

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 1, 2022



CHESAPEAKE ENERGY CORPORATION

(Exact name of Registrant as specified in its Charter)		
Oklahoma	1-13726	73-1395733
(State or other jurisdiction of incorporation)	(Commission File No.)	(IRS Employer Identification No.)
6100 North Western Avenue	Oklahoma City OK	73118
(Address of principal executive offices)	(405) 848-8000	(Zip Code)
(Registrant's telephone number, including area code)		

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, \$0.01 par value per share	CHK	The Nasdaq Stock Market LLC
Class A Warrants to purchase Common Stock	CHKEW	The Nasdaq Stock Market LLC
Class B Warrants to purchase Common Stock	CHKEZ	The Nasdaq Stock Market LLC
Class C Warrants to purchase Common Stock	CHKEL	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On November 1, 2022, Chesapeake Energy Corporation (“Chesapeake”) issued a press release reporting financial and operational results for the third quarter of 2022. A copy of the press release, financial information and outlook are attached as Exhibit 99.1, Exhibit 99.2 and Exhibit 99.3, respectively, to this Current Report on Form 8-K.

The information in the press release is being furnished, not filed, pursuant to Item 2.02. Accordingly, the information in the press release will not be incorporated by reference into any registration statement filed by Chesapeake under the Securities Act of 1933, as amended, except as set forth by specific reference in such filing.

Item 7.01 Regulation FD Disclosure.

On November 2, 2022, Chesapeake will make a presentation about its financial and operating results for the third quarter of 2022, as noted in the press release described in Item 2.02 above. Chesapeake has made the presentation available on its website at <http://investors.chk.com>.

This information is being furnished, not filed, pursuant to Item 7.01. Accordingly, this information will not be incorporated by reference into any registration statement filed by Chesapeake Energy Corporation under the Securities Act of 1933, as amended, except as set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Document Description
99.1	Chesapeake Energy Corporation press release dated November 1, 2022
99.2	Supplemental Financial Information
99.3	Outlook as of November 1, 2022
104.0	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CHESAPEAKE ENERGY CORPORATION

By: /s/ DOMENIC J. DELL'OSSO, JR.

Domenic J. Dell'Osso, Jr.

President and Chief Executive Officer

Date: November 1, 2022

NEWS RELEASE

FOR IMMEDIATE RELEASE
NOVEMBER 1, 2022

CHESAPEAKE ENERGY CORPORATION REPORTS 2022 THIRD QUARTER RESULTS

OKLAHOMA CITY, November 1, 2022 – Chesapeake Energy Corporation (NASDAQ:CHK) today reported 2022 third quarter financial and operating results. The company plans to host a conference call to discuss results at 9 a.m. EDT, on Wednesday, November 2, 2022. In addition, supplemental slides can be found on Chesapeake's website at www.chk.com.

- **Net cash provided by operating activities of \$1,313 million**
- **Net income totaled \$883 million, or \$6.12 per diluted share; adjusted net income⁽¹⁾ totaling \$730 million, or \$5.06 per diluted share**
- **Delivered adjusted EBITDAX⁽¹⁾ of \$1,256 million and a company record \$773 million in adjusted free cash flow⁽¹⁾**
- **Returned \$1.9 billion to shareholders in the form of dividends and share repurchases YTD**
- **Announced total quarterly dividend of \$3.16 per common share to be paid in December 2022, approximately \$1.2 billion in total dividends to be paid in 2022**
- **Simplified capital structure through exchange of approximately 2/3rds of outstanding warrants; Repurchased approximately \$400mm of common shares since 3Q; Completed approximately \$1.1 billion of \$2 billion common stock and warrant repurchase program YTD**
- **Produced approximately 4,108 mmcf per day net, of which 90% was natural gas**
- **Entered into 700 mmcf per day gas gathering and transport agreement to anchor new Haynesville infrastructure; Added approximately 1 bcf per day of transport in the last 3 months to the LNG corridor at market rates beginning in 2024**

(1) A Non-GAAP measure as defined in the supplemental financial tables available on the company's website at www.chk.com.

Nick Dell'Ossio, Chesapeake's President and Chief Executive Officer, commented, "The third quarter marked another period of strong performance. We remain focused on capturing the tremendous value from the premium rock, returns, and runway of our Marcellus and Haynesville positions. Simultaneously, we are progressing efforts to exit our Eagle Ford position and have seen strong interest in these high-value assets. As we look to 2023, we will remain disciplined and continue to allocate capital to maximize returns from our assets, deliver sustainable free cash flow, and return that cash to shareholders through our peer-leading dividend and buyback programs. While domestic and international events continue to demonstrate the critical need for energy and the infrastructure required to transport it to market, we stand ready to deliver reliable, affordable, lower carbon energy desperately needed today."

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CHESAPEAKE ENERGY CORPORATION

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Shareholder Return Update

During the third quarter of 2022, Chesapeake generated \$1,313 million of operating cash flow and had \$74 million of cash on hand at quarter-end. Chesapeake plans to pay its base and variable dividend on December 1, 2022, to shareholders of record at the close of business on November 15, 2022. The total common stock dividend, including the variable and base components, is calculated as follows:

(\$ and shares in millions, except per share amounts)	3Q 2022	
Net cash provided by operating activities	\$	1,313
Less cash capital expenditures		540
Adjusted free cash flow		773
Less cash paid for common base dividends		74
50% of adjusted free cash flow available for common variable dividends	\$	350
Common shares outstanding at 10/28/22 ⁽¹⁾		134
Variable dividend payable per common share in December 2022	\$	2.61
Base dividend payable per common share in December 2022	\$	0.55
Total dividend payable per common share in December 2022	\$	3.16

(1) Basic common shares outstanding as of the declaration date of 11/1/2022. Assumes no exercise of warrants between dividend declaration date and dividend record date.

