

WPX Energy, Inc.
Consolidated Statements of Operations
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
	(Millions, except per share amounts)			
Revenues:				
Product revenues:				
Oil sales	\$ 139	\$ 120	\$ 378	\$ 370
Natural gas sales	37	37	86	104
Natural gas liquid sales	12	6	27	14
Total product revenues	188	163	491	488
Gas management	25	35	172	248
Net gain (loss) on derivatives	38	205	(59)	239
Other	-	4	1	6
Total revenues	251	407	605	981
Costs and expenses:				
Lease and facility operating	40	34	123	101
Gathering, processing and transportation	19	17	55	50
Taxes other than income	14	14	41	45
Gas management, including charges for unutilized pipeline capacity	31	43	202	210
Exploration	10	56	31	69
Depreciation, depletion and amortization	150	136	465	376
Net (gain) loss on sales of assets and divestment of transportation contracts	227	(2)	25	(279)
General and administrative (including non-cash equity-based compensation of \$10 million, \$7 million, \$25 million and \$24 million for the respective periods)	51	45	159	152
Acquisitions costs	-	23	-	23
Other - net	10	8	14	33
Total costs and expenses	552	374	1,115	780
Operating income (loss)	(301)	33	(510)	201
Interest expense	(49)	(65)	(159)	(130)
Loss on extinguishment of acquired debt	-	(65)	-	(65)
Investment income and other	-	-	1	2
Income (loss) from continuing operations before income taxes	(350)	(97)	(668)	8
Provision (benefit) for income taxes	(132)	(27)	(227)	3
Income (loss) from continuing operations	(218)	(70)	(441)	5
Income (loss) from discontinued operations	(1)	(160)	12	(197)
Net income (loss)	(219)	(230)	(429)	(192)
Less: Net income (loss) attributable to noncontrolling interests	-	-	-	1
Net income (loss) attributable to WPX Energy, Inc.	(219)	(230)	(429)	(193)
Less: Dividends on preferred stock	4	4	15	4
Less: Loss on induced conversion of preferred stock	22	-	22	-
Net income (loss) attributable to WPX Energy, Inc. common stockholders	\$ (245)	\$ (234)	\$ (466)	\$ (197)
Amounts attributable to WPX Energy, Inc. common stockholders:				
Income (loss) from continuing operations	\$ (244)	\$ (74)	\$ (478)	\$ 1
Income (loss) from discontinued operations	(1)	(160)	12	(198)
Net income (loss)	\$ (245)	\$ (234)	\$ (466)	\$ (197)
Basic earnings (loss) per common share:				
Income (loss) from continuing operations	\$ (0.72)	\$ (0.29)	\$ (1.58)	\$ 0.01
Income (loss) from discontinued operations	-	(0.64)	0.04	(0.90)
Net income (loss)	\$ (0.72)	\$ (0.93)	\$ (1.54)	\$ (0.89)
Basic weighted-average shares (millions)	341.5	251.2	302.8	220.3
Diluted earnings (loss) per common share:				
Income (loss) from continuing operations	\$ (0.72)	\$ (0.29)	\$ (1.58)	\$ 0.01
Income (loss) from discontinued operations	-	(0.64)	0.04	(0.90)
Net income (loss)	\$ (0.72)	\$ (0.93)	\$ (1.54)	\$ (0.89)
Diluted weighted-average shares (millions)	341.5	251.2	302.8	221.7

WPX Energy, Inc.
Consolidated Balance Sheets
(Unaudited)

