CHESAPEAKE ENERGY CORPORATION
RECONCILIATION OF ADJUSTED NET INCOME AVAILABLE TO COMMON STOCKHOLDERS
($ in millions except per share data)
(unaudited)

	Three Months Ended March 31,			
	2018		2017	
	$	$/Share(b)(c)	$	$/Share(b)(c)
Net income available to common stockholders (GAAP)	$ 268	$ 0.30	$ 75	$ 0.08
Effect of dilutive securities	36		—	
Diluted earnings per common stockholder (GAAP)	$ 304	$ 0.29	$ 75	$ 0.08
Adjustments:				
Unrealized (gains) losses on oil, natural gas and NGL derivatives	119	0.11	(326)	(0.36)
Restructuring and other termination costs	38	0.04	—	—
Provision for legal contingencies, net	5	—	(2)	—
Other operating expense	—	—	391	0.43
Net losses on sales of fixed assets	8	0.01	—	—
Gains on investments	(139)	(0.13)	—	—
Losses on purchases or exchanges of debt	—	—	7	0.01
Loss on exchange of preferred stock	—	—	41	0.05
Other	1	—	2	—
Adjusted net income available to common stockholders(b) (Non-GAAP)	336	0.32	188	0.21
Preferred stock dividends	23	0.02	23	0.02
Earnings allocated to participating securities	2	—	1	—
Total adjusted net income attributable to Chesapeake(b) (c) (Non-GAAP)	$ 361	$ 0.34	$ 212	$ 0.23

(a) Our effective tax rate in the three months ended March 31, 2018 was 0%. Due to our valuation allowance position, no income tax effect from the adjustments has been included in determining adjusted net income for the three months ended March 31, 2017.

(b) Adjusted net income (loss) available to common stockholders and total adjusted net income (loss) attributable to Chesapeake, both in the aggregate and per dilutive share, are not measures of financial performance under GAAP, and should not be considered as an alternative to, or more meaningful than, net income (loss) available to common stockholders or earnings (loss) per share. Adjusted net income (loss) available to common stockholders and adjusted earnings (loss) per share exclude certain items that management believes affect the comparability of operating results. The company believes these adjusted financial measures are a useful adjunct to earnings calculated in accordance with GAAP because:

(i) Management uses adjusted net income (loss) available to common stockholders to evaluate the company's operational trends and performance relative to other oil and natural gas producing companies.

(ii) Adjusted net income (loss) available to common stockholders is more comparable to earnings estimates provided by securities analysts.

(iii) 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.

Because adjusted net income (loss) available to common stockholders and total adjusted net income (loss) attributable to Chesapeake exclude some, but not all, items that affect net income (loss) available to common stockholders and total adjusted net income (loss) attributable to Chesapeake may vary among companies, our calculation of adjusted net income (loss) available to common stockholders and total adjusted net income (loss) attributable to Chesapeake may not be comparable to similarly titled financial measures of other companies.

(c) Our presentation of diluted net income (loss) available to common stockholders and diluted adjusted net income (loss) per share excludes 60 million and 208 million shares considered antidilutive for the three months ended March 31, 2018 and 2017, respectively. The number of shares used for the non-GAAP calculation was determined in a manner consistent with GAAP.

CHESAPEAKE ENERGY CORPORATION
RECONCILIATION OF OPERATING CASH FLOW AND EBITDA
($ in millions)
(unaudited)

	Three Months Ended March 31,	
	2018	**2017**
CASH PROVIDED BY OPERATING ACTIVITIES (GAAP)	$ 656	$ 99
Changes in components of working capital and other assets and liabilities	(104)	(113)
OPERATING CASH FLOW (Non-GAAP)[(a)]	$ 552	$ (14)

	Three Months Ended March 31,	
	2018	**2017**
NET INCOME (GAAP)	$ 294	$ 141
Interest expense	123	95
Income tax expense	—	1
Depreciation and amortization of other assets	18	21
Oil, natural gas and NGL depreciation, depletion and amortization	268	197
EBITDA (Non-GAAP)[(b)]	$ 703	$ 455

