

2024 1Q EARNINGS

CHESAPEAKE
ENERGY

APRIL 30, 2024



Forward-Looking Statements

This presentation includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements include our current expectations or forecasts of future events, including matters relating to the pending merger with Southwestern Energy Company (“Southwestern”), armed conflict and instability in Europe and the Middle East, along with the effects of the current global economic environment, and the impact of each on our business, financial condition, results of operations and cash flows, actions by, or disputes among or between, members of OPEC+ and other foreign oil-exporting countries, market factors, market prices, our ability to meet debt service requirements, our ability to continue to pay cash dividends, the amount and timing of any cash dividends and our ESG initiatives. Forward-looking and other statements in this presentation regarding our environmental, social and other sustainability plans and goals are not an indication that these statements are necessarily material to investors or required to be disclosed in our filings with the SEC. In addition, historical, current, and forward-looking environmental, social and sustainability-related statements may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future. Forward-looking statements often address our expected future business, financial performance and financial condition, and often contain words such as “expect,” “could,” “may,” “anticipate,” “intend,” “plan,” “ability,” “believe,” “seek,” “see,” “will,” “would,” “estimate,” “forecast,” “target,” “guidance,” “outlook,” “opportunity” or “strategy.” The absence of such words or expressions does not necessarily mean the statements are not forward-looking.

Although we believe the expectations and forecasts reflected in our forward-looking statements are reasonable, they are inherently subject to numerous risks and uncertainties, most of which are difficult to predict and many of which are beyond our control. No assurance can be given that such forward-looking statements will be correct or achieved or that the assumptions are accurate or will not change over time. Particular uncertainties that could cause our actual results to be materially different than those expressed in our forward-looking statements include:

- conservation measures and technological advances could reduce demand for natural gas and oil;
- negative public perceptions of our industry;
- competition in the natural gas and oil exploration and production industry;
- the volatility of natural gas, oil and NGL prices, which are affected by general economic and business conditions, as well as increased demand for (and availability of) alternative fuels and electric vehicles;
- risks from regional epidemics or pandemics and related economic turmoil, including supply chain constraints;
- write-downs of our natural gas and oil asset carrying values due to low commodity prices;
- significant capital expenditures are required to replace our reserves and conduct our business;
- our ability to replace reserves and sustain production;
- uncertainties inherent in estimating quantities of natural gas, oil and NGL reserves and projecting future rates of production and the amount and timing of development expenditures;
- drilling and operating risks and resulting liabilities;
- our ability to generate profits or achieve targeted results in drilling and well operations;
- leasehold terms expiring before production can be established;
- risks from our commodity price risk management activities;
- uncertainties, risks and costs associated with natural gas and oil operations;
- our need to secure adequate supplies of water for our drilling operations and to dispose of or recycle the water used;
- pipeline and gathering system capacity constraints and transportation interruptions;
- our plans to participate in the LNG export industry;
- terrorist activities and/or cyber-attacks adversely impacting our operations;
- risks from failure to protect personal information and data and compliance with data privacy and security laws and regulations;
- disruption of our business by natural or human causes beyond our control;
- a deterioration in general economic, business or industry conditions;
- the impact of inflation and commodity price volatility, including as a result of armed conflict and instability in Europe and the Middle East, along with the effects of the current global economic environment, on our business, financial condition, employees, contractors, vendors and the global demand for natural gas and oil and on U.S. and global financial markets;
- our inability to access the capital markets on favorable terms;
- the limitations on our financial flexibility due to our level of indebtedness and restrictive covenants from our indebtedness;
- our actual financial results after emergence from bankruptcy may not be comparable to our historical financial information;
- risks related to acquisitions or dispositions, or potential acquisitions or dispositions, including risks related to the pending merger with Southwestern, such as the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement; the possibility that our stockholders may not approve the issuance of our common stock in connection with the proposed transaction; the possibility that the stockholders of Southwestern may not approve the merger agreement; the risk that we or Southwestern may be unable to obtain governmental and regulatory approvals required for the proposed transaction, or required governmental and regulatory approvals may delay the merger or result in the imposition of conditions that could cause the parties to abandon the merger; the risk that the parties may not be able to satisfy the conditions to the proposed transaction in a timely manner or at all; risks related to limitation on our ability to pursue alternatives to the merger; risks related to change in control or other provisions in certain agreements that may be triggered upon completion of the merger; risks related to the merger agreement’s restrictions on business activities prior to the effective time of the merger; risks related to loss of management personnel, other key employees, customers, suppliers, vendors, landlords, joint venture partners and other business partners following the merger; risks related to disruption of management time from ongoing business operations due to the proposed transaction; the risk that any announcements relating to the proposed transaction could have adverse effects on the market price of our common

stock or Southwestern’s common stock; the risk of any unexpected costs or expenses resulting from the proposed transaction; the risk of any litigation relating to the proposed transaction; the risk that problems may arise in successfully integrating the businesses of the companies, which may result in the combined company not operating as effectively and efficiently as expected; and the risk that the combined company may be unable to achieve synergies or other anticipated benefits of the proposed transaction or it may take longer than expected to achieve those synergies or benefits;

- our ability to achieve and maintain ESG certifications, goals and commitments;
- legislative, regulatory and ESG initiatives, addressing environmental concerns, including initiatives addressing the impact of global climate change or further regulating hydraulic fracturing, methane emissions, flaring or water disposal;
- federal and state tax proposals affecting our industry;
- risks related to an annual limitation on the utilization of our tax attributes, which is expected to be triggered upon completion of the merger, as well as trading in our common stock, additional issuances of common stock, and certain other stock transactions, which could lead to an additional, potentially more restrictive, annual limitation; and
- other factors that are described under Risk Factors in Item 1A of Part I of our Annual Report on Form 10-K.

