

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

	Years ended December 31,		
	2017	2016	2015
	(Millions, except per share amounts)		
Revenues:			
Product revenues:			
Oil sales	\$ 1,029	\$ 551	\$ 494
Natural gas sales	163	125	138
Natural gas liquid sales	115	46	23
Total product revenues	<u>1,307</u>	<u>722</u>	<u>655</u>
Net gain (loss) on derivatives	3	(207)	418
Commodity management	25	177	286
Other	1	1	7
Total revenues	<u>1,336</u>	<u>693</u>	<u>1,366</u>
Costs and expenses:			
Depreciation, depletion and amortization	673	623	528
Lease and facility operating	218	163	145
Gathering, processing and transportation	94	76	64
Taxes other than income	102	60	62
Exploration	101	42	85
General and administrative (including equity-based compensation of \$30 million, \$33 million and \$31 million for the respective periods)	174	214	210
Commodity management, including charges for unutilized pipeline capacity	27	208	261
Net (gain) loss-sales of assets, divestment of transportation contracts or impairment of producing properties	(111)	22	(349)
Acquisition costs	-	-	23
Other - net	15	16	63
Total costs and expenses	<u>1,293</u>	<u>1,424</u>	<u>1,092</u>
Operating income (loss)	43	(731)	274
Interest expense	(188)	(207)	(187)
Loss on extinguishment of debt	(17)	(1)	(65)
Investment income and other	3	2	(2)
Income (loss) from continuing operations before income taxes	<u>(159)</u>	<u>(937)</u>	<u>20</u>
Provision (benefit) for income taxes	(148)	(325)	24
Loss from continuing operations	<u>(11)</u>	<u>(612)</u>	<u>(4)</u>
Income (loss) from discontinued operations	(5)	11	(1,722)
Net loss	<u>(16)</u>	<u>(601)</u>	<u>(1,726)</u>
Less: Net income attributable to noncontrolling interests	-	-	1
Net loss attributable to WPX Energy, Inc.	<u>\$ (16)</u>	<u>\$ (601)</u>	<u>\$ (1,727)</u>
Less: Dividends on preferred stock	15	18	9
Less: Loss on induced conversion of preferred stock	-	22	-
Net loss available to WPX Energy, Inc. common stockholders	<u><u>\$ (31)</u></u>	<u><u>\$ (641)</u></u>	<u><u>\$ (1,736)</u></u>
Amounts available to WPX Energy, Inc. common stockholders:			
Loss from continuing operations	\$ (26)	\$ (652)	\$ (13)
Income (loss) from discontinued operations	(5)	11	(1,723)
Net loss	<u><u>\$ (31)</u></u>	<u><u>\$ (641)</u></u>	<u><u>\$ (1,736)</u></u>
Basic and diluted earnings (loss) per common share:			
Loss from continuing operations	\$ (0.06)	\$ (2.08)	\$ (0.06)
Income (loss) from discontinued operations	(0.02)	0.03	(7.36)
Net loss	<u><u>\$ (0.08)</u></u>	<u><u>\$ (2.05)</u></u>	<u><u>\$ (7.42)</u></u>
Weighted-average shares	395.1	313.3	234.2

WPX Energy, Inc.
Consolidated Balance Sheets
(Unaudited)

	December 31, 2017	December 31, 2016
	(Millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 189	\$ 496
Accounts receivable, net of allowance of \$2 million as of December 31, 2017 and \$3 million as of December 31, 2016	307	168
Derivative assets	36	26
Inventories	44	32
Assets classified as held for sale	34	12
Other	28	20
Total current assets	638	754
Investments	70	-
Properties and equipment, net	7,454	6,157
Derivative assets	23	12
Assets classified as held for sale	-	317
Other noncurrent assets	22	24
Total assets	\$ 8,207	\$ 7,264
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 446	\$ 222
Accrued and other current liabilities	209	301
Liabilities associated with assets held for sale	13	2
Derivative liabilities	171	152
Total current liabilities	839	677
Deferred income taxes	117	251
Long-term debt, net	2,575	2,575
Derivative liabilities	65	63
Asset retirement obligations	36	38
Liabilities associated with assets held for sale	-	62
Other noncurrent liabilities	448	132
Equity:		
Stockholders' equity:		
Preferred stock (100 million shares authorized at \$0.01 par value; 4.8 million shares outstanding at December 31, 2017 and December 31, 2016)	232	232
Common stock (2 billion shares authorized at \$0.01 par value; 398.3 million shares and 344.7 million shares issued and outstanding at December 31, 2017 and December 31, 2016)	4	3
Additional paid-in-capital	7,479	6,803
Accumulated deficit	(3,588)	(3,572)
Total equity	4,127	3,466
Total liabilities and equity	\$ 8,207	\$ 7,264