In June 2022, the company doubled its previously announced repurchase program authorization from \$1 billion to \$2 billion in aggregate value of its common stock and/or warrants through year-end 2023. Through September 30, 2022, Chesapeake repurchased approximately 7.6 million shares of its common stock for around \$670 million. Additionally, the company repurchased approximately 4.0 million shares of common stock from former creditors in October 2022 for an aggregate price of around \$400 million. As of November 1, 2022, Chesapeake had approximately \$0.9 billion remaining under its share repurchase program and, in total, has repurchased approximately 11.6 million shares of its common stock at a weighted average price per share of approximately \$91.96.

Operations Results

Third quarter net production was approximately 4,108 mmcf per day (90% natural gas and 10% total liquids), utilizing an average of 16 rigs to drill 58 wells and placed 50 wells on production. Chesapeake is currently operating 13 rigs including five in the Marcellus, two in the Eagle Ford and six in the Haynesville and plans to add a seventh Haynesville rig by the end of the month. The company expects to drill 45 to 50 wells and place 60 to 65 wells on production in the fourth quarter of 2022.

Chesapeake entered into an agreement with Momentum Midstream which is expected to deliver 700 mmcf per day to premium Gulf Coast markets beginning in 2024. Momentum's project, which has an option for Chesapeake to participate in 35% of the equity, includes a carbon capture and sequestration component that will help the company reach its net zero goals in 2035. Including the previously announced gas supply agreement (GSA) with Golden Pass LNG Terminal LLC ("Golden Pass"), the company has added 1 bcf per day of new capacity to deliver Responsibly Sourced, independently certified gas, from the Haynesville to the LNG corridor beginning in 2024. Chesapeake continues to work with its midstream partners to increase Haynesville gas gathering, treating, and takeaway capacity.

Additional information on each of its operating areas, including projections for activity, well statistics and pricing, can be found at www.chk.com.

ESG Update

Chesapeake remains on track to achieve RSG certification of its recently acquired Chief position in the Marcellus by the end of 2022 under the MiQ methane standard and the EO100™ Standard for Responsible Energy Development, which cover a broad range of environmental, social and governance (ESG) criteria. The company previously announced the certification of its legacy Marcellus operations in August and its Haynesville operations in December 2021. Chesapeake is the first company to achieve Grade "A" ratings (the highest rating a company can earn) from MiQ in two major shale basins. The Company began conducting aerial Gas Mapping LiDAR scans to detect emissions semiannually across the entirety of its assets, facilitating prompt remediation efforts, reducing emissions and increasing gas revenues. Since 2021, Chesapeake has installed more than 2,000 continuous methane emission monitoring devices and retrofitted more than 18,000 pneumatic devices across its operations. Today, all newly constructed operated facilities use electric device technology, instrument air, or vent capture systems which are designed to be "vent free."

Conference Call Information

Chesapeake plans to host a conference call to discuss recent results at 9:00 a.m. EDT on Wednesday, November 2, 2022. The telephone number to access the conference call is 888-317-6003 or 412-317-6061 for international callers. The passcode for the call is 9111446. A webcast link to the conference call will be provided on Chesapeake's website at www.chk.com. A replay will be available on the website following the call.

Financial Statements, Non-GAAP Financial Measures and 2022 Guidance and Outlook Projections

The company's 2022 third quarter financial and operational results, along with non-GAAP measures that adjust for items that are typically excluded by securities analysts, are available on the company's website. Such non-GAAP measures should be not considered as an alternative to GAAP measures. Reconciliations of these non-GAAP measures and other disclosures are provided with the supplemental financial tables available on the company's website at www.chk.com. Management's updated guidance for 2022 can be found on the company's website at www.chk.com.

Headquartered in Oklahoma City, Chesapeake Energy Corporation is powered by dedicated and innovative employees who are focused on discovering and responsibly developing our leading positions in top U.S. oil and gas plays. With a goal to achieve net-zero direct GHG emissions by 2035, Chesapeake is committed to safely answering the call for affordable, reliable, lower carbon energy.

Forward-Looking Statements

This news release and the accompanying outlook include "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are statements other than statements of historical fact. They include statements that give our current expectations, management's outlook guidance or forecasts of future events, expected natural gas and oil growth trajectory, projected cash flow and liquidity, our ability to enhance our cash flow and financial flexibility, dividend plans, future production and commodity mix, plans and objectives for future operations, ESG initiatives, the ability of our employees, portfolio strength and operational leadership to create long-term value, and the assumptions on which such statements are based. 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.

Factors that could cause actual results to differ materially from expected results include those described under "Risk Factors" in Item 1A of our annual report on Form 10-K and any updates to those factors set forth in Chesapeake's subsequent quarterly reports on Form 10-Q or current reports on Form 8-K (available at <http://www.chk.com/investors/sec-filings>). These risk factors include: the impact of inflation and commodity price volatility resulting from Russia's invasion of Ukraine, COVID-19 and related supply chain constraints, along with the effect on our business, financial condition, employees, contractors, vendors and the global demand for natural gas and oil and U.S. and world financial markets; the acquisitions of Vine Energy Inc. ("Vine") and Chief E&D Holdings, LP and affiliates of Tug Hill, Inc. (together, "Chief"), including our ability to successfully integrate the businesses of Vine and Chief into the Company and achieve the expected synergies from these acquisitions within the expected timeframes; our ability to comply with the covenants under our reserve-based revolving credit facility and other indebtedness; our ability to realize anticipated cash cost reductions; 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; a deterioration in general economic, business or industry conditions; 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; our ability to replace reserves and sustain production; drilling and operating risks and resulting liabilities; our ability to generate profits or achieve targeted results in drilling and well operations; the limitations our level of indebtedness may have on our financial flexibility; our ability to achieve and maintain ESG certifications/goals; our inability to access the capital markets on favorable terms; the availability of cash flows from operations and other funds to fund cash dividends and repurchases of equity securities, to finance reserve replacement costs and/or satisfy our debt obligations; write-downs of our natural gas and oil asset carrying values due to low commodity prices; charges incurred in response to market conditions; limited control over properties we do not operate; leasehold terms expiring before production can be established; commodity derivative activities resulting in lower prices realized on natural gas, oil and NGL sales; the need to secure derivative liabilities and the inability of counterparties to satisfy their obligations; potential OTC derivatives regulations limiting our ability to hedge against commodity price fluctuations; adverse developments or losses from pending or future litigation and regulatory proceedings, including royalty claims; 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; 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; terrorist activities and/or cyber-attacks adversely impacting our operations; an interruption in operations at our headquarters due to a catastrophic event; federal and state tax proposals affecting our industry; competition in the natural gas and oil exploration and production industry; negative public perceptions of our industry; effects of purchase price adjustments and indemnity obligations..