We caution you not to place undue reliance on the forward-looking statements contained in this presentation, which speak only as of the filing date, and we undertake no obligation to update this information. We urge you to carefully review and consider the disclosures in this presentation and our filings with the SEC that attempt to advise interested parties of the risks and factors that may affect our business.

IMPORTANT INFORMATION FOR INVESTORS; ADDITIONAL INFORMATION AND WHERE TO FIND IT

In connection with the merger between Chesapeake and Southwestern, Chesapeake has filed and will file relevant materials with the Securities and Exchange Commission (the “SEC”). On February 29, 2024, Chesapeake filed with the SEC a registration statement on Form S-4 (as amended on April 11, 2024 and as may be further amended from time to time, the “Form S-4”) to register the shares of Chesapeake common stock to be issued in connection with the merger. The Form S-4 includes a joint preliminary proxy statement of Chesapeake and Southwestern that also constitutes a preliminary prospectus of Chesapeake (the “joint proxy statement/prospectus”). The information in the Form S-4 is not complete and may be changed. After the Form S-4 is declared effective, a definitive proxy statement/prospectus will be mailed to stockholders of Chesapeake and Southwestern. This communication is not a substitute for the Form S-4, the joint proxy statement/prospectus or any other document that Chesapeake or Southwestern (as applicable) has filed or may file with the SEC in connection with the merger. BEFORE MAKING ANY VOTING DECISION, INVESTORS ARE URGED TO CAREFULLY READ THE FORM S-4, THE JOINT PROXY STATEMENT/PROSPECTUS AND ALL OTHER RELEVANT DOCUMENTS THAT ARE FILED OR WILL BE FILED WITH THE SEC, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THOSE DOCUMENTS, AS THEY BECOME AVAILABLE BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION ABOUT CHESAPEAKE, SOUTHWESTERN, THE MERGER, THE RISKS RELATED THERETO AND RELATED MATTERS.

Investors may obtain free copies of the Form S-4 and the joint proxy statement/prospectus, as well as other filings containing important information about Chesapeake or Southwestern, without charge at the SEC’s Internet website (<http://www.sec.gov>). Copies of the documents filed with the SEC by Chesapeake may be obtained free of charge on Chesapeake’s website at <http://investors.chk.com/>. Copies of the documents filed with the SEC by Southwestern may be obtained free of charge on Southwestern’s website at <https://ir.swn.com/CorporateProfile/default.aspx>.

Participants in Solicitation

Chesapeake and Southwestern and certain of their respective directors, executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies in connection with the proposed transaction contemplated by the joint proxy statement/prospectus. Information regarding Chesapeake’s directors and executive officers and their ownership of Chesapeake’s securities is set forth in Chesapeake’s filings with the SEC, including Chesapeake’s Annual Report on Form 10-K for the fiscal year ended December 31, 2023, which was filed with the SEC on February 21, 2024, and its Definitive Proxy Statement on Schedule 14A, which was filed with the SEC on April 26, 2024. To the extent such person’s ownership of Chesapeake’s securities has changed since the filing of Chesapeake’s proxy statement, such changes have been or will be reflected on Statements of Change in Ownership on Form 4 filed with the SEC thereafter. Information regarding Southwestern’s directors and executive officers and their ownership of Southwestern’s securities is set forth in Southwestern’s filings with the SEC, including Southwestern’s Annual Report on Form 10-K for the fiscal year ended December 31, 2023, which was filed with the SEC on February 22, 2024, and an amendment to its Annual Report on Form 10-K/A, which was filed with the SEC on April 29, 2024. To the extent such person’s ownership of Southwestern’s securities has changed since the filing of Southwestern’s proxy statement, such changes have been or will be reflected on Statements of Change in Ownership on Form 4 filed with the SEC thereafter. Additional information regarding the interests of those persons and other persons who may be deemed participants in the proxy solicitations may be obtained by reading the joint proxy statement/prospectus and other relevant materials that will be filed with the SEC regarding the proposed transaction when such documents become available. You may obtain free copies of these documents as described in the preceding paragraph.

No Offer or Solicitation

This presentation relates to the proposed transaction between Chesapeake and Southwestern. This presentation is for informational purposes only and shall not constitute an offer to sell or exchange, or the solicitation of an offer to buy or exchange, any securities or a solicitation of any vote or approval, in any jurisdiction, pursuant to the proposed transaction or otherwise, nor shall there be any sale, issuance, exchange or transfer of the securities referred to in this document in any jurisdiction in contravention of applicable law. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act.

1Q24 Operational and Financial Highlights

Cash and cash equivalents
balance as of 3/31/24

~\$1.2B

1Q24 adjusted EBITDAX⁽¹⁾

>\$500mm

Base and variable dividend of

\$0.715

per share payable to shareholders
of record as of 5/16/24

Achieved 2023
methane intensity rate of

0.02% and

GHG emissions intensity rate of

2.1

met 2025 targets⁽²⁾

1Q24 production

~3.2 bcfe/d

with capital at low end
of quarter guide

Building productive capacity with

22 DTILs and
24 DUCs

available at the end of 1Q24

February 2024 signed

LNG SPAs

~0.5 mtpa offtake from Delfin
sold to Gunvor priced on JKM

(1) A non-GAAP measure as defined and reconciled in the appendix

(2) Methane intensity calculated as volume methane emissions / volume gross operated natural gas produced; GHG emission intensity is metric tons CO₂e / gross operated annual production (mboe)

Our Strategic Pillars Remain Unchanged

Superior Capital Returns

Most efficient operator, returning more cash to shareholders than domestic gas peers

1Q24 free cash flow returns \$0.715 base and variable combined dividend per common share

Deep, Attractive Inventory

Premium rock, returns, runway with best-in-class execution

Pending merger with SWN would create >5,000 pro forma gross locations across Appalachia and Haynesville

