

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

THREE MONTHS ENDED:	June 30, 2017	
	\$	\$/Diluted Share^{(b)(c)}
Net income available to common stockholders (GAAP)	\$ 470	\$ 0.47
Adjustments:		
Unrealized gains on commodity derivatives	(202)	(0.18)
Provision for legal contingencies	17	0.02
Impairments of fixed assets and other	26	0.02
Net loss on sales of fixed assets	1	—
Gains on purchases or exchanges of debt	(191)	(0.17)
Income tax expense (benefit) ^(a)	—	—
Other	1	—
Adjusted net income available to common stockholders^(b) (Non-GAAP)	122	0.16
Preferred stock dividends	16	0.01
Earnings allocated to participating securities	8	0.01
Total adjusted net income attributable to Chesapeake^{(b) (c)} (Non-GAAP)	\$ 146	\$ 0.18

- (a) Due to our valuation allowance position, no income tax effect from the adjustments has been included in determining adjusted net income.
- (b) Adjusted net income available to common stockholders and total adjusted net income attributable to Chesapeake, both in the aggregate and per dilutive share, are not measures of financial performance under accounting principles generally accepted in the United States (GAAP), and should not be considered as an alternative to net income available to common stockholders or earnings per share. Adjusted net income available to common stockholders and adjusted earnings 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 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 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.
- (c) Our presentation of diluted adjusted net income (loss) per share excludes 1 million shares considered antidilutive when calculating diluted earnings per share in accordance with GAAP.

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RECONCILIATION OF ADJUSTED NET INCOME AVAILABLE TO COMMON STOCKHOLDERS
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(unaudited)

THREE MONTHS ENDED:	June 30, 2016	
	\$	\$/Diluted Share^{(b)(c)}
Net loss available to common stockholders (GAAP)	\$ (1,818)	\$ (2.51)
Adjustments:		
Unrealized losses on commodity derivatives	544	0.75
Unrealized losses on supply contract derivatives	37	0.05
Restructuring and other termination costs	3	—
Provision for legal contingencies	71	0.10
Impairment of natural gas properties	1,070	1.48
Impairments of fixed assets and other	6	0.01
Net gains on sales of fixed assets	(1)	—
Gains on purchases or exchanges of debt	(68)	(0.09)
Income tax expense (benefit) ^(a)	—	—
Other	(1)	—
Adjusted net loss available to common stockholders^(b) (Non-GAAP)	<u>(157)</u>	<u>(0.22)</u>
Preferred stock dividends	<u>42</u>	<u>0.06</u>
Total adjusted net loss attributable to Chesapeake^{(b) (c)} (Non-GAAP)	<u>\$ (115)</u>	<u>\$ (0.16)</u>

- (a) Due to our valuation allowance position, no income tax effect from the adjustments has been included in determining adjusted net income.
- (b) Adjusted net loss available to common stockholders and total adjusted net loss attributable to Chesapeake, both in the aggregate and per dilutive share, are not measures of financial performance under accounting principles generally accepted in the United States (GAAP), and should not be considered as an alternative to net income available to common stockholders or earnings per share. Adjusted net income available to common stockholders and adjusted earnings 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 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 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.
- (c) Our presentation of diluted adjusted net income (loss) per share excludes 114 million shares considered antidilutive when calculating diluted earnings per share in accordance with GAAP.

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

SIX MONTHS ENDED:	June 30, 2017	
	\$	\$/Diluted Share^{(b)(c)}
Net income available to common stockholders (GAAP)	\$ 547	\$ 0.59
Adjustments:		
Unrealized gains on commodity derivatives	(528)	(0.51)
Provision for legal contingencies	15	0.01
Impairments of fixed assets and other	417	0.40
Net loss on sales of fixed assets	1	—
Gains on purchases or exchanges of debt	(184)	(0.17)
Loss on exchange of preferred stock	41	0.04
Income tax expense (benefit) ^(a)	—	—
Other	3	—
Adjusted net income available to common stockholders^(b) (Non-GAAP)	312	0.36
Preferred stock dividends	39	0.04
Earnings allocated to participating securities	7	0.01
Total adjusted net income attributable to Chesapeake^{(b) (c)} (Non-GAAP)	\$ 358	\$ 0.41

- (a) Due to our valuation allowance position, no income tax effect from the adjustments has been included in determining adjusted net income.
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- (i) Management uses adjusted net income 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 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.
- (c) Our presentation of diluted adjusted net income (loss) per share excludes 62 million shares considered antidilutive when calculating diluted earnings per share in accordance with GAAP.