In addition, disclosures concerning the estimated contribution of derivative contracts to our future results of operations are based upon market information as of a specific date. These market prices are subject to significant volatility. Our production forecasts are also dependent upon many assumptions, including estimates of production decline rates from existing wells and the outcome of future drilling activity. We caution you not to place undue reliance on our forward-looking statements that speak only as of the date of this news release, and we undertake no obligation to update any of the information provided in this release, except as required by applicable law. In addition, this news release contains time-sensitive information that reflects management's best judgment only as of the date of this news release.

CHESAPEAKE ENERGY CORPORATION - SUPPLEMENTAL TABLES

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CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)

(\$ in millions)	Successor	
	September 30, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 74	\$ 905
Restricted cash	56	9
Accounts receivable, net	1,757	1,115
Short-term derivative assets	4	5
Other current assets	168	69
Total current assets	2,059	2,103
Property and equipment:		
Natural gas and oil properties, successful efforts method		
Proved natural gas and oil properties	11,437	7,682
Unproved properties	2,192	1,530
Other property and equipment	506	495
Total property and equipment	14,135	9,707
Less: accumulated depreciation, depletion and amortization	(2,182)	(908)
Property and equipment held for sale, net	1	3
Total property and equipment, net	11,954	8,802
Other long-term assets	76	104
Total assets	\$ 14,089	\$ 11,009
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 539	\$ 308
Accrued interest	40	38
Short-term derivative liabilities	1,875	899
Other current liabilities	1,784	1,202
Total current liabilities	4,238	2,447
Long-term debt, net	2,717	2,278
Long-term derivative liabilities	419	249
Asset retirement obligations, net of current portion	350	349
Other long-term liabilities	18	15
Total liabilities	7,742	5,338
Contingencies and commitments		
Stockholders' equity:		
Successor common stock, \$0.01 par value, 450,000,000 shares authorized: 121,334,663 and 117,917,349 shares issued	1	1
Successor additional paid-in capital	5,627	4,845
Retained earnings	719	825
Total stockholders' equity	6,347	5,671
Total liabilities and stockholders' equity	\$ 14,089	\$ 11,009

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)

	Successor	
	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021
<i>(\$ in millions except per share data)</i>		
Revenues and other:		
Natural gas, oil and NGL	\$ 2,987	\$ 1,170
Marketing	1,206	627
Natural gas and oil derivatives	(1,029)	(910)
Gains (losses) on sales of assets	(2)	3
Total revenues and other	3,162	890
Operating expenses:		
Production	121	80
Gathering, processing and transportation	286	219
Severance and ad valorem taxes	67	41
Exploration	2	2
Marketing	1,200	625
General and administrative	40	30
Depreciation, depletion and amortization	440	228
Other operating expense, net	1	3
Total operating expenses	2,157	1,228
Income (loss) from operations	1,005	(338)
Other income (expense):		
Interest expense	(52)	(17)
Other income	4	—
Total other income (expense), net	(48)	(17)
Income (loss) before income taxes	957	(355)
Income tax expense (benefit)	74	(10)
Net income (loss) available to common stockholders	\$ 883	\$ (345)
Earnings (loss) per common share:		
Basic	\$ 7.29	\$ (3.51)
Diluted	\$ 6.12	\$ (3.51)
Weighted average common shares outstanding (in thousands):		
Basic	121,150	98,221
Diluted	144,390	98,221

	Successor		Predecessor
	Nine Months Ended September 30, 2022	Period from February 10, 2021 through September 30, 2021	Period from January 1, 2021 through February 9, 2021
<i>(\$ in millions except per share data)</i>			
Revenues and other:			
Natural gas, oil and NGL	\$ 7,691	\$ 2,615	\$ 398
Marketing	3,296	1,443	239
Natural gas and oil derivatives	(3,668)	(1,604)	(382)
Gains on sales of assets	298	9	5
Total revenues and other	7,617	2,463	260
Operating expenses:			
Production	349	194	32
Gathering, processing and transportation	802	541	102
Severance and ad valorem taxes	187	106	18
Exploration	14	4	2
Marketing	3,279	1,440	237
General and administrative	102	69	21
Separation and other termination costs	—	11	22
Depreciation, depletion and amortization	1,300	579	72
Impairments	—	1	—
Other operating expense (income), net	32	1	(12)
Total operating expenses	6,065	2,946	494
Income (loss) from operations	1,552	(483)	(234)
Other income (expense):			
Interest expense	(120)	(47)	(11)
Other income	29	31	2
Reorganization items, net	—	—	5,569
Total other income (expense), net	(91)	(16)	5,560
Income (loss) before income taxes	1,461	(499)	5,326
Income tax expense (benefit)	105	(10)	(57)
Net income (loss) available to common stockholders	\$ 1,356	\$ (489)	\$ 5,383
Earnings (loss) per common share:			
Basic	\$ 11.03	\$ (4.99)	\$ 550.35
Diluted	\$ 9.35	\$ (4.99)	\$ 534.51
Weighted average common shares outstanding (in thousands):			
Basic	122,924	98,040	9,781
Diluted	145,031	98,040	10,071