Premier Balance Sheet

Investment grade-quality balance sheet provides strategic through-cycle advantages

~\$1.2B of cash and cash equivalents⁽¹⁾ and hedge-the-wedge preserves financial strength

Sustainability Leadership

Consistent and measurable progress on our path to net zero

Met 2025 interim targets for methane and GHG emissions intensity⁽²⁾ and achieved industry leading combined TRIR of 0.14

(1) As of 3/31/24

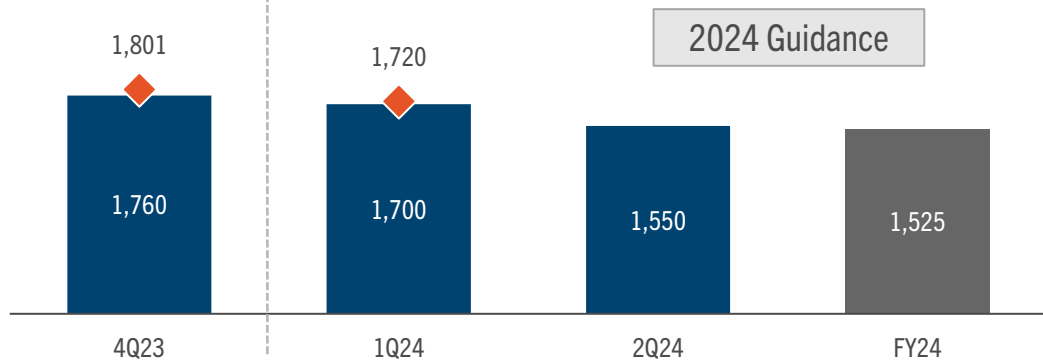
(2) Methane intensity calculated as volume methane emissions / volume gross operated natural gas produced; GHG emission intensity is metric tons CO₂e / gross operated annual production (mboe)

Disciplined Program Designed for Current Market Conditions

■ Guidance Midpoint
◆ Actuals

Marcellus Quarterly Production

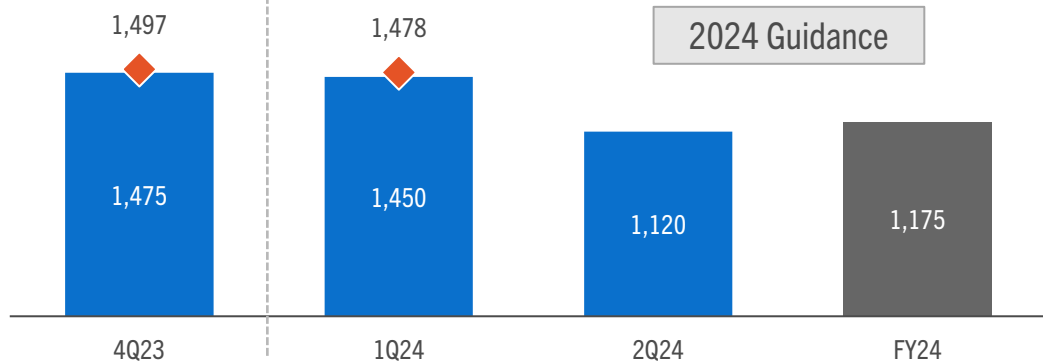
mmcf/d



Rig Count	4Q23	1Q24	2Q24	FY24
	4	4	4 → 3	4 → 3
5	5	5 → 4	4	5 → 4

Haynesville Quarterly Production

mmcf/d

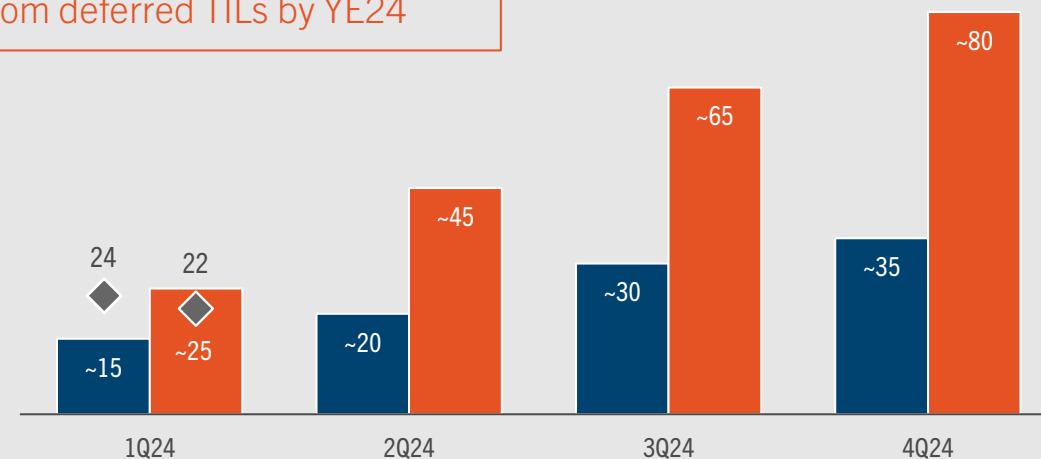


Building DUCs and Deferring TILs Throughout 2024

Cumulative DUC⁽¹⁾ and deferred TIL count, gross

Up to 1.0 bcf/d⁽²⁾
of productive capacity available from deferred TILs by YE24

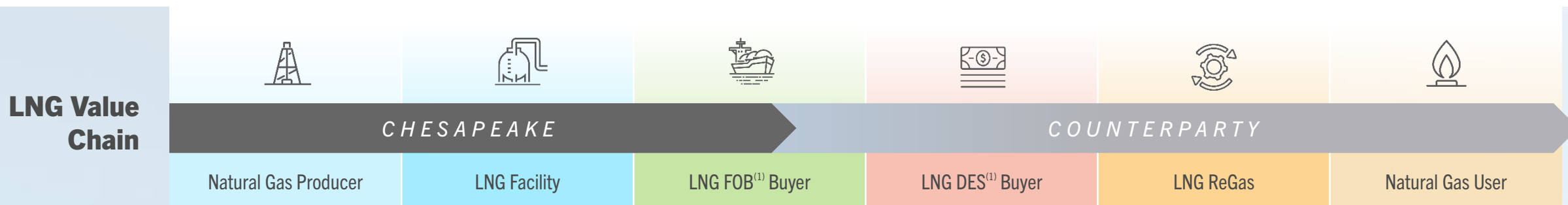
■ Deferred Completions (DUC)
■ Deferred TILs
◆ Actuals