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

SIX MONTHS ENDED:	June 30, 2016	
	\$	\$/Diluted Share^{(b)(c)}
Net loss available to common stockholders (GAAP)	\$ (2,929)	(4.21)
Adjustments:		
Unrealized losses on commodity derivatives	586	0.84
Unrealized losses on supply contract derivatives	17	0.02
Restructuring and other termination costs	3	0.01
Provision for legal contingencies	104	0.15
Impairment of natural gas properties	2,067	2.97
Impairments of fixed assets and other	44	0.06
Net gains on sales of fixed assets	(5)	(0.01)
Loss on sale of investment	10	0.01
Gains on purchases or exchanges of debt	(168)	(0.24)
Income tax expense (benefit) ^(a)	—	—
Other	3	0.01
Adjusted net loss available to common stockholders^(b) (Non-GAAP)	(268)	(0.39)
Preferred stock dividends	85	0.13
Total adjusted net loss attributable to Chesapeake^{(b) (c)} (Non-GAAP)	\$ (183)	\$ (0.26)

- (a) Due to our valuation allowance position, no income tax effect from the adjustments has been included in determining adjusted net income.
- (b) Adjusted net loss available to common stockholders and total adjusted net loss attributable to Chesapeake, both in the aggregate and per dilutive share, are not measures of financial performance under accounting principles generally accepted in the United States (GAAP), and should not be considered as an alternative to net income available to common stockholders or earnings per share. Adjusted net income available to common stockholders and adjusted earnings 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 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 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.
- (c) Our presentation of diluted adjusted net income (loss) per share excludes 113 million shares considered antidilutive when calculating diluted earnings per share in accordance with GAAP.

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

THREE MONTHS ENDED:	June 30, 2017	June 30, 2016
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ (157)	\$ 95
Changes in assets and liabilities	460	81
OPERATING CASH FLOW^(a)	<u>\$ 303</u>	<u>\$ 176</u>

THREE MONTHS ENDED:	June 30, 2017	June 30, 2016
NET INCOME (LOSS)	\$ 495	\$ (1,776)
Interest expense	93	62
Income tax expense	1	—
Depreciation and amortization of other assets	21	29
Oil, natural gas and NGL depreciation, depletion and amortization	202	277
EBITDA^(b)	<u>\$ 812</u>	<u>\$ (1,408)</u>

THREE MONTHS ENDED:	June 30, 2017	June 30, 2016
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ (157)	\$ 95
Changes in assets and liabilities	460	81
Interest expense, net of unrealized gains (losses) on derivatives	92	60
Gains (losses) on commodity derivatives, net	200	(444)
Losses on supply contract derivatives, net	—	(37)
Cash (receipts) payments on commodity and supply contract derivative settlements, net	32	(119)
Stock-based compensation	(16)	(13)
Restructuring and other termination costs	—	(3)
Provision for legal contingencies	(17)	(71)
Impairment of oil and natural gas properties	—	(1,070)
Impairments of fixed assets and other	(4)	(1)
Net gains (losses) on sales of fixed assets	(1)	1
Investment activity	—	(2)
Gains on purchases or exchanges of debt	191	68
Other items	32	47
EBITDA^(b)	<u>\$ 812</u>	<u>\$ (1,408)</u>

(a) Operating cash flow represents net cash provided by operating activities before changes in assets and liabilities. Operating cash flow is presented because management believes it is a useful adjunct to net cash provided by operating activities under GAAP. 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. Operating cash flow for the three months ended June 30, 2017 includes \$23 million paid to terminate future natural gas transportation commitments.

(b) EBITDA represents net income before interest expense, income taxes, 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 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 OPERATING CASH FLOW AND EBITDA
(\$ in millions)
(unaudited)

SIX MONTHS ENDED:	June 30, 2017	June 30, 2016
CASH USED IN OPERATING ACTIVITIES	\$ (58)	\$ (326)
Changes in assets and liabilities	347	765
OPERATING CASH FLOW^(a)	<u>\$ 289</u>	<u>\$ 439</u>
SIX MONTHS ENDED:	June 30, 2017	June 30, 2016
NET INCOME (LOSS)	\$ 636	\$ (2,844)
Interest expense	188	124
Income tax expense	2	—
Depreciation and amortization of other assets	42	58
Oil, natural gas and NGL depreciation, depletion and amortization	399	540
EBITDA^(b)	<u>\$ 1,267</u>	<u>\$ (2,122)</u>
SIX MONTHS ENDED:	June 30, 2017	June 30, 2016
CASH USED IN OPERATING ACTIVITIES	\$ (58)	\$ (326)
Changes in assets and liabilities	347	765
Interest expense, net of unrealized gains (losses) on derivatives	185	119
Gains (losses) on commodity derivatives, net	522	(263)
Losses on supply contract derivatives, net	—	(17)
Cash (receipts) payments on commodity and supply contract derivative settlements, net	66	(386)
Stock-based compensation	(27)	(25)
Restructuring and other termination costs	—	(3)
Provision for legal contingencies	(15)	(104)
Impairment of oil and natural gas properties	—	(2,067)
Impairments of fixed assets and other	(1)	(34)
Net gains (losses) on sales of fixed assets	(1)	5
Investment activity	—	(12)
Gains on purchases or exchanges of debt	185	168
Other items	64	58
EBITDA^(b)	<u>\$ 1,267</u>	<u>\$ (2,122)</u>