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

(\$ in millions)	Successor	
	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021
Cash flows from operating activities:		
Net income (loss)	\$ 883	\$ (345)
Adjustments to reconcile net income (loss) to cash provided by operating activities:		
Depreciation, depletion and amortization	440	228
Deferred income tax expense	19	—
Derivative losses, net	1,029	910
Cash payments on derivative settlements, net	(1,234)	(292)
Share-based compensation	6	2
(Gains) losses on sales of assets	2	(3)
Other	14	13
Changes in assets and liabilities	154	(70)
Net cash provided by operating activities	1,313	443
Cash flows from investing activities:		
Capital expenditures	(540)	(178)
Business combination, net	39	—
Proceeds from divestitures of property and equipment	6	3
Net cash used in investing activities	(495)	(175)
Cash flows from financing activities:		
Proceeds from Exit Credit Facility - Tranche A Loans	2,705	—
Payments on Exit Credit Facility - Tranche A Loans	(3,030)	—
Cash paid to repurchase and retire common stock	(109)	—
Cash paid for common stock dividends	(280)	(33)
Other	—	1
Net cash used in financing activities	(714)	(32)
Net increase in cash, cash equivalents and restricted cash	104	236
Cash, cash equivalents and restricted cash, beginning of period	26	622
Cash, cash equivalents and restricted cash, end of period	\$ 130	\$ 858
Cash and cash equivalents	\$ 74	\$ 849
Restricted cash	56	9
Total cash, cash equivalents and restricted cash	\$ 130	\$ 858

	Successor		Predecessor
	Nine Months Ended September 30, 2022	Period from February 10, 2021 through September 30, 2021	Period from January 1, 2021 through February 9, 2021
<i>(\$ in millions)</i>			
Cash flows from operating activities:			
Net income (loss)	\$ 1,356	\$ (489)	\$ 5,383
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation, depletion and amortization	1,300	579	72
Deferred income tax expense (benefit)	19	—	(57)
Derivative losses, net	3,668	1,604	382
Cash payments on derivative settlements, net	(2,845)	(437)	(17)
Share-based compensation	16	5	3
Gains on sales of assets	(298)	(9)	(5)
Impairments	—	1	—
Non-cash reorganization items, net	—	—	(6,680)
Exploration	10	1	2
Other	19	10	45
Changes in assets and liabilities	(170)	(19)	851
Net cash provided by (used in) operating activities	3,075	1,246	(21)
Cash flows from investing activities:			
Capital expenditures	(1,299)	(404)	(66)
Business combination, net	(1,967)	—	—
Proceeds from divestitures of property and equipment	409	9	—
Net cash used in investing activities	(2,857)	(395)	(66)
Cash flows from financing activities:			
Proceeds from Exit Credit Facility - Tranche A Loans	7,255	30	—
Payments on Exit Credit Facility - Tranche A Loans	(6,805)	(80)	(479)
Payments on DIP Facility borrowings	—	—	(1,179)
Proceeds from issuance of senior notes, net	—	—	1,000
Proceeds from issuance of common stock	—	—	600
Proceeds from warrant exercise	3	2	—
Debt issuance and other financing costs	—	(3)	(8)
Cash paid to repurchase and retire common stock	(667)	—	—
Cash paid for common stock dividends	(788)	(67)	—
Other	—	(1)	—
Net cash used in financing activities	(1,002)	(119)	(66)
Net increase (decrease) in cash, cash equivalents and restricted cash	(784)	732	(153)
Cash, cash equivalents and restricted cash, beginning of period	914	126	279
Cash, cash equivalents and restricted cash, end of period	\$ 130	\$ 858	\$ 126
Cash and cash equivalents	\$ 74	\$ 849	\$ 40
Restricted cash	56	9	86
Total cash, cash equivalents and restricted cash	\$ 130	\$ 858	\$ 126

NATURAL GAS, OIL AND NGL PRODUCTION AND AVERAGE SALES PRICES (unaudited)

	Successor							
	Three Months Ended September 30, 2022							
	Natural Gas		Oil		NGL		Total	
	MMcf per day	\$/Mcf	MBbl per day	\$/Bbl	MBbl per day	\$/Bbl	MMcfe per day	\$/Mcf
Marcellus	1,987	7.25	—	—	—	—	1,987	7.25
Haynesville	1,605	7.40	—	—	—	—	1,605	7.40
Eagle Ford	121	7.04	50	94.62	16	37.53	516	11.99
Total	3,713	7.31	50	94.62	16	37.53	4,108	7.90
Average Realized Price (including realized derivatives)		4.10		65.90		37.53		4.65

	Successor							
	Three Months Ended September 30, 2021							
	Natural Gas		Oil		NGL		Total	
	MMcf per day	\$/Mcf	MBbl per day	\$/Bbl	MBbl per day	\$/Bbl	MMcfe per day	\$/Mcf
Marcellus	1,302	3.20	—	—	—	—	1,302	3.20
Haynesville	589	3.81	—	—	—	—	589	3.81
Eagle Ford	140	4.07	59	70.36	18	33.32	599	8.83
Powder River Basin	53	4.33	9	69.31	3	44.53	128	7.91
Total	2,084	3.46	68	70.22	21	35.14	2,618	4.86
Average Realized Price (including realized derivatives)		2.61		49.69		35.14		3.65

	Successor							
	Nine Months Ended September 30, 2022							
	Natural Gas		Oil		NGL		Total	
	MMcf per day	\$/Mcf	MBbl per day	\$/Bbl	MBbl per day	\$/Bbl	MMcfe per day	\$/Mcf
Marcellus	1,801	6.27	—	—	—	—	1,801	6.27
Haynesville	1,624	6.16	—	—	—	—	1,624	6.16
Eagle Ford	127	6.10	51	100.11	16	40.40	526	12.35
Powder River Basin	13	5.45	2	95.18	1	53.96	34	10.66
Total	3,565	6.21	53	99.87	17	41.14	3,985	7.07
Average Realized Price (including realized derivatives)		3.77		66.91		41.14		4.44