- Reducing rig / frac activity as planned
- Volumes decline for the remainder of the year with TIL deferrals and DUC builds on schedule
- 2Q24 outlook includes ~400 mmcf/d of selective base curtailments

(1) Gross DUC count above normal working inventory levels
(2) Quarterly production uplift for 4Q24 assuming activation of deferred TILs

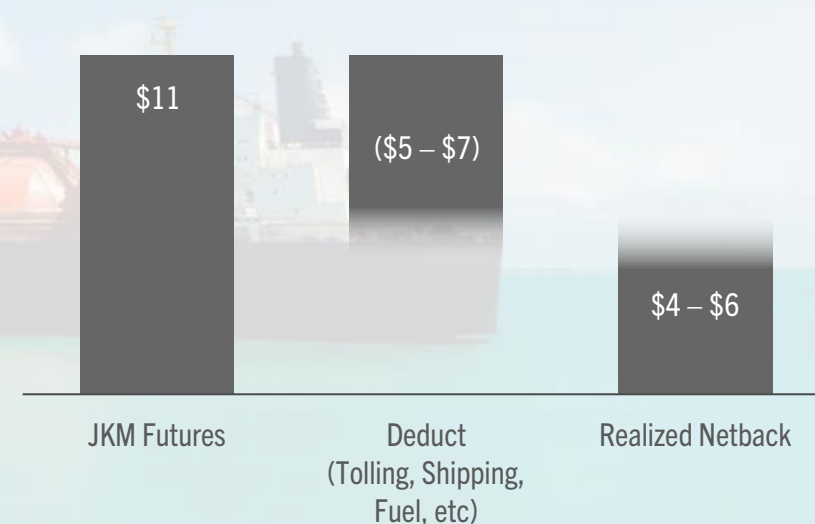
Our Progress to Be LNG Ready



- Secured ~0.5 mtpa LNG SPAs with offtake from Delfin at a Henry Hub linked price and subsequent sale to Gunvor at a JKM linked price
- Gunvor offtake HOA for up to an additional 1.5 mtpa with JKM linked price exposure
- Vitol offtake HOA for up to 1 mtpa with JKM linked price exposure
- Equity partner and anchor shipper on Momentum’s NG3 (Haynesville to Gulf Coast pipeline)

Illustrative Potential LNG Netback

\$/mmbtu



~12 bcf/d of financed / FID LNG export demand anticipated by ~2028⁽²⁾

(1) FOB – Free on Board; DES – Delivered ex-Ship
 (2) Per FERC approved and public project disclosures of timing and capacities

Premier Balance Sheet Underpins Flexible Operating Strategy

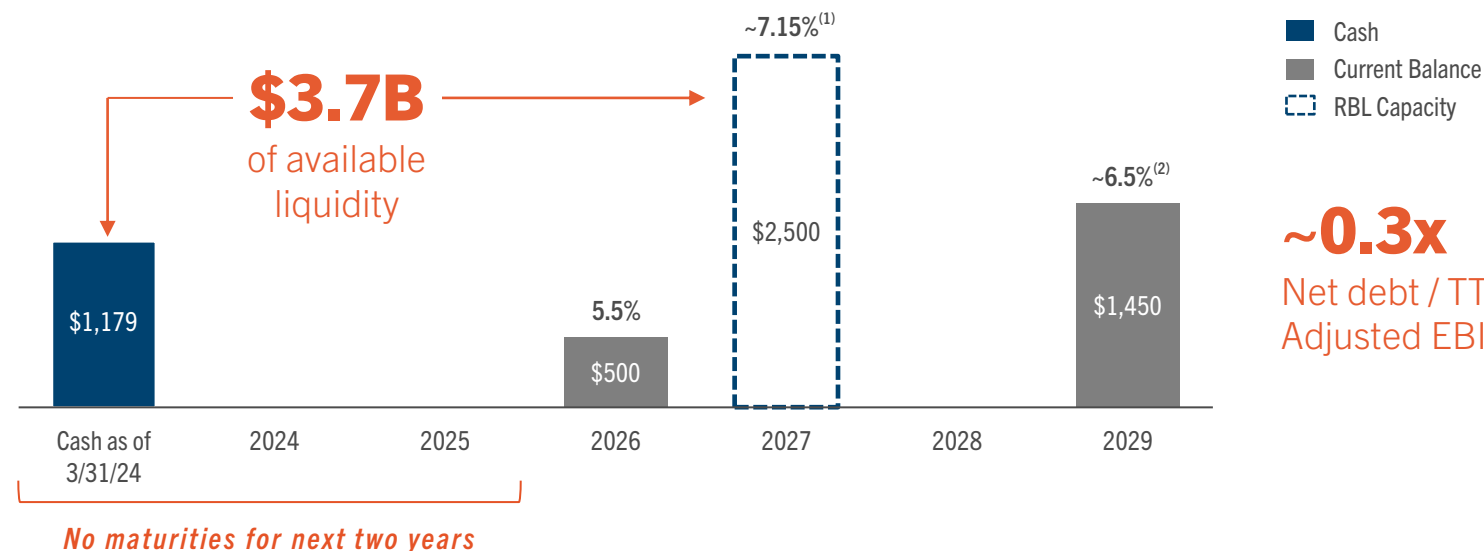
Reaffirmed credit facility borrowing base, increasing aggregate commitments to \$2.5B

