

Non-GAAP Financial Measures

Cash Interest Reconciliation

Cash Interest is a supplemental non-GAAP financial measure that is used by management and external users of the Company's financial statements, such as industry analysts, investors, lenders and rating agencies. The Company defines Cash Interest as interest expense plus capitalized interest less amortization and write-offs of deferred financing costs and debt discounts included in interest expense. Cash Interest is not a measure of interest expense as determined by United States generally accepted accounting principles, or GAAP.

The following table presents a reconciliation of the GAAP financial measure of interest expense to the non-GAAP financial measure of Cash Interest for the periods presented:

	Three Months Ended March 31,	
	2018	2017
	(In thousands)	
Interest expense	\$ 37,146	\$ 36,321
Capitalized interest	4,451	2,820
Amortization of deferred financing costs	(1,761)	(1,690)
Amortization of debt discount	(2,618)	(2,355)
Cash Interest	\$ 37,218	\$ 35,096

Adjusted EBITDA and Free Cash Flow Reconciliations

Adjusted EBITDA and Free Cash Flow are supplemental non-GAAP financial measures that are used by management and external users of the Company's 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. The Company defines Free Cash Flow as Adjusted EBITDA less Cash Interest and CapEx, excluding capitalized interest. Adjusted EBITDA and Free Cash Flow are not measures of net income (loss) or cash flows as determined by GAAP.

The following table presents reconciliations of the GAAP financial measures of net income (loss) including non-controlling interests and net cash provided by (used in) operating activities to the non-GAAP financial measures of Adjusted EBITDA and Free Cash Flow for the periods presented:

	Three Months Ended March 31,	
	2018	2017
	(In thousands)	
Net income including non-controlling interests	\$ 3,712	\$ 23,825
Net (gain) loss on derivative instruments	71,116	(56,075)
Derivative settlements ⁽¹⁾	(36,974)	(7,960)
Interest expense, net of capitalized interest	37,146	36,321
Depreciation, depletion and amortization	149,265	126,666
Impairment	93	2,682
Exploration expenses	769	1,489
Equity-based compensation expenses	6,754	6,708
Income tax expense	828	16,037
Other non-cash adjustments	209	912
Adjusted EBITDA	232,918	150,605
Adjusted EBITDA attributable to non-controlling interests	3,911	—
Adjusted EBITDA attributable to Oasis	229,007	150,605
Cash Interest	(37,218)	(35,096)
Capital expenditures ⁽²⁾	(1,167,228)	(109,795)
Capitalized interest	4,451	2,820
Free Cash Flow	\$ (970,988)	\$ 8,534
Net cash provided by operating activities	\$ 228,359	\$ 107,799
Derivative settlements ⁽¹⁾	(36,974)	(7,960)
Interest expense, net of capitalized interest	37,146	36,321
Exploration expenses	769	1,489
Deferred financing costs amortization and other	(5,475)	(4,940)
Changes in working capital	8,884	16,984
Other non-cash adjustments	209	912
Adjusted EBITDA	232,918	150,605
Adjusted EBITDA attributable to non-controlling interests	3,911	—
Adjusted EBITDA attributable to Oasis	229,007	150,605
Cash Interest	(37,218)	(35,096)
Capital expenditures ⁽²⁾	(1,167,228)	(109,795)
Capitalized interest	4,451	2,820
Free Cash Flow	\$ (970,988)	\$ 8,534

(1) Cash settlements represent the cumulative gains and losses on the Company's derivative instruments for the periods presented and do not include a recovery of costs that were paid to acquire or modify the derivative instruments that were settled.

(2) Capital expenditures (including acquisitions) reflected in the table above differ from the amounts shown in the statements of cash flows in our condensed consolidated financial statements because amounts reflected in the table include changes in accrued liabilities from the previous reporting period for capital expenditures, while the amounts presented in the statement of cash flows are presented on a cash basis. Acquisitions totaled \$891.0 million and \$2.6 million for the three months ended March 31, 2018 and 2017, respectively.

Segment Adjusted EBITDA Reconciliations

The following tables present reconciliations of the GAAP financial measure of income (loss) before income taxes including non-controlling interests to the non-GAAP financial measure of Adjusted EBITDA for our three reportable business segments on a gross basis for the periods presented:

Exploration and Production

	Three Months Ended March 31,	
	2018	2017
	(In thousands)	
Income (loss) before income taxes including non-controlling interests	\$ (28,184)	\$ 20,736
Net loss on derivative instruments	71,116	(56,075)
Derivative settlements ⁽¹⁾	(36,974)	(7,960)
Interest expense, net of capitalized interest	36,884	36,321
Depreciation, depletion and amortization	145,203	124,409
Impairment	93	2,682
Exploration expenses	769	1,489
Equity-based compensation expenses	6,454	6,499
Other non-cash adjustments	209	912
Adjusted EBITDA	\$ 195,570	\$ 129,013

- (1) Cash settlements represent the cumulative gains and losses on the Company's derivative instruments for the periods presented and do not include a recovery of costs that were paid to acquire or modify the derivative instruments that were settled.