	Successor							
	Period from February 10, 2021 through September 30, 2021							
	Natural Gas		Oil		NGL		Total	
	MMcf per day	\$/Mcf	MBbl per day	\$/Bbl	MBbl per day	\$/Bbl	MMcfe per day	\$/Mcf
Marcellus	1,289	2.57	—	—	—	—	1,289	2.57
Haynesville	552	3.11	—	—	—	—	552	3.11
Eagle Ford	142	3.83	63	66.41	19	27.36	630	8.28
Powder River Basin	55	3.94	10	65.02	3	36.91	133	7.25
Total	2,038	2.84	73	66.23	22	28.85	2,604	4.31
Average Realized Price (including realized derivatives)		2.46		48.30		28.85		3.51

	Predecessor							
	Period from January 1, 2021 through February 9, 2021							
	Natural Gas		Oil		NGL		Total	
	MMcf per day	\$/Mcf	MBbl per day	\$/Bbl	MBbl per day	\$/Bbl	MMcfe per day	\$/Mcf
Marcellus	1,233	2.42	—	—	—	—	1,233	2.42
Haynesville	543	2.44	—	—	—	—	543	2.44
Eagle Ford	165	2.57	74	53.37	18	23.94	721	6.71
Powder River Basin	61	2.92	10	51.96	4	34.31	144	5.71
Total	2,002	2.45	84	53.21	22	25.92	2,641	3.77
Average Realized Price (including realized derivatives)		2.62		49.06		31.42		3.65

	Non-GAAP Combined							
	Nine Months Ended September 30, 2021							
	Natural Gas		Oil		NGL		Total	
	MMcf per day	\$/Mcf	MBbl per day	\$/Bbl	MBbl per day	\$/Bbl	MMcfe per day	\$/Mcf
Marcellus	1,281	2.55	—	—	—	—	1,281	2.55
Haynesville	551	3.01	—	—	—	—	551	3.01
Eagle Ford	145	3.62	65	64.20	19	26.88	649	8.02
Powder River Basin	56	3.78	10	63.10	4	36.46	140	7.00
Total	2,033	2.79	75	64.06	23	28.42	2,621	4.23
Average Realized Price (including realized derivatives)		2.47		48.17		28.42		3.53

ADJUSTED GROSS MARGIN (unaudited)

(\$ in millions, except per unit)	Successor			
	Three Months Ended September 30, 2022		Three Months Ended September 30, 2021	
	\$	\$/Mcf	\$	\$/Mcf
Marcellus				
Natural gas, oil and NGL sales	\$ 1,324	7.25	\$ 383	3.20
Production expenses	22	0.12	9	0.08
Gathering, processing and transportation expenses	106	0.58	83	0.69
Severance and ad valorem	5	0.03	2	0.02
Adjusted gross margin (Non-GAAP)	<u>\$ 1,191</u>	<u>6.52</u>	<u>\$ 289</u>	<u>2.41</u>
Haynesville				
Natural gas, oil and NGL sales	\$ 1,093	7.40	\$ 207	3.81
Production expenses	38	0.26	13	0.24
Gathering, processing and transportation expenses	89	0.60	28	0.51
Severance and ad valorem	24	0.17	5	0.09
Adjusted gross margin (Non-GAAP)	<u>\$ 942</u>	<u>6.37</u>	<u>\$ 161</u>	<u>2.97</u>
Eagle Ford				
Natural gas, oil and NGL sales	\$ 570	11.99	\$ 487	8.83
Production expenses	61	1.28	49	0.89
Gathering, processing and transportation expenses	91	1.91	85	1.53
Severance and ad valorem	38	0.81	25	0.45
Adjusted gross margin (Non-GAAP)	<u>\$ 380</u>	<u>7.99</u>	<u>\$ 328</u>	<u>5.96</u>
Powder River Basin				
Natural gas, oil and NGL sales	\$ —	—	\$ 93	7.91
Production expenses	—	—	9	0.73
Gathering, processing and transportation expenses	—	—	23	1.99
Severance and ad valorem	—	—	9	0.76
Adjusted gross margin (Non-GAAP)	<u>\$ —</u>	<u>—</u>	<u>\$ 52</u>	<u>4.43</u>

(\$ in millions, except per unit)	Successor				Predecessor		Non-GAAP Combined	
	Nine Months Ended September 30, 2022		Period from February 10, 2021 through September 30, 2021		Period from January 1, 2021 through February 9, 2021		Nine Months Ended September 30, 2021	
	\$	\$/Mcf	\$	\$/Mcf	\$	\$/Mcf	\$	\$/Mcf
Marcellus								
Natural gas, oil and NGL sales	\$ 3,085	6.27	\$ 772	2.57	\$ 119	2.42	\$ 891	2.55
Production expenses	54	0.11	23	0.08	4	0.08	27	0.08
Gathering, processing and transportation expenses	282	0.57	204	0.68	34	0.70	238	0.68
Severance and ad valorem	13	0.03	6	0.02	1	0.01	7	0.02
Adjusted gross margin (Non-GAAP)	<u>\$ 2,736</u>	5.56	<u>\$ 539</u>	1.79	<u>\$ 80</u>	1.63	<u>\$ 619</u>	1.77
Haynesville								
Natural gas, oil and NGL sales	\$ 2,733	6.16	\$ 401	3.11	\$ 53	2.44	\$ 454	3.01
Production expenses	109	0.25	30	0.23	4	0.19	34	0.22
Gathering, processing and transportation expenses	240	0.54	64	0.50	11	0.49	75	0.50
Severance and ad valorem	48	0.11	12	0.09	2	0.09	14	0.09
Adjusted gross margin (Non-GAAP)	<u>\$ 2,336</u>	5.26	<u>\$ 295</u>	2.29	<u>\$ 36</u>	1.67	<u>\$ 331</u>	2.20
Eagle Ford								
Natural gas, oil and NGL sales	\$ 1,774	12.35	\$ 1,217	8.28	\$ 193	6.71	\$ 1,410	8.02
Production expenses	176	1.22	120	0.82	21	0.71	141	0.80
Gathering, processing and transportation expenses	258	1.80	211	1.44	45	1.55	256	1.45
Severance and ad valorem	115	0.80	67	0.45	13	0.45	80	0.45
Adjusted gross margin (Non-GAAP)	<u>\$ 1,225</u>	8.53	<u>\$ 819</u>	5.57	<u>\$ 114</u>	4.00	<u>\$ 933</u>	5.32
Powder River Basin								
Natural gas, oil and NGL sales	\$ 99	10.66	\$ 225	7.25	\$ 33	5.71	\$ 258	7.00
Production expenses	10	0.94	21	0.68	3	0.56	24	0.66
Gathering, processing and transportation expenses	22	2.32	62	2.00	12	2.09	74	2.01
Severance and ad valorem	11	1.09	21	0.69	2	0.48	23	0.65
Adjusted gross margin (Non-GAAP)	<u>\$ 56</u>	6.31	<u>\$ 121</u>	3.88	<u>\$ 16</u>	2.58	<u>\$ 137</u>	3.68