Credit ratings:

- Moody's (Ba1)
- Fitch (BB+)
- S&P (BB)

Debt Maturity Profile

\$ in millions, % interest rate



~0.3x
Net debt / TTM
Adjusted EBITDAX⁽³⁾

- **Premier balance sheet** provides confidence to deliver sustainable returns through-cycle
- Commitment to strong balance sheet, **low leverage** (<1.0x net debt / EBITDAX⁽³⁾)

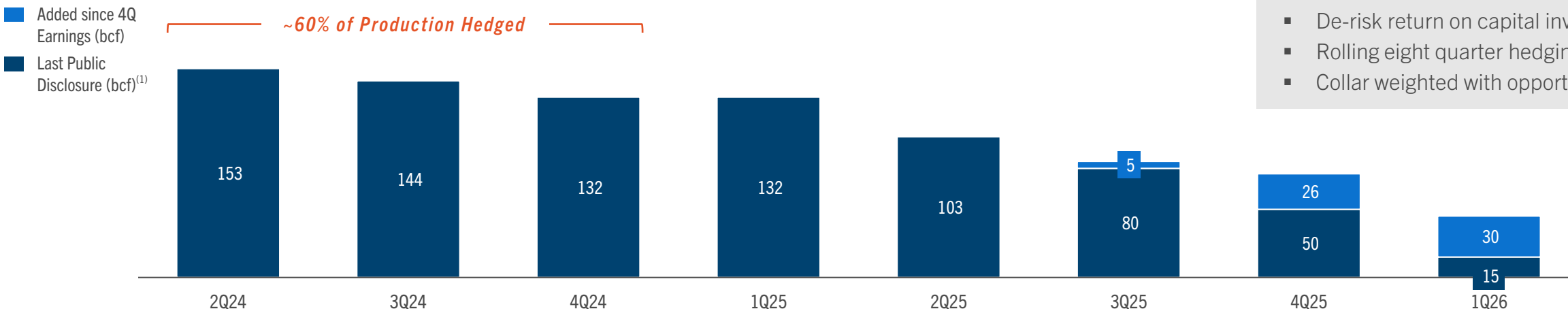
- **Investment Grade characteristics** will facilitate lower cost of capital over time
- Hedge book enables CHK to maintain a **strong leverage profile** even at low commodity prices

Continuing to Support Returns with Through-Cycle Hedging

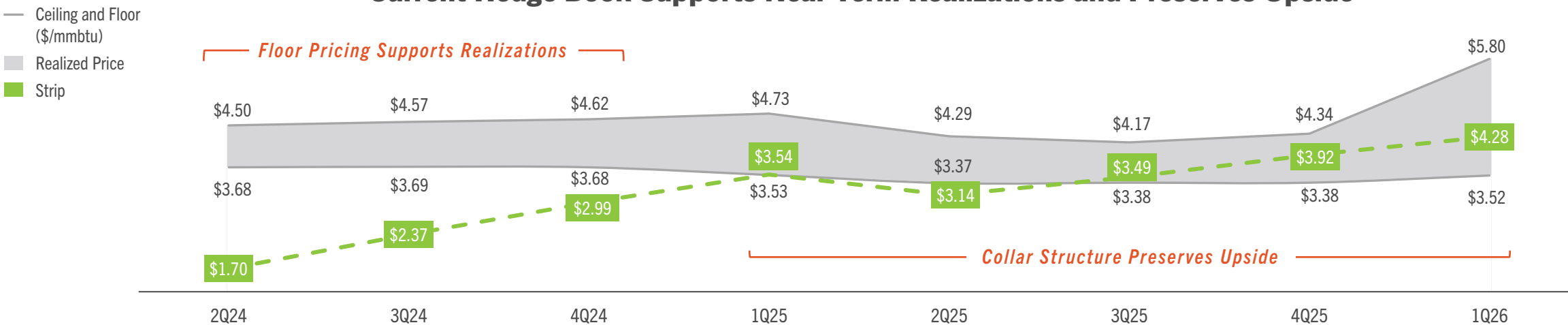
Hedge-the-Wedge Volumes

HEDGE-THE-WEDGE CONCEPT

- De-risk return on capital investment
- Rolling eight quarter hedging
- Collar weighted with opportunistic swaps



Current Hedge Book Supports Near-Term Realizations and Preserves Upside



Note: Hedge position and strip as of 4/26/24
 (1) As of 4Q23 Earnings

CHK + SWN: Accelerating America's Energy Reach

TRANSACTION OVERVIEW

Combined Enterprise Value

~**\$24 billion**

Stock-for-Stock Exchange

0.0867

shares of CHK common stock for
each share of SWN common stock

Pro Forma Ownership

~**60%** / ~**40%**

Chesapeake / Southwestern

EXPECTED BENEFITS

- ✓ **Premier natural gas portfolio** with favorable market access and growth upside to deliver affordable energy for consumers
- ✓ Creates platform to expand marketing and trading business to **reach more markets, mitigate price volatility** and **increase revenue**
- ✓ Significant **synergies** and accretive to all financial metrics including **shareholder returns**
- ✓ **Investment grade-quality** capital structure that handles volatility and buffers returns
- ✓ **Sustainability leadership** through 100% certified RSG volumes

Appendix

CHESAPEAKE
ENERGY



Management's Guidance as of April 30, 2024

Bold / Italicized = updated guidance range

Production	1Q24A	2Q24E	2024E
Total Natural Gas Production (mmcf/d)	3,198	2,620 – 2,720	2,650 – 2,750
Marcellus	54%	~60%	~55%
Haynesville	46%	~40%	~45%

