

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

	Years ended December 31,		
	2016	2015	2014
	(Millions, except per share amounts)		
Revenues:			
Product revenues:			
Oil sales	\$ 551	\$ 494	\$ 669
Natural gas sales	125	138	282
Natural gas liquid sales	46	23	20
Total product revenues	722	655	971
Net gain (loss) on derivatives	(207)	418	434
Gas management	177	286	1,110
Other	1	7	8
Total revenues	693	1,366	2,523
Costs and expenses:			
Depreciation, depletion and amortization	623	528	363
Lease and facility operating	163	145	143
Gathering, processing and transportation	76	64	71
Taxes other than income	60	62	88
Exploration	42	85	101
General and administrative (including equity-based compensation of \$33 million, \$31 million and \$30 million for the respective periods)	214	210	224
Gas management, including charges for unutilized pipeline capacity	208	261	979
Net (gain) loss on sales of assets, divestment of transportation contracts and impairment of producing properties	22	(349)	15
Acquisition costs	-	23	-
Other - net	16	63	13
Total costs and expenses	1,424	1,092	1,997
Operating income (loss)	(731)	274	526
Interest expense	(207)	(187)	(123)
Loss on extinguishment of debt	(1)	(65)	-
Investment income and other	2	(2)	1
Income (loss) from continuing operations before income taxes	(937)	20	404
Provision (benefit) for income taxes	(325)	24	148
Income (loss) from continuing operations	(612)	(4)	256
Income (loss) from discontinued operations	11	(1,722)	(85)
Net income (loss)	(601)	(1,726)	171
Less: Net income (loss) attributable to noncontrolling interests	-	1	7
Comprehensive income (loss) attributable to WPX Energy, Inc.	\$ (601)	\$ (1,727)	\$ 164
Less: Dividends on preferred stock	18	9	-
Less: Loss on induced conversion of preferred stock	22	-	-
Net income (loss) attributable to WPX Energy, Inc. common stockholders	\$ (641)	\$ (1,736)	\$ 164
<b>Amounts attributable to WPX Energy, Inc. common stockholders:</b>			
Income (loss) from continuing operations	\$ (652)	\$ (13)	\$ 256
Income (loss) from discontinued operations	11	(1,723)	(92)
Net income (loss)	\$ (641)	\$ (1,736)	\$ 164
<b>Basic earnings (loss) per common share:</b>			
Income (loss) from continuing operations	\$ (2.08)	\$ (0.06)	\$ 1.26
Income (loss) from discontinued operations	0.03	(7.36)	(0.45)
Net income (loss)	\$ (2.05)	\$ (7.42)	\$ 0.81
Basic weighted-average shares	313.3	234.2	202.7
<b>Diluted earnings (loss) per common share:</b>			
Income (loss) from continuing operations	\$ (2.08)	\$ (0.06)	\$ 1.24
Income (loss) from discontinued operations	0.03	(7.36)	(0.44)
Net income (loss)	\$ (2.05)	\$ (7.42)	\$ 0.80
Diluted weighted-average shares	313.3	234.2	206.3

**WPX Energy, Inc.**  
**Consolidated Balance Sheets**  
(Unaudited)

	December 31,	
	2016	2015
	(Millions)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 496	\$ 38
Accounts receivable, net of allowance of \$3 million and \$6 million as of December 31, 2016 and 2015	168	300
Derivative assets	26	308
Inventories	36	46
Assets classified as held for sale	8	178
Other	20	23
Total current assets	754	893
Properties and equipment, net	6,474	6,522
Derivative assets	12	51
Assets classified as held for sale	-	894
Other noncurrent assets	24	33
Total assets	\$ 7,264	\$ 8,393
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 222	\$ 278
Accrued and other current liabilities	301	302
Liabilities associated with assets held for sale	2	140
Derivative liabilities	152	13
Total current liabilities	677	733
Deferred income taxes	251	465
Long-term debt, net	2,575	3,189
Derivative liabilities	63	2
Asset retirement obligations	100	99
Liabilities associated with assets held for sale	-	133
Other noncurrent liabilities	132	237
Equity:		
Stockholders' equity:		
Preferred stock (100 million shares authorized at \$0.01 par value; 4.8 million and 7 million shares outstanding at December 31, 2016 and 2015)	232	339
Common stock (2 billion shares authorized at \$0.01 par value; 344.7 million and 275.4 million shares issued and outstanding at December 31, 2016 and 2015)	3	3
Additional paid-in-capital	6,803	6,164
Accumulated deficit	(3,572)	(2,971)
Total stockholders' equity	3,466	3,535
Total liabilities and equity	\$ 7,264	\$ 8,393