(a) Operating cash flow represents net cash provided by operating activities before changes in assets and liabilities. Operating cash flow is presented because management believes it is a useful adjunct to net cash provided by operating activities under GAAP. 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. Operating cash flow for the six months ended June 30, 2017 includes \$290 million paid to assign an oil transportation agreement to a third party and \$126 million paid to terminate future natural gas transportation commitments.

(b) EBITDA represents net income before interest expense, income taxes, 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 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:	June 30, 2017	June 30, 2016
EBITDA	\$ 812	\$ (1,408)
Adjustments:		
Unrealized (gains) losses on commodity derivatives	(202)	544
Unrealized losses on supply contract derivatives	—	37
Restructuring and other termination costs	—	3
Provision for legal contingencies	17	71
Impairment of oil and natural gas properties	—	1,070
Impairments of fixed assets and other	26	6
Net (gains) losses on sales of fixed assets	1	(1)
Gains on purchases or exchanges of debt	(191)	(68)
Net income attributable to noncontrolling interests	(1)	—
Other	(1)	(2)
Adjusted EBITDA^(a)	\$ 461	\$ 252

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

SIX MONTHS ENDED:	June 30, 2017	June 30, 2016
EBITDA	\$ 1,267	\$ (2,122)
Adjustments:		
Unrealized (gains) losses on commodity derivatives	(528)	586
Unrealized losses on supply contract derivatives	—	17
Restructuring and other termination costs	—	3
Provision for legal contingencies	15	104
Impairment of oil and natural gas properties	—	2,067
Impairments of fixed assets and other	417	44
Net (gains) losses on sales of fixed assets	1	(5)
Loss on sale of investment	—	10
Gains on purchases or exchanges of debt	(184)	(168)
Net income attributable to noncontrolling interests	(2)	—
Other	—	(2)
Adjusted EBITDA^(a)	\$ 986	\$ 534

(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.

CHESAPEAKE ENERGY CORPORATION
RECONCILIATION OF PV-9 AND PV-10 TO STANDARDIZED MEASURE
(\$ in millions)
(unaudited)

PV-9 is a non-GAAP metric used in the determination of the value of collateral under Chesapeake's credit facility. PV-10 is a non-GAAP metric used by the industry, investors and analysts to estimate the present value, discounted at 10% per annum, of estimated future cash flows of the company's estimated proved reserves before income tax. The following table shows the reconciliation of PV-9 and PV-10 to the company's standardized measure of discounted future net cash flows, the most directly comparable GAAP measure, for the year ended December 31, 2016 and for the interim period ended June 30, 2017. Management believes that PV-9 provides useful information to investors regarding the company's collateral position and that PV-10 provides useful information to investors because it is widely used by professional analysts and sophisticated investors in evaluating oil and natural gas companies. Because there are many unique factors that can impact an individual company when estimating the amount of future income taxes to be paid, management believes the use of a pre-tax measure is valuable for evaluating the company. Neither PV-9 nor PV-10 should be considered as an alternative to the standardized measure of discounted future net cash flows as computed under GAAP. With respect to PV-9 and PV-10 calculated as of an interim date, it is not practical to calculate taxes for

PV-9 – June 30, 2017 @ NYMEX Strip	\$	8,960
Less: Change in discount factor from 9 to 10		(512)
PV-10 – June 30, 2017 @ NYMEX Strip		8,448
Less: Change in pricing assumption from NYMEX Strip to SEC		(587)
PV-10 – June 30, 2017 @ SEC		7,861
Less: Change in PV-10 from 12/31/16 to 6/30/2017		(3,456)
PV-10 – December 31, 2016 @ SEC		4,405
Less: Present value of future income tax discounted at 10%		(26)
Standardized measure of discounted future cash flows – December 31, 2016	\$	4,379