CAPITAL EXPENDITURES ACCRUED (unaudited)

	Successor	
	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021
<i>(\$ in millions)</i>		
Drilling and completion capital expenditures:		
Marcellus	\$ 151	\$ 58
Haynesville	237	68
Eagle Ford	172	25
Powder River Basin	—	7
Total drilling and completion capital expenditures	560	158
Non-drilling and completion - field	33	10
Non-drilling and completion - corporate	26	17
Total capital expenditures	\$ 619	\$ 185

	Successor		Predecessor	Non-GAAP Combined
	Nine Months Ended September 30, 2022	Period from February 10, 2021 through September 30, 2021	Period from January 1, 2021 through February 9, 2021	Nine Months Ended September 30, 2021
<i>(\$ in millions)</i>				
Drilling and completion capital expenditures:				
Marcellus	\$ 338	\$ 155	\$ 26	\$ 181
Haynesville	618	138	22	160
Eagle Ford	350	48	5	53
Powder River Basin	22	12	—	12
Total drilling and completion capital expenditures	1,328	353	53	406
Non-drilling and completion - field	74	27	6	33
Non-drilling and completion - corporate	67	36	3	39
Total capital expenditures	\$ 1,469	\$ 416	\$ 62	\$ 478

NATURAL GAS AND OIL HEDGING POSITIONS AS OF OCTOBER 27, 2022

Natural Gas Swaps

	Volume (Bcf)		Avg. NYMEX Price of Swaps
Q4 2022 ^(a)	117	\$	2.60
Total 2023	204	\$	2.67
Total 2024	101	\$	2.95
Total 2025	27	\$	2.65

Natural Gas Swaptions

	Volume (Bcf)		Avg. NYMEX Strike Price
Total 2023	7	\$	2.88

Natural Gas Collars

	Volume (Bcf)	Avg. NYMEX Bought Put Price	Avg. NYMEX Sold Call Price
Q4 2022 ^(a)	120	\$ 3.12	\$ 4.27
Total 2023	413	\$ 3.43	\$ 5.83
Total 2024	66	\$ 3.97	\$ 6.08

Natural Gas Three-Way Collars

	Volume (Bcf)	Avg. NYMEX Sold Put Price	Avg. NYMEX Bought Put Price	Avg. NYMEX Sold Call Price
Q4 2022 ^(a)	6	\$ 2.41	\$ 2.90	\$ 3.43
Total 2023	4	\$ 2.50	\$ 3.40	\$ 3.79

Natural Gas Written Call Options

	Volume (Bcf)		Avg. NYMEX strike price
Total 2023	18	\$	3.29

Natural Gas Basis Protection Swaps

	Volume (Bcf)		Avg. NYMEX plus/(minus)
Q4 2022 ^(a)	127	\$	(0.30)
Total 2023	358	\$	(0.26)
Total 2024	135	\$	(0.45)
Total 2025	5	\$	(0.21)

Crude Oil Swaps

	Volume (MMBbls)		Avg. NYMEX Price of Swaps
Q4 2022 ^(a)	2.6	\$	45.92
Total 2023	1.9	\$	47.17

Crude Oil Collars

	Volume (MMBbls)	Avg. NYMEX Bought Put Price	Avg. NYMEX Sold Call Price
Total 2023	6.2	\$ 69.99	\$ 83.86

Crude Oil Basis Protection Swaps

	Volume (MMBbls)		Avg. NYMEX plus/(minus)
Q4 2022 ^(a)	3.5	\$	0.89
Total 2023	6.2	\$	0.96

(a) Includes amounts settled in October and November 2022.

NON-GAAP FINANCIAL MEASURES

As a supplement to the financial results prepared in accordance with U.S. GAAP, Chesapeake's quarterly earnings releases contain certain financial measures that are not prepared or presented in accordance with U.S. GAAP. These non-GAAP financial measures include Adjusted Net Income (Loss) Attributable to Chesapeake, Adjusted EBITDAX, Adjusted Gross Margin, Adjusted Free Cash Flow and Net Debt. A reconciliation of each financial measure to its most directly comparable GAAP financial measure is included in the tables below.

These financial measures are non-GAAP and should not be considered as an alternative to, or more meaningful than, net income (loss), earnings (loss) per common share, gross margin or cash flow provided by operating activities prepared in accordance with GAAP.

Chesapeake believes that the non-GAAP measures presented, when viewed in combination with its financial measures prepared in accordance with GAAP, provide useful information as they exclude certain items management believes affects the comparability of operating results. 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 relative to other oil and natural gas producing companies, (b) these financial measures are comparable to estimates provided by securities analysts, and (c) items excluded generally are one-time items or items whose timing or amount cannot be reasonably estimated. Accordingly, any guidance provide by the company generally excludes information regarding these types of items.

Because not all companies use identical calculations, Chesapeake's non-GAAP measures may not be comparable to similar titled measures of other companies.