Capital and Equity Investment Expenditures (\$mm)	1Q24A	2Q24E	2024E
Total D&C	\$300	\$250 – \$270	\$1,000 – \$1,080
Marcellus	35%	~35%	~35%
Haynesville	65%	~65%	~65%
Other Capex (Field) ⁽²⁾	\$35	\$45 – \$55	\$155 – \$165
Other Capex (Corporate) ⁽³⁾	\$19	~\$25	\$95 – \$105
Total Capital Expenditures	\$354	\$320 – \$350	\$1,250 – \$1,350
Momentum Equity Investment	\$19	\$20 – \$30	\$50 – \$100

Operating Costs (per mcf of Projected Production)	1Q24A	2024E
Production Expense	\$0.20	\$0.23 – \$0.28
Gathering, Processing and Transportation Expenses	\$0.59	\$0.60 – \$0.70
Severance and Ad Valorem Taxes	\$0.10	\$0.08 – \$0.10
General and Administrative ⁽¹⁾	\$0.16	\$0.14 – \$0.18
Depreciation, Depletion and Amortization Expense	\$1.37	\$1.35 – \$1.45

Corporate Expenses (\$mm)	1Q24A	2024E
Marketing Net Margin and Other	(\$13)	\$0 – \$5
Interest Expense	\$19	\$75 – \$85
Cash Income Taxes / (Refunds)	\$0	\$0 – \$50

Basis	1Q24A	2024E
Estimated (E) Basis Deduct to NYMEX Prices, based on 4/26/24 Strip Prices:		
Natural Gas (\$/mcf)	\$0.21	\$0.32 – \$0.42

Guidance is CHK standalone only

(1) Includes ~\$0.03/mcfe of expenses associated with stock-based compensation, which are recorded in general and administrative expenses in Chesapeake's Condensed Consolidated Statement of Operations

(2) Other Field capex primarily attributable to leasehold and workover (3) Corporate capex primarily related to capitalized interest, PP&E and G&A

1Q 2024 Business Unit Results

	MARCELLUS		HAYNESVILLE	
Production (mmcf/d)	1,720		1,478	
Production Expense (\$/mcf)	\$0.14		\$0.28	
Differential to NYMEX (\$/mcf)	(\$0.21)		(\$0.21)	
GP&T (\$/mcf)	\$0.70		\$0.47	
Rigs	4		5	
Spuds (by zone)	Lower 15	Upper 1	HV 6	BSSR 5
TILs (by zone)	Lower 10	Upper 5	HV 12	BSSR 2
D&C Capex (\$mm)	\$105		\$195	
Total Capital (\$mm)	\$133		\$221	

Hedging Program Reduces Risk, Protects Returns

NATURAL GAS						ESTIMATED NYMEX GAS SETTLEMENT (\$mm) ⁽¹⁾				
Date	SWAPS		COLLARS			Date	\$2.00 NYMEX	\$2.50 NYMEX	\$3.00 NYMEX	\$3.50 NYMEX
	Volume bcf	Price \$/mcf	Volume bcf	Bought Put \$/mcf	Sold Call \$/mcf					
2Q 2024	71.0	3.49	81.9	3.85	5.37	2Q 2024	257	181	104	30
3Q 2024	58.1	3.53	85.6	3.79	5.27	3Q 2024	242	171	99	32
4Q 2024	47.5	3.45	84.6	3.80	5.27	4Q 2024	222	156	90	28
RM 2024	176.6	\$3.50	252.1	\$3.81	\$5.30	RM 2024	\$721	\$508	\$293	\$90
1Q 2025	38.3	3.28	93.6	3.63	5.33	1Q 2025	202	136	70	11
2Q 2025	35.3	3.45	67.8	3.33	4.73	2Q 2025	141	90	38	(1)
3Q 2025	40.3	3.46	44.2	3.32	4.82	3Q 2025	117	75	32	(2)
4Q 2025	23.7	3.41	51.1	3.37	4.77	4Q 2025	103	65	29	(2)
FY 2025	137.5	\$3.40	256.6	\$3.45	\$4.97	FY 2025	\$563	\$367	\$169	\$6
1Q 2026	–	–	45.0	3.52	5.80	1Q 2026	68	46	23	1

- Added ~60 bcf of NYMEX protection since last public disclosure (4Q23 Earnings)
 - ~81% collars and ~19% swaps
 - Weighted avg. floor of ~\$3.46 and ceiling of ~\$5.09/mmbtu for new hedges

Hedged Financial Basis

- ~31% of Marcellus and ~64% of Haynesville basis financially hedged for RM24
- Since 4Q24 Earnings, CHK has added financial basis protection for:
 - ~6.1 bcf of 2024 gas at an average differential to NYMEX of \$0.14
 - ~28.7 bcf of 2025 gas at an average differential to NYMEX of (\$0.05)
- CHK has additional in-basin basis protection through physical sales contracts covering ~36% of production for RM24

