16,298
Interest expense, net of capitalized interest	40,158	21,183
Depreciation, depletion and amortization	91,272	66,261
Impairment of oil and gas properties	762	498
Exploration expenses	380	1,857
Stock-based compensation expenses	4,505	2,289
Income tax expense	101,519	31,087
Other non-cash adjustments	(746)	49
<b>Adjusted EBITDA</b>	<b>\$ 239,774</b>	<b>\$ 191,373</b>
<b>Adjusted EBITDA reconciliation to Net Cash Provided by Operating Activities:</b>		
Net cash provided by operating activities	\$ 208,267	\$ 170,547
Derivative settlements	(2,239)	1,686
Interest expense, net of capitalized interest	40,158	21,183
Exploration expenses	380	1,857
Debt discount amortization and other	(1,487)	(746)
Current tax expense	2,766	100
Changes in working capital	(7,325)	(3,303)
Other non-cash adjustments	(746)	49
<b>Adjusted EBITDA</b>	<b>\$ 239,774</b>	<b>\$ 191,373</b>

Adjusted Net Income is a supplemental non-GAAP financial measure that is used by management and external users of the Company's consolidated financial statements, such as industry analysts, investors, lenders and rating agencies. The Company defines Adjusted Net Income as net income after adjusting first for (1) the impact of certain



non-cash and non-recurring items, including changes in the fair value of derivative instruments, impairment of oil and gas properties, and other similar non-cash and non-recurring charges, and then (2) the non-cash and non-recurring items' impact on taxes based on the Company's effective tax rates in the same period. Adjusted Net Income is not a measure of net income as determined by GAAP.

The following table provides a reconciliation of the GAAP financial measure of net income to the non-GAAP Adjusted Net Income.

### Adjusted Net Income Reconciliation

	Three Months Ended March 31,	
	2014	2013
	<i>(In thousands, except per share data)</i>	
<b>Net income</b>	\$ 169,953	\$ 51,851
Change in fair value of derivative instruments	15,364	16,298
Gain on sale of properties	(183,393)	---
Impairment of oil and gas properties	762	498
Other non-cash adjustments	(746)	49
Tax impact <sup>(1)</sup>	62,830	(6,314)
<b>Adjusted Net Income</b>	<b>\$ 64,770</b>	<b>\$ 62,382</b>
<b>Adjusted earnings per share:</b>		
Basic	\$ 0.65	\$ 0.68
Diluted	0.65	0.67
<b>Weighted average shares outstanding:</b>		
Basic	99,560	92,375
Diluted	100,049	92,651
Effective tax rate	37.4%	37.5%

- (1) The tax impact is computed utilizing the Company's effective tax rate on the adjustments for certain non-cash and non-recurring items.