	Three Months Ended March 31,	
	2018	**2017**
CASH PROVIDED BY OPERATING ACTIVITIES (GAAP)	$ 656	$ 99
Changes in assets and liabilities	(104)	(113)
Interest expense, net of unrealized gains (losses) on derivatives	123	93
Gains (losses) on oil, natural gas and NGL derivatives, net	(117)	322
Cash (receipts) payments on derivative settlements, net	(13)	34
Stock-based compensation	(9)	(11)
Net losses on sales of fixed assets	(8)	—
Gains on investments	139	—
Losses on purchases or exchanges of debt	—	(6)
Other items	36	37
EBITDA (Non-GAAP)[(b)]	$ 703	$ 455

(a) Operating cash flow represents net cash provided by operating activities before changes in components of working capital and other. Operating cash flow is presented because management believes it is a useful adjunct to net cash provided by operating activities under GAAP and provides useful information to investors for analysis of the Company's ability to generate cash to fund exploration and development, and to service debt. Operating cash flow is widely accepted as a financial indicator of an oil and natural gas company's ability to generate cash that is used to internally fund exploration and development activities and to service debt. This measure is widely used by investors and rating agencies in the valuation, comparison, rating and investment recommendations of companies within the oil and natural gas exploration and production industry. Operating cash flow is not a measure of financial performance under GAAP and should not be considered as an alternative to cash flows from operating activities as an indicator of cash flows, or as a measure of liquidity. Because operating cash flow excludes some, but not all, items that affect net cash provided by operating activities and may vary among companies, our calculation of operating cash flow may not be comparable to similarly titled measures of other companies. The increase in operating cash flow for the three months ended March 31, 2018 is mainly due to an increase in prices and volumes.

(b) EBITDA represents net income before interest expense, income tax expense, and depreciation, depletion and amortization expense. EBITDA is presented as a supplemental financial measurement in the evaluation of our business. We believe that it provides additional information regarding our ability to meet our future debt service, capital expenditures and working capital requirements. This measure is widely used by investors and rating agencies in the valuation, comparison, rating and investment recommendations of companies. EBITDA is also a financial measurement that, with certain negotiated adjustments, is reported to our lenders pursuant to our bank credit agreements and is used in the financial covenants in our bank credit agreements. EBITDA is not a measure of financial performance (or liquidity) under GAAP. Accordingly, it should not be considered as a substitute for net income, income from operations or cash flows from operating activities prepared in accordance with GAAP.

CHESAPEAKE ENERGY CORPORATION
RECONCILIATION OF ADJUSTED EBITDA
($ in millions)
(unaudited)

	Three Months Ended March 31,	
	2018	**2017**
EBITDA (Non-GAAP)	$ 703	$ 455
Adjustments:		
Unrealized losses (gains) on oil, natural gas and NGL derivatives	119	(326)
Restructuring and other termination costs	38	—
Provision for legal contingencies, net	5	(2)
Other operating expense	—	391
Net losses on sales of fixed assets	8	—
Gains on investments	(139)	—
Losses on purchases or exchanges of debt	—	7
Net income attributable to noncontrolling interests	(1)	(1)
Other	—	1
Adjusted EBITDA (Non-GAAP)[(a)]	$ 733	$ 525

(a) Adjusted EBITDA excludes certain items that management believes affect the comparability of operating results. The company believes these non-GAAP financial measures are a useful adjunct to EBITDA because:

(i) Management uses adjusted EBITDA to evaluate the company's operational trends and performance relative to other oil and natural gas producing companies.

(ii) Adjusted EBITDA is more comparable to estimates provided by securities analysts.

(iii) 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.

Accordingly, adjusted EBITDA should not be considered as a substitute for net income, income from operations or cash flow provided by operating activities prepared in accordance with GAAP. Because adjusted EBITDA excludes some, but not all, items that affect net income (loss from continuing operations) attributable to common stockholders, our calculations of adjusted EBITDA may not be comparable to similarly titled measures of other companies.