

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

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
	(Millions, except per share amounts)			
Revenues:				
Product revenues:				
Oil sales	\$ 259	\$ 139	\$ 673	\$ 378
Natural gas sales	38	37	122	86
Natural gas liquid sales	29	12	73	27
Total product revenues	326	188	868	491
Net gain (loss) on derivatives	(106)	38	213	(59)
Gas management	4	25	17	172
Other	-	-	-	1
Total revenues	224	251	1,098	605
Costs and expenses:				
Depreciation, depletion and amortization	169	150	487	465
Lease and facility operating	58	40	159	123
Gathering, processing and transportation	25	19	67	55
Taxes other than income	26	14	68	41
Exploration	20	10	80	31
General and administrative (including equity-based compensation of \$7 million, \$10 million, \$23 million and \$25 million for the respective periods)	42	51	131	159
Gas management	4	31	17	202
Net (gain) loss-sales of assets, divestment of transportation contracts or impairment of producing properties	(56)	227	(98)	25
Other - net	3	10	15	14
Total costs and expenses	291	552	926	1,115
Operating income (loss)	(67)	(301)	172	(510)
Interest expense	(48)	(49)	(141)	(159)
Loss on extinguishment of debt	(17)	-	(17)	-
Investment income and other	2	-	4	1
Income (loss) from continuing operations before income taxes	(130)	(350)	18	(668)
Provision (benefit) for income taxes	20	(132)	(2)	(227)
Income (loss) from continuing operations	(150)	(218)	20	(441)
Income (loss) from discontinued operations	4	(1)	2	12
Net income (loss)	(146)	(219)	22	(429)
Less: Dividends on preferred stock	3	4	11	15
Less: Loss on induced conversion of preferred stock	-	22	-	22
Net income (loss) available to WPX Energy, Inc. common stockholders	\$ (149)	\$ (245)	\$ 11	\$ (466)
Amounts available to WPX Energy, Inc. common stockholders:				
Income (loss) from continuing operations	\$ (153)	\$ (244)	\$ 9	\$ (478)
Income (loss) from discontinued operations	4	(1)	2	12
Net income (loss)	\$ (149)	\$ (245)	\$ 11	\$ (466)
Basic earnings (loss) per common share:				
Income (loss) from continuing operations	\$ (0.39)	\$ (0.72)	\$ 0.02	\$ (1.58)
Income (loss) from discontinued operations	0.01	-	0.01	0.04
Net income (loss)	\$ (0.38)	\$ (0.72)	\$ 0.03	\$ (1.54)
Basic weighted-average shares (millions)	398.1	341.5	394.1	302.8
Diluted earnings (loss) per common share:				
Income (loss) from continuing operations	\$ (0.39)	\$ (0.72)	\$ 0.02	\$ (1.58)
Income (loss) from discontinued operations	0.01	-	0.01	0.04
Net income (loss)	\$ (0.38)	\$ (0.72)	\$ 0.03	\$ (1.54)
Diluted weighted-average shares (millions)	398.1	341.5	396.2	302.8

WPX Energy, Inc.
Consolidated Balance Sheets
(Unaudited)

	September 30, 2017	December 31, 2016
	(Millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 10	\$ 496
Accounts receivable, net of allowance of \$1 million as of September 30, 2017 and \$3 million as of December 31, 2016	268	168
Derivative assets	61	26
Inventories	42	32
Assets classified as held for sale	237	12
Other	30	20
Total current assets	<u>648</u>	<u>754</u>
Properties and equipment (successful efforts method of accounting)	9,675	7,986
Less: Accumulated depreciation, depletion and amortization	<u>(2,291)</u>	<u>(1,829)</u>
Properties and equipment, net	7,384	6,157
Derivative assets	34	12
Assets classified as held for sale	-	317
Other noncurrent assets	29	24
Total assets	<u>\$ 8,095</u>	<u>\$ 7,264</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 369	\$ 222
Accrued and other current liabilities	150	301
Liabilities associated with assets held for sale	62	2
Derivative liabilities	56	152
Total current liabilities	<u>637</u>	<u>677</u>
Deferred income taxes	276	251
Long-term debt, net	2,859	2,575
Derivative liabilities	26	63
Asset retirement obligations	37	38
Liabilities associated with assets held for sale	-	62
Other noncurrent liabilities	98	132
Equity:		
Stockholders' equity:		
Preferred stock (100 million shares authorized at \$0.01 par value; 4.8 million shares outstanding at September 30, 2017 and December 31, 2016)	232	232
Common stock (2 billion shares authorized at \$0.01 par value; 398.1 million shares and 344.7 million shares issued and outstanding at September 30, 2017 and December 31, 2016)	4	3
Additional paid-in-capital	7,476	6,803
Accumulated deficit	<u>(3,550)</u>	<u>(3,572)</u>
Total stockholders' equity	<u>4,162</u>	<u>3,466</u>
Total liabilities and equity	<u>\$ 8,095</u>	<u>\$ 7,264</u>

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

Nine months ended September 30,

2017

2016

(Millions)

Operating Activities(a)

Net income (loss)	\$	22	\$	(429)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation, depletion and amortization		487		474
Deferred income tax provision (benefit)		25		(209)
Provision for impairment of properties and equipment (including certain exploration expenses)		138		29
Net (gain) loss on derivatives in continuing operations		(213)		59
Net settlements related to derivatives in continuing operations		23		260
Net loss on derivatives included in discontinued operations		-		46
Amortization of stock-based awards		24		27
Loss on extinguishment of debt		17		-
Net gain on sales of assets and divestment of transportation contracts		(157)		(28)
Cash provided (used) by operating assets and liabilities:				
Accounts receivable		(112)		147
Inventories		(6)		13
Other current assets		(6)		6
Accounts payable		91		(79)
Federal income taxes receivable (payable)		12		(33)
Accrued and other current liabilities		(86)		(92)
Payments on liabilities accrued in 2015 for retained transportation and gathering contracts related to discontinued operations		(40)		(42)
Other, including changes in other noncurrent assets and liabilities		9		(35)
Net cash provided by operating activities (a)		<u>228</u>		<u>114</u>

Investing Activities(a)

Capital expenditures(b)		(855)		(440)
Proceeds from sales of assets		34		1,140
Payments related to divestment of transportation contracts		-		(238)
Purchase of business		(798)		-
Purchase of investment		(7)		-
Other		(2)		(2)
Net cash provided by (used in) investing activities (a)		<u>(1,628)</u>		<u>460</u>

Financing Activities

Proceeds from common stock		671		540
Dividends paid on preferred stock		(11)		(15)
Payments related to induced conversion of preferred stock to common stock		-		(10)
Borrowings on credit facility		471		380
Payments on credit facility		(186)		(645)
Proceeds from long-term debt, net of discount		148		-
Payments for retirement of long-term debt, including premium		(165)		(230)
Taxes paid for shares withheld		(11)		(5)
Payments for debt issuance costs and credit facility amendment fees		(2)		(3)
Other		(1)		(1)
Net cash provided by financing activities		<u>914</u>		<u>11</u>
Net increase (decrease) in cash and cash equivalents		(486)		585
Cash and cash equivalents at beginning of period		496		38
Cash and cash equivalents at end of period	\$	<u>10</u>	\$	<u>623</u>

(a) Amounts reflect continuing and discontinued operations unless otherwise noted.

(b) Increase to properties and equipment	\$	(911)	\$	(424)
Changes in related accounts payable and accounts receivable		56		(16)
Capital expenditures	\$	<u>(855)</u>	\$	<u>(440)</u>