Midstream Services

	Three Months Ended March 31,	
	2018	2017
	(In thousands)	
Income before income taxes including non-controlling interests	\$ 31,979	\$ 20,761
Interest expense, net of capitalized interest	262	—
Depreciation, depletion and amortization	6,629	3,458
Equity-based compensation expenses	370	348
Adjusted EBITDA	\$ 39,240	\$ 24,567

Well Services

	Three Months Ended March 31,	
	2018	2017
	(In thousands)	
Income (loss) before income taxes including non-controlling interests	\$ 8,107	\$ (3,588)
Depreciation, depletion and amortization	3,690	3,164
Equity-based compensation expenses	385	396
Adjusted EBITDA	\$ 12,182	\$ (28)

**Adjusted Net Income (Loss) Attributable to Oasis and
Adjusted Diluted Earnings (Loss) Attributable to Oasis Per Share**

Adjusted Net Income (Loss) Attributable to Oasis and Adjusted Diluted Earnings (Loss) Attributable to Oasis Per Share are supplemental non-GAAP financial measures that are used by management and external users of the Company's financial statements, such as industry analysts, investors, lenders and rating agencies. The Company defines Adjusted Net Income (Loss) Attributable to Oasis as net income (loss) after adjusting first for (1) the impact of certain non-cash items, including non-cash changes in the fair value of derivative instruments, impairment, and other similar non-cash charges, or non-recurring items, (2) the impact of net income attributable to non-controlling interests and (3) the non-cash and non-recurring items' impact on taxes based on the Company's effective tax rate applicable to those adjusting items in the same period. Adjusted Net Income (Loss) Attributable to Oasis is not a measure of net income (loss) as determined by GAAP. The Company defines Adjusted Diluted Earnings (Loss) Attributable to Oasis Per Share as Adjusted Net Income (Loss) Attributable to Oasis divided by diluted weighted average shares outstanding.

The following table presents reconciliations of the GAAP financial measure of net income (loss) attributable to Oasis to the non-GAAP financial measure of Adjusted Net Income (Loss) Attributable to Oasis and the GAAP financial measure of diluted earnings (loss) attributable to Oasis per share to the non-GAAP financial measure of Adjusted Diluted Earnings (Loss) Attributable to Oasis Per Share for the periods presented:

	Three Months Ended March 31,	
	2018	2017
	(In thousands, except per share data)	
Net income attributable to Oasis	\$ 590	\$ 23,825
Net (gain) loss on derivative instruments	71,116	(56,075)
Derivative settlements ⁽¹⁾	(36,974)	(7,960)
Impairment	93	2,682
Amortization of deferred financing costs	1,761	1,690
Amortization of debt discount	2,618	2,355
Other non-cash adjustments	209	912
Tax impact ⁽²⁾	(9,217)	21,103
Adjusted Net Income (Loss) Attributable to Oasis	\$ 30,196	\$ (11,468)
Diluted earnings attributable to Oasis per share	\$ 0.00	\$ 0.10
Net (gain) loss on derivative instruments	0.24	(0.24)
Derivative settlements ⁽¹⁾	(0.13)	(0.03)
Impairment	0.00	0.01
Amortization of deferred financing costs	0.01	0.01
Amortization of debt discount	0.01	0.01
Other non-cash adjustments	0.00	0.00
Tax impact ⁽²⁾	(0.03)	0.09
Adjusted Diluted Earnings (Loss) Attributable to Oasis Per Share	\$ 0.10	\$ (0.05)
Diluted weighted average shares outstanding ⁽³⁾	291,738	233,068
Effective tax rate applicable to adjustment items	23.7%	37.4%

- (1) Cash settlements represent the cumulative gains and losses on the Company's derivative instruments for the periods presented and do not include a recovery of costs that were paid to acquire or modify the derivative instruments that were settled.
- (2) The tax impact is computed utilizing the Company's effective tax rate applicable to the adjustments for certain non-cash and non-recurring items.
- (3) No unvested stock awards were included in computing Adjusted Diluted Loss Attributable to Oasis Per Share for the three months ended March 31, 2017 because the effect was anti-dilutive due to adjusted net loss.