<i>(as of 4/26/24)</i>										
	MARCELLUS						HAYNESVILLE			
Date	TETCO M3		TGP Z4 300L		LEIDY		CGT MAINLINE		TGT Z1	
	Volume bcf	Avg. Price \$/mcf	Volume bcf	Avg. Price \$/mcf	Volume bcf	Avg. Price \$/mcf	Volume bcf	Avg. Price \$/mcf	Volume bcf	Avg. Price \$/mcf
2Q 2024	14.6	(0.71)	3.0	(1.14)	26.4	(1.05)	42.3	(0.29)	27.8	(0.27)
3Q 2024	14.7	(0.71)	3.0	(1.14)	26.7	(1.05)	41.9	(0.29)	27.1	(0.27)
4Q 2024	12.9	(0.08)	3.4	(1.08)	24.5	(0.89)	27.5	(0.29)	36.7	(0.25)
RM 2024	42.2	(\$0.52)	9.4	(\$1.12)	77.6	(\$1.00)	111.7	(\$0.29)	91.6	(\$0.26)
1Q 2025	11.7	1.01	0.9	(0.75)	14.9	(0.66)	5.4	(0.21)	35.3	(0.24)
2Q 2025	–	–	–	–	3.6	(0.97)	0.9	(0.23)	28.4	(0.24)
3Q 2025	–	–	–	–	3.7	(0.97)	0.9	(0.23)	28.8	(0.24)
4Q 2025	–	–	–	–	3.7	(0.82)	0.3	(0.23)	16.4	(0.23)
FY 2025	11.7	\$1.01	0.9	(\$0.75)	25.9	(\$0.77)	7.5	(\$0.22)	108.9	(\$0.24)
1Q 2026	–	–	–	–	3.6	(0.75)	–	–	9.9	(0.23)
FY 2026	–	–	–	–	3.6	(\$0.75)	–	–	9.9	(\$0.23)

Marcellus and Haynesville Sale Points

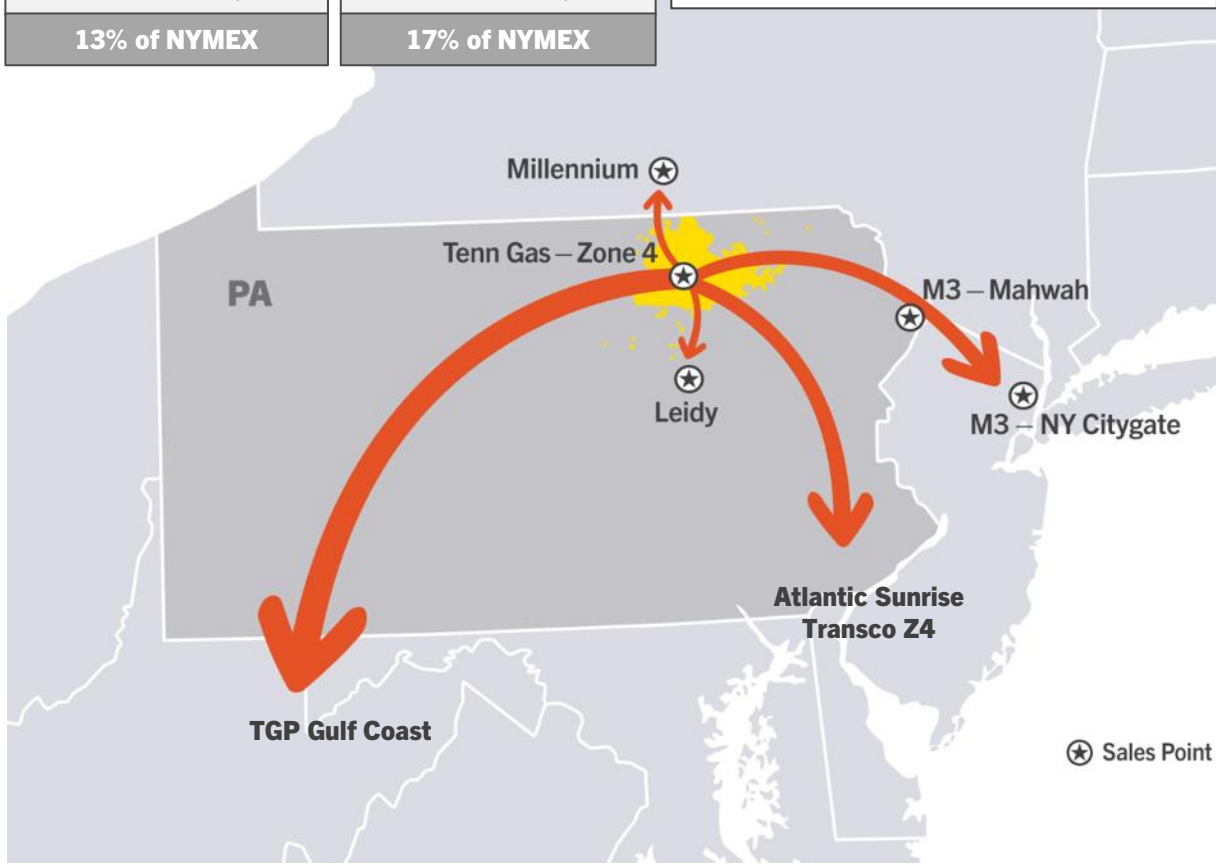
Marcellus Sales Points

DEDUCT FROM NYMEX (\$) ⁽¹⁾

HISTORICAL		CURRENT	
TGP Z4	(\$1.09)	TGP Z4	(\$0.85)
Leidy	(\$0.99)	Leidy	(\$0.77)
TETCO M3	+\$0.09	TETCO M3	(\$0.18)
13% of NYMEX		17% of NYMEX	

MARCELLUS TOTAL PRODUCTION

In Basin 45%		Out of Basin 55%	
TGP Z4	10%	TETCO M3	20%
Leidy	35%	Other	35%
		(primarily NYMEX)	



Haynesville Sales Points

DEDUCT FROM NYMEX (\$) ⁽¹⁾

HISTORICAL		CURRENT	
CGML	(\$0.47)	CGML	(\$0.24)
TGT	(\$0.41)	TGT	(\$0.20)
12% of NYMEX		9% of NYMEX	

HAYNESVILLE TOTAL PRODUCTION

CGML	50%
TGT	25%
Other (primarily NYMEX)	25%



(1) Historical prices based on NYMEX contract settlement prices for January 2022 – December 2023; current prices based on NYMEX settled and future prices for January 2024 – December 2025, strip as of 4/26/24