RECONCILIATION OF ADJUSTED NET INCOME (LOSS) ATTRIBUTABLE TO CHESAPEAKE (unaudited)

	Successor		Successor	
	Three Months Ended September 30, 2022		Three Months Ended September 30, 2021	
	\$	\$/Share	\$	\$/Share
<i>(\$ in millions, except per share data)</i>				
Net income (loss) available to common stockholders (GAAP)	\$ 883	\$ 7.29	\$ (345)	\$ (3.51)
Effect of dilutive securities	—	(1.17)	—	—
Diluted income (loss) available to common stockholders (GAAP)	\$ 883	\$ 6.12	\$ (345)	\$ (3.51)
Adjustments:				
Unrealized (gains) losses on natural gas and oil derivatives	(199)	(1.38)	618	6.29
(Gains) losses on sales of assets	2	0.02	(3)	(0.03)
Other operating expense, net	6	0.04	6	0.06
Other interest expense	12	0.08	—	—
Other	(4)	(0.03)	6	0.06
Deferred income tax expense ^(a)	19	0.13	—	—
Tax effect of adjustments ^(b)	11	0.08	(13)	(0.13)
Effect of dilutive securities	—	—	—	(0.36)
Adjusted net income available to common stockholders (Non-GAAP)	<u>\$ 730</u>	<u>\$ 5.06</u>	<u>\$ 269</u>	<u>\$ 2.38</u>

	Successor				Predecessor	
	Nine Months Ended September 30, 2022		Period from February 10, 2021 through September 30, 2021		Period from January 1, 2021 through February 9, 2021	
	\$	\$/Share	\$	\$/Share	\$	\$/Share
<i>(\$ in millions, except per share data)</i>						
Net income (loss) available to common stockholders (GAAP)	\$ 1,356	\$ 11.03	\$ (489)	\$ (4.99)	\$ 5,383	\$ 550.35
Effect of dilutive securities	—	(1.68)	—	—	—	(15.84)
Diluted income (loss) available to common stockholders (GAAP)	\$ 1,356	\$ 9.35	\$ (489)	\$ (4.99)	\$ 5,383	\$ 534.51
Adjustments:						
Unrealized losses on natural gas and oil derivatives	807	5.56	1,122	11.44	369	36.64
Separation and other termination costs	—	—	11	0.11	22	2.18
Gains on sales of assets	(298)	(2.06)	(9)	(0.09)	(5)	(0.50)
Other operating expense (income), net	53	0.37	4	0.04	(12)	(1.19)
Impairments	—	—	1	0.01	—	—
Reorganization items, net	—	—	—	—	(5,569)	(552.97)
Other interest expense	12	0.08	—	—	—	—
Other	(19)	(0.13)	(18)	(0.18)	—	—
Deferred income tax expense ^(a)	19	0.13	—	—	—	—
Tax effect of adjustments ^(b)	(35)	(0.24)	(13)	(0.13)	(57)	(5.66)
Effect of dilutive securities	—	—	—	(0.73)	—	—
Adjusted net income available to common stockholders (Non-GAAP)	<u>\$ 1,895</u>	<u>\$ 13.06</u>	<u>\$ 609</u>	<u>\$ 5.48</u>	<u>\$ 131</u>	<u>\$ 13.01</u>

- (a) In the 2022 Successor Period and 2022 Successor Quarter, we adjusted the net deferred tax liability associated with our acquisition of Vine. As a result of this adjustment to the deferred tax liability, we increased the valuation allowance that we maintain against our net deferred tax asset position and recorded \$19 million of deferred income tax expense.
- (b) The 2022 Successor Period and 2022 Successor Quarters include an incremental tax effect attributed to the reconciling adjustments using blended rates of 5.7% for the 2022 Successor Third Quarter, 5.8% for the 2022 Successor Second Quarter and 6.0% for the 2022 Successor First Quarter. The 2021 Successor Period and 2021 Successor Quarter include a tax effect attributed to the reconciling adjustments using an estimated rate of 2%. The 2021 Predecessor Period includes an income tax benefit of \$57 million attributed to deferred income tax effects associated with Predecessor accumulated other comprehensive income, eliminated in fresh start accounting.

RECONCILIATION OF NET INCOME (LOSS) TO ADJUSTED EBITDAX (unaudited)

	Successor		Successor	
	Three Months Ended September 30, 2022		Three Months Ended September 30, 2021	
<i>(\$ in millions)</i>				
Net income (loss) available to common stockholders (GAAP)	\$	883	\$	(345)
Adjustments:				
Interest expense		52		17
Income tax expense (benefit)		74		(10)
Depreciation, depletion and amortization		440		228
Exploration		2		2
Unrealized (gains) losses on natural gas and oil derivatives		(199)		618
(Gains) losses on sales of assets		2		(3)
Other operating expense, net		6		6
Other		(4)		6
Adjusted EBITDAX (Non-GAAP)	\$	1,256	\$	519

	Successor		Predecessor	Non-GAAP Combined
	Nine Months Ended September 30, 2022	Period from February 10, 2021 through September 30, 2021	Period from January 1, 2021 through February 9, 2021	Nine Months Ended September 30, 2021
<i>(\$ in millions)</i>				
Net income (loss) available to common stockholders (GAAP)	\$ 1,356	\$ (489)	\$ 5,383	\$ 4,894
Adjustments:				
Interest expense	120	47	11	58
Income tax expense (benefit)	105	(10)	(57)	(67)
Depreciation, depletion and amortization	1,300	579	72	651
Exploration	14	4	2	6
Unrealized losses on natural gas and oil derivatives	807	1,122	369	1,491
Separation and other termination costs	—	11	22	33
Gains on sales of assets	(298)	(9)	(5)	(14)
Other operating expense (income), net	53	4	(12)	(8)
Impairments	—	1	—	1
Reorganization items, net	—	—	(5,569)	(5,569)
Other	(19)	(18)	—	(18)
Adjusted EBITDAX (Non-GAAP)	\$ 3,438	\$ 1,242	\$ 216	\$ 1,458

RECONCILIATION OF GROSS MARGIN TO ADJUSTED GROSS MARGIN (unaudited)