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

	Years ended December 31,		
	2017	2016	2015
	(Millions)		
Operating Activities(a)			
Net loss	\$ (16)	\$ (601)	\$ (1,726)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation, depletion and amortization	673	631	940
Deferred income tax benefit	(134)	(281)	(1,005)
Provision for impairment of properties and equipment (including certain exploration)	158	38	2,426
Net (gain) loss on derivatives in continuing operations	(3)	207	(418)
Net settlements related to derivatives in continuing operations	4	302	617
Net loss on derivatives included in discontinued operations	-	46	-
Amortization of stock-based awards	32	36	35
Loss on extinguishment of debt and acquisition bridge financing fees	17	1	81
Net gain on sales of assets and divestment of transportation contracts	(170)	(29)	(385)
Cash provided (used) by operating assets and liabilities:			
Accounts receivable	(153)	126	233
Inventories	(8)	10	(2)
Margin deposits and customer margin deposits payable	1	(1)	26
Other current assets	(8)	5	-
Accounts payable	158	(72)	(247)
Federal income taxes receivable (payable)	12	(19)	-
Accrued and other current liabilities	(31)	(45)	87
Payments on liabilities accrued in 2015 for retained transportation and gathering contracts related to discontinued operations	(53)	(53)	(14)
Other, including changes in other noncurrent assets and liabilities	28	(33)	171
Net cash provided by operating activities (a)	<u>507</u>	<u>268</u>	<u>819</u>
Investing Activities(a)			
Capital expenditures(b)	(1,161)	(578)	(1,124)
Proceeds from sales of assets	193	1,127	810
Proceeds (payments) related to divestment of transportation contracts	-	(238)	209
Purchases of business, net of cash acquired	(799)	-	(1,212)
Net proceeds from the joint venture formation	338	-	-
Purchase of investments	(8)	-	-
Other	(1)	(1)	1
Net cash provided by (used in) investing activities (a)	<u>(1,438)</u>	<u>310</u>	<u>(1,316)</u>
Financing Activities			
Proceeds from common stock	672	540	295
Proceeds from preferred stock	-	-	339
Dividends paid on preferred stock	(15)	(18)	(6)
Payments related to induced conversion of preferred stock to common stock	-	(10)	-
Borrowings on credit facility	661	380	841
Payments on credit facility	(661)	(645)	(856)
Proceeds from long-term debt, net of discount	148	-	1,000
Payments for retirement of long-term debt, including premium	(165)	(356)	(1,100)
Taxes paid for shares withheld	(12)	(6)	(8)
Payments for debt issuance costs, credit facility amendment fees and acquisition bridge financing fees	(2)	(5)	(40)
Other	(2)	-	-
Net cash provided by (used in) financing activities	<u>624</u>	<u>(120)</u>	<u>465</u>
Net increase (decrease) in cash and cash equivalents	(307)	458	(32)
Cash and cash equivalents at beginning of period	496	38	70
Cash and cash equivalents at end of period	<u>\$ 189</u>	<u>\$ 496</u>	<u>\$ 38</u>
(a) Amounts reflect continuing and discontinued operations unless otherwise noted.			
(b) Increase to properties and equipment	\$ (1,232)	\$ (584)	\$ (865)
Changes in related accounts payable and accounts receivable	71	6	(259)
Capital expenditures	<u>\$ (1,161)</u>	<u>\$ (578)</u>	<u>\$ (1,124)</u>