Non-GAAP Financial Measures

As a supplement to the financial results prepared in accordance with U.S. GAAP, Chesapeake's quarterly earnings presentations contain certain financial measures that are not prepared or presented in accordance with U.S. GAAP. These non-GAAP financial measures include Adjusted EBITDAX, Free Cash Flow, Adjusted Free Cash Flow, Net Debt and Total Capitalization. A reconciliation of each financial measure to its most directly comparable GAAP financial measure is included in the following tables. Management believes these adjusted financial measures are a meaningful adjunct to earnings and cash flows calculated in accordance with GAAP because (a) management uses these financial measures to evaluate the company's trends and performance, (b) these financial measures are comparable to estimates provided by certain securities analysts, and (c) items excluded generally are one-time items or items whose timing or amount cannot be reasonably estimated. Accordingly, any guidance provided by the company generally excludes information regarding these types of items. Due to the forward-looking nature of projected Adjusted EBITDAX, projected Free Cash Flow, and projected Adjusted Free Cash Flow used herein, management cannot reliably predict certain of the necessary components of the most directly comparable forward-looking GAAP measures. Accordingly, the Company is unable to present a quantitative reconciliation of such forward-looking non-GAAP financial measures to their most directly comparable forward-looking GAAP financial measures without unreasonable effort. Amounts excluded from these non-GAAP measures in future periods could be significant.

Chesapeake's definitions of each non-GAAP measure presented herein are provided below. Because not all companies or securities analysts use identical calculations, Chesapeake's non-GAAP measures may not be comparable to similar titled measures of other companies or securities analysts.

Adjusted EBITDAX: Adjusted EBITDAX is defined as net income (loss) before interest expense, income tax expense (benefit), depreciation, depletion and amortization expense, exploration expense, unrealized (gains) losses on natural gas and oil derivatives, separation and other termination costs, (gains) losses on sales of assets, and certain items management believes affect the comparability of operating results. Adjusted EBITDAX is presented as it provides investors an indication of the company's ability to internally fund exploration and development activities and service or incur debt. Adjusted EBITDAX should not be considered an alternative to, or more meaningful than, net income (loss) or net cash provided by (used in) operating activities as presented in accordance with GAAP.

Free Cash Flow: Free Cash Flow is defined as net cash provided by (used in) operating activities less cash capital expenditures. Free Cash Flow is a liquidity measure that provides investors additional information regarding the company's ability to service or incur debt and return cash to shareholders. Free Cash Flow should not be considered an alternative to, or more meaningful than, net cash provided by (used in) operating activities, or any other measure of liquidity presented in accordance with GAAP.

Adjusted Free Cash Flow: Adjusted Free Cash Flow is defined as net cash provided by (used in) operating activities less cash capital expenditures and cash contributions to investments, adjusted to exclude certain items management believes affect the comparability of operating results. Adjusted Free Cash Flow is a liquidity measure that provides investors additional information regarding the company's ability to service or incur debt and return cash to shareholders and is used to determine Chesapeake's quarterly variable dividend. Adjusted Free Cash Flow should not be considered an alternative to, or more meaningful than, net cash provided by (used in) operating activities, or any other measure of liquidity presented in accordance with GAAP.

Net Debt: Net Debt is defined as GAAP total debt excluding premiums, discounts, and deferred issuance costs less cash and cash equivalents. Net Debt is useful to investors as a widely understood measure of liquidity and leverage, but this measure should not be considered as an alternative to, or more meaningful than, total debt presented in accordance with GAAP.

Total Capitalization: Total Capitalization is defined as Net Debt plus total stockholders' equity and is used in the Net Debt to Capitalization ratio.

Reconciliation of Net Income to Adjusted EBITDAX (Unaudited)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
<i>(\$ in millions)</i>		
Net Income (GAAP)	\$ 26	\$ 1,389
Adjustments:		
Interest expense	19	37
Income tax expense	7	404
Depreciation, depletion and amortization	399	390
Exploration	2	7
Unrealized (gains) losses on natural gas and oil derivatives	67	(1,119)
Gains on sales of assets	(8)	(335)
Other operating expense, net	19	7
Other	(23)	(6)
Adjusted EBITDAX (Non-GAAP)	\$ 508	\$ 774

Reconciliation of Net Cash Provided by Operating Activities to Adjusted Free Cash Flow (Unaudited)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
<i>(\$ in millions)</i>		
Net Cash Provided by Operating Activities (GAAP)	\$ 552	\$ 889
Cash capital expenditures	(421)	(497)
Free Cash Flow (Non-GAAP)	131	392
Cash contributions to investments	(19)	(39)
Free cash flow associated with divested assets ⁽¹⁾	—	(112)
Adjusted Free Cash Flow (Non-GAAP)	\$ 112	\$ 241

Reconciliation of Net Cash Provided by Operating Activities to Adjusted EBITDAX (Unaudited)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
<i>(\$ in millions)</i>		
Net Cash Provided by Operating Activities (GAAP)	\$ 552	\$ 889
Changes in assets and liabilities	(76)	(263)
Interest expense	19	37
Current income tax expense	—	26
Share-based compensation	(9)	(7)
Other	22	92
Adjusted EBITDAX (Non-GAAP)	\$ 508	\$ 774

Reconciliation of Total Debt to Total Capitalization (Unaudited)

	March 31, 2024
<i>(\$ in millions)</i>	
Total Debt (GAAP)	\$ 2,025
Premiums and issuance costs on debt	(75)
Principal Amount of Debt	1,950
Cash and cash equivalents	(1,179)
Net Debt (Non-GAAP)	771
Total stockholders' equity	10,682
Total Capitalization (Non-GAAP)	\$ 11,453

(1) In March and April of 2023, we closed two divestitures of certain Eagle Ford assets. Due to the structure of these transactions, both of which had an effective date of October 1, 2022, the cash generated by these assets was delivered to the respective buyers through a reduction in the proceeds we received at the closing of each transaction.