(\$ in millions)	Successor	
	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021
Gross margin (GAAP)		
Natural gas, oil and NGL sales	\$ 2,987	\$ 1,170
Less:		
Production	(121)	(80)
Gathering, processing and transportation	(286)	(219)
Severance and ad valorem taxes	(67)	(41)
Depreciation, depletion and amortization	(440)	(228)
Gross margin (GAAP)	2,073	602
Add back: Depreciation, depletion and amortization	440	228
Adjusted gross margin (Non-GAAP)	\$ 2,513	\$ 830

(\$ in millions)	Successor		Predecessor	Non-GAAP Combined
	Nine Months Ended September 30, 2022	Period from February 10, 2021 through September 30, 2021	Period from January 1, 2021 through February 9, 2021	Nine Months Ended September 30, 2021
Gross margin (GAAP)				
Natural gas, oil and NGL sales	\$ 7,691	\$ 2,615	\$ 398	\$ 3,013
Less:				
Production	(349)	(194)	(32)	(226)
Gathering, processing and transportation	(802)	(541)	(102)	(643)
Severance and ad valorem taxes	(187)	(106)	(18)	(124)
Depreciation, depletion and amortization	(1,300)	(579)	(72)	(651)
Gross margin (GAAP)	5,053	1,195	174	1,369
Add back: Depreciation, depletion and amortization	1,300	579	72	651
Adjusted gross margin (Non-GAAP)	\$ 6,353	\$ 1,774	\$ 246	\$ 2,020

ADJUSTED FREE CASH FLOW

	Successor	
	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021
<i>(\$ in millions)</i>		
Net cash provided by operating activities (GAAP)	\$ 1,313	\$ 443
Cash capital expenditures	(540)	(178)
Adjusted free cash flow (Non-GAAP)	\$ 773	\$ 265

	Successor		Predecessor	Non-GAAP Combined
	Nine Months Ended September 30, 2022	Period from February 10, 2021 through September 30, 2021	Period from January 1, 2021 through February 9, 2021	Nine Months Ended September 30, 2021
<i>(\$ in millions)</i>				
Net cash provided by (used in) operating activities (GAAP)	\$ 3,075	\$ 1,246	\$ (21)	\$ 1,225
Cash paid for reorganization items, net	—	65	66	131
Cash paid for acquisition costs	23	—	—	—
Cash capital expenditures	(1,299)	(404)	(66)	(470)
Adjusted free cash flow (Non-GAAP)	\$ 1,799	\$ 907	\$ (21)	\$ 886

NET DEBT

	Successor
	September 30, 2022
<i>(\$ in millions)</i>	
Total debt (GAAP)	\$ 2,717
Premiums and issuance costs on debt	(96)
Principal amount of debt	2,621
Cash and cash equivalents	(74)
Net debt (Non-GAAP)	\$ 2,547

CHESAPEAKE ENERGY CORPORATION - MANAGEMENT'S OUTLOOK AS OF NOVEMBER 1, 2022

Chesapeake periodically provides guidance on certain factors that affect the company's future financial performance. New information or changes from the company's August 2, 2022 outlook are italicized bold below.

	2022 Projections
Total production:	
Oil - mbbls per day	51 - 56
NGL - mbbls per day	15 - 18
Natural gas - mmcf per day	3,600 - 3,680
Total daily rate - mmcf per day	4,020 - 4,140
Estimated basis to NYMEX prices, based on 10/27/22 strip prices:	
Oil - \$/bbl	\$1.75 - \$2.25
Natural gas - \$/mcf	(\$0.60) - (\$0.70)
NGL - realizations as a % of WTI	40% - 45%
Operating costs per mcf of projected production:	
Production expense	\$0.29 - \$0.33
Gathering, processing and transportation expenses	\$0.70 - \$0.80
Oil - \$/bbl	\$2.80 - \$3.00
Natural Gas - \$/mcf	\$0.75 - \$0.85
Severance and ad valorem taxes	\$0.16 - \$0.18
General and administrative ^(a)	\$0.08 - \$0.11
Depreciation, depletion and amortization expense	\$1.17 - \$1.33
Marketing net margin and other (\$ in millions)	\$25 - \$50
Interest expense (\$ in millions)	\$150 - \$160
Cash taxes (\$ in millions)	\$175 - \$225
Cash taxes (as a percent of income before income taxes)	6% - 9%
Adjusted EBITDAX, based on 10/27/22 strip prices (\$ in millions)^(b)	\$4,450 - \$4,550
Total capital expenditures (\$ in millions)	\$1,750 - \$1,950
Marcellus D&C	\$400 - \$440
Haynesville D&C	\$750 - \$800
Eagle Ford D&C	\$375 - \$415
Powder River Basin D&C	\$25
Non-D&C Field (workover, infrastructure and leasehold)	\$115 - \$165
Non-D&C Corporate (PP&E, G&G, capitalized interest and G&A)	\$85 - \$105

(a) Includes ~\$0.01/mcfe of expenses associated with stock-based compensation, which are recorded in general and administrative expenses in Chesapeake's Condensed Consolidated Statement of Operations.

(b) Adjusted EBITDAX is a non-GAAP measure used by management to evaluate the company's operational trends and performance relative to other oil and natural gas producing companies. Adjusted EBITDAX excludes certain items that management believes affect the comparability of operating results. The most directly comparable GAAP measure is net income (loss), but it is not possible, without unreasonable efforts, to identify the amount or significance of events or transactions that may be included in future GAAP net income (loss) but that management does not believe to be representative of underlying business performance. The company further believes that providing estimates of the amounts that would be required to reconcile forecasted adjusted EBITDAX to forecasted GAAP net income (loss) would imply a degree of precision that may be confusing or misleading to investors. Items excluded from net income (loss) to arrive at adjusted EBITDAX include interest expense, income taxes, depreciation, depletion and amortization expense, and exploration expense as well as one-time items or items whose timing or amount cannot be reasonably estimated.