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

	Years ended December 31,		
	2016	2015	2014
	(Millions)		
<b>Operating Activities(a)</b>			
Net income (loss)	\$ (601)	\$ (1,726)	\$ 171
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation, depletion and amortization	631	940	863
Deferred income tax provision (benefit)	(281)	(1,005)	46
Provision for impairment of properties and equipment (including certain exploration expenses) and investments	38	2,426	236
Net (gain) loss on derivatives in continuing operations	207	(418)	(434)
Net settlements related to derivatives in continuing operations	302	617	(125)
Net loss on derivatives included in discontinued operations	46	-	-
Amortization of stock-based awards	36	35	36
(Gain) loss on extinguishment of acquired debt and acquisition bridge financing fees	1	81	-
Net (gain) loss on sale of assets and divestment of transportation contracts	(29)	(385)	196
Cash provided (used) by operating assets and liabilities:			
Accounts receivable	126	233	51
Inventories	10	(2)	19
Margin deposits and customer margin deposits payable	(1)	26	(10)
Other current assets	5	-	8
Accounts payable	(72)	(247)	4
Federal income taxes payable	(19)	-	-
Accrued and other current liabilities	(51)	79	(1)
Payments on liabilities accrued in 2015 for retained transportation and gathering contracts related to discontinued operations	(53)	(14)	-
Other, including changes in other noncurrent assets and liabilities	(33)	171	10
Net cash provided by operating activities (a)	<u>262</u>	<u>811</u>	<u>1,070</u>
<b>Investing Activities(a)</b>			
Capital expenditures(b)	(578)	(1,124)	(1,807)
Proceeds from sale of assets	1,127	1,019	374
Proceeds (payments) related to divestment of transportation contracts	(238)	-	-
Purchase of business, net of cash acquired	-	(1,212)	-
Other	(1)	1	(4)
Net cash provided by (used in) investing activities (a)	<u>310</u>	<u>(1,316)</u>	<u>(1,437)</u>
<b>Financing Activities</b>			
Proceeds from common stock	540	295	16
Proceeds from preferred stock	-	339	-
Dividends paid on preferred stock	(18)	(6)	-
Payments related to induced conversion of preferred stock to common stock	(10)	-	-
Borrowings on credit facility	380	841	1,947
Payments on credit facility	(645)	(856)	(2,077)
Proceeds from long-term debt	-	1,000	500
Payments for retirement of long-term debt	(356)	(1,100)	-
Payments for credit facility amendment fees, debt issuance cost and acquisition bridge financing fees	(5)	(40)	(13)
Other	-	-	(29)
Net cash (used in) provided by financing activities	<u>(114)</u>	<u>473</u>	<u>344</u>
Net increase (decrease) in cash and cash equivalents	458	(32)	(23)
Effect of exchange rate changes on international cash and cash equivalents	-	-	(6)
Cash and cash equivalents at beginning of period	38	70	99
Cash and cash equivalents at end of period	<u>\$ 496</u>	<u>\$ 38</u>	<u>\$ 70</u>
(a) Amounts reflect continuing and discontinued operations unless otherwise noted.			
(b) Increase to properties and equipment	\$ (584)	\$ (865)	\$ (1,934)
Changes in related accounts payable and accounts receivable	6	(259)	127
Capital expenditures	<u>\$ (578)</u>	<u>\$ (1,124)</u>	<u>\$ (1,807)</u>