



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 (loss) and net cash provided by operating activities, respectively.

Adjusted EBITDA Reconciliations

	Three Months Ended		Year Ended December 31,	
	December 31,	December 31,	December 31,	December 31,
	2012	2011	2012	2011
	<i>(In thousands)</i>			
Adjusted EBITDA reconciliation to Net Income (Loss):				
Net income (loss)	\$ 42,590	\$ (13,401)	\$ 153,388	\$ 79,390
Change in unrealized (gain) loss on derivative instruments	3,165	66,500	(27,619)	(5,436)
Interest expense	21,191	10,873	70,143	29,618
Depreciation, depletion and amortization	65,951	27,210	206,734	74,981
Impairment of oil and gas properties	974	297	3,581	3,610
Exploration expenses	79	1,340	3,250	1,685
Loss on sale of properties	-	207	-	207
Stock-based compensation expenses	3,706	1,064	10,333	3,656
Income tax (benefit) expense	25,774	(8,226)	92,486	46,789
Other non-cash adjustments	54	-	(2)	-
Adjusted EBITDA	<u>\$ 163,484</u>	<u>\$85,864</u>	<u>\$512,294</u>	<u>\$234,500</u>
Adjusted EBITDA reconciliation to Net Cash Provided by Operating Activities:				
Net cash provided by operating activities	\$ 110,258	\$ 36,342	\$ 392,386	\$ 176,024
Realized gain (loss) on derivative instruments	3,761	990	6,545	(3,841)
Interest expense	21,191	10,873	70,143	29,618
Exploration expenses	79	1,340	3,250	1,685
Debt discount amortization and other	(772)	(520)	(2,810)	(1,561)
Income taxes	(57)	-	7	-
Changes in working capital	28,970	36,839	42,775	32,575
Other non-cash adjustments	54	-	(2)	-
Adjusted EBITDA	<u>\$ 163,484</u>	<u>\$85,864</u>	<u>\$512,294</u>	<u>\$234,500</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 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 item's 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 United States generally accepted accounting principles, or GAAP.

The following table provides a reconciliation of net income (GAAP) to Adjusted Net Income (non-GAAP) for the three months and year-ended ended December 31, 2012 and 2011.



Adjusted Net Income Reconciliation

	<u>Three Months Ended December 31,</u>		<u>Year Ended December 31,</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	<i>(In thousands, except per share amounts)</i>			
Net income (loss)	\$ 42,590	\$ (13,401)	\$ 153,388	\$ 79,390
Change in unrealized (gain) loss on derivative instruments	3,165	66,500	(27,619)	(5,436)
Impairment of oil and gas properties	974	297	3,581	3,610
Other non-cash adjustments	54	-	(2)	-
Tax impact ⁽¹⁾	(1,581)	(25,407)	9,043	677
Adjusted Net Income	<u>\$ 45,202</u>	<u>\$ 27,989</u>	<u>\$ 138,391</u>	<u>\$ 78,241</u>
Adjusted earnings per share:				
Basic and diluted	\$ 0.49	\$ 0.30	\$ 1.50	\$ 0.85
Weighted average shares outstanding:				
Basic	92,226	92,070	92,180	92,056
Diluted	92,509	92,070	92,513	92,241
Effective Tax Rate	37.7%	38.0%	37.6%	37.1%

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