



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 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

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Adjusted EBITDA reconciliation to Net Income (\$ in thousands):				
Net income	\$ 67,119	\$ 76,043	\$ 118,970	\$ 92,484
Net (gain) loss on derivative instruments	(12,591)	(74,595)	2,021	(56,009)
Derivative settlements	1,246	(1,174)	2,932	(2,465)
Interest expense	21,392	14,074	42,575	27,973
Depreciation, depletion and amortization	66,790	44,213	133,051	83,099
Impairment of oil and gas properties	208	2,203	706	2,571
Exploration expenses	392	—	2,249	2,835
Stock-based compensation expenses	3,082	2,307	5,371	3,898
Income tax expense	37,824	45,439	68,911	55,261
Other non-cash adjustments	25	—	74	—
Adjusted EBITDA	<u>\$ 185,487</u>	<u>\$ 108,510</u>	<u>\$ 376,860</u>	<u>\$ 209,647</u>
Adjusted EBITDA reconciliation to Net Cash Provided by Operating Activities (\$ in thousands):				
Net cash provided by operating activities	\$ 187,260	\$ 109,095	\$ 357,807	\$ 171,860
Derivative settlements	1,246	(1,174)	2,932	(2,465)
Interest expense	21,392	14,074	42,575	27,973
Exploration expenses	392	—	2,249	2,835
Debt discount amortization and other	(1,007)	(617)	(1,753)	(1,265)
Current tax expense	837	100	937	100
Changes in working capital	(24,658)	(12,968)	(27,961)	10,609
Other non-cash adjustments	25	—	74	—
Adjusted EBITDA	<u>\$ 185,487</u>	<u>\$ 108,510</u>	<u>\$ 376,860</u>	<u>\$ 209,647</u>

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 items, including changes in unrealized gains and losses on derivative instruments, impairment of oil and gas properties, and other similar non-cash charges, and then (2) the non-cash 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 net income (GAAP) to Adjusted Net Income (non-GAAP):

Adjusted Net Income Reconciliation

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	<i>(In thousands, except per share amounts)</i>			
Net income	\$ 67,119	\$ 76,043	\$ 118,970	\$ 92,484
Net (gain) loss on derivative instruments	(12,591)	(74,595)	2,021	(56,009)
Derivative settlements	1,246	(1,174)	2,932	(2,465)
Impairment of oil and gas properties	208	2,203	706	2,571
Other non-cash adjustments	25	—	74	—
Tax impact ⁽¹⁾	4,045	27,518	(2,145)	20,912
Adjusted Net Income	<u>\$ 60,052</u>	<u>\$ 29,995</u>	<u>\$ 122,558</u>	<u>\$ 57,493</u>
Adjusted earnings per share:				
Basic	\$ 0.65	\$ 0.33	\$ 1.33	\$ 0.62
Diluted	\$ 0.65	\$ 0.33	\$ 1.32	\$ 0.62
Weighted average shares outstanding:				
Basic	92,399	92,176	92,387	92,153
Diluted	92,702	92,222	92,812	92,339
Effective Tax Rate	36.0%	37.4%	36.7%	37.4%

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