	September 30, 2016	December 31, 2015
	(Millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 623	\$ 38
Accounts receivable, net of allowance of \$5 million as of September 30, 2016 and \$6 million as of December 31, 2015	147	300
Derivative assets	79	308
Inventories	33	46
Assets classified as held for sale	7	178
Other	20	23
Total current assets	<u>909</u>	<u>893</u>
Properties and equipment (successful efforts method of accounting)	8,796	8,415
Less: Accumulated depreciation, depletion and amortization	<u>(2,314)</u>	<u>(1,893)</u>
Properties and equipment, net	6,482	6,522
Derivative assets	31	51
Assets classified as held for sale	-	894
Other noncurrent assets	24	33
Total assets	<u>\$ 7,446</u>	<u>\$ 8,393</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 185	\$ 278
Accrued and other current liabilities	259	301
Liabilities associated with assets held for sale	2	140
Current portion of long-term debt, net	125	1
Derivative liabilities	53	13
Total current liabilities	<u>624</u>	<u>733</u>
Deferred income taxes	323	465
Long-term debt, net	2,574	3,189
Derivative liabilities	44	2
Asset retirement obligations	105	99
Liabilities associated with assets held for sale	-	133
Other noncurrent liabilities	142	237
Equity:		
Stockholders' equity:		
Preferred stock (100 million shares authorized at \$0.01 par value; 4.8 million shares issued at September 30, 2016 and 7 million shares issued at December 31, 2015)	232	339
Common stock (2 billion shares authorized at \$0.01 par value; 344.5 million shares issued at September 30, 2016 and 275.4 million shares issued at December 31, 2015)	3	3
Additional paid-in-capital	6,799	6,164
Accumulated deficit	<u>(3,400)</u>	<u>(2,971)</u>
Total stockholders' equity	<u>3,634</u>	<u>3,535</u>
Total liabilities and equity	<u>\$ 7,446</u>	<u>\$ 8,393</u>

WPX Energy, Inc.
Consolidated Statements of Cash Flows
(Unaudited)

	Nine months ended September 30,	
	2016	2015
	(Millions)	
Operating Activities(a)		
Net income (loss)	\$ (429)	\$ (192)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, depletion and amortization	474	685
Deferred income tax provision (benefit)	(209)	(138)
Provision for impairment of properties and equipment (including certain exploration expenses)	29	78
Net (gain) loss on derivatives in continuing operations	59	(239)
Net settlements related to derivatives in continuing operations	260	422
Net loss on derivatives included in discontinued operations	46	-
Amortization of stock-based awards	27	27
Gain on extinguishment of debt	-	81
Net (gain) loss on sales of assets and divestment of transportation contracts	(28)	(317)
Cash provided (used) by operating assets and liabilities:		
Accounts receivable	147	232
Inventories	13	(11)
Margin deposits and customer margin deposits payable	-	25
Other current assets	6	-
Accounts payable	(79)	(186)
Federal income taxes payable	(33)	-
Accrued and other current liabilities	(97)	22
Accrued liabilities established in 2015 for retained transportation and gathering contracts related to discontinued operations	(42)	-
Other, including changes in other noncurrent assets and liabilities	(35)	140
Net cash provided by operating activities (a)	<u>109</u>	<u>629</u>
Investing Activities(a)		
Capital expenditures(b)	(440)	(890)
Proceeds from sales of assets	1,140	610
Proceeds (payments) related to divestment of transportation contracts	(238)	209
Purchase of business, net of cash acquired	-	(1,190)
Other	(2)	2
Net cash provided by (used in) investing activities (a)	<u>460</u>	<u>(1,259)</u>
Financing Activities		
Proceeds from common stock	540	295
Proceeds from preferred stock	-	339
Dividends paid on preferred stock	(15)	-
Payments related to induced conversion of preferred stock to common stock	(10)	-
Proceeds from long-term debt	-	1,000
Borrowings on credit facility	380	756
Payments on credit facility	(645)	(636)
Excess tax benefit of stock based awards	-	-
Payments for retirement of debt	(230)	(1,055)
Payments for debt issuance costs, credit facility amendment and fees	(3)	(40)
Other	(1)	-
Net cash provided by (used in) financing activities	<u>16</u>	<u>659</u>
Net increase (decrease) in cash and cash equivalents	585	29
Cash and cash equivalents at beginning of period	38	70
Cash and cash equivalents at end of period	<u>\$ 623</u>	<u>\$ 99</u>
(a) Amounts also reflect continuing and discontinued operations unless otherwise noted.		
(b) Increase to properties and equipment	\$ (424)	\$ (640)
Changes in related accounts payable and accounts receivable	(16)	(250)
Capital expenditures	<u>\$ (440)</u>	<u>\$ (890)</u>