

**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): December 3, 2019

**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)

(Zip Code)

**(405) 848-8000**

(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(s)	Name of each exchange on which registered
Common stock, par value \$0.01 per share	CHK	New York Stock Exchange

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 1.01 Entry into a Material Definitive Agreement.

On December 3, 2019, Chesapeake Energy Corporation (“Chesapeake”) entered into the Second Amendment (the “Amendment”) to Amended and Restated Credit Agreement, dated as of September 12, 2018 (as amended, restated, supplemented or otherwise modified from time to time, the “Credit Agreement”), by and among Chesapeake, as borrower, MUFG Union Bank, N.A., as administrative agent, and the lenders from time to time party thereto.

The Amendment, among other things, (i) permits the issuance of certain secured indebtedness with a lien priority or proceeds recovery behind the obligations under the Credit Agreement without a corresponding 25% reduction in the borrowing base under the Credit Agreement, if issued by the next scheduled redetermination of the borrowing base, (ii) increases the amount of indebtedness that can be secured on a *pari passu* first-lien basis with (and with recovery proceeds behind) the obligations under the Credit Agreement from \$1 billion to \$1.5 billion, (iii) increases the Applicable Margin (as defined in the Credit Agreement) on borrowings under the Credit Agreement by 100 basis points, (iv) requires liquidity of at least \$250 million at all times, (v) for each fiscal quarter commencing with the fiscal quarter ending December 31, 2019, replaces the Secured Leverage Ratio (as defined in the Credit Agreement) financial covenant with a requirement that the First Lien Secured Leverage Ratio (as defined in the Amendment) not exceed 2.50:1 as of the end of such fiscal quarter, (vi) increases the maximum permitted Leverage Ratio (as defined in the Credit Agreement) as of the end of each fiscal quarter to 4.50:1 through the fiscal quarter ending December 31, 2021, with step-downs to 4.25:1 for the fiscal quarter ending March 31, 2022 and to 4.00:1 for each fiscal quarter ending thereafter, and (vii) requires that Chesapeake use the aggregate net cash proceeds of certain asset sales in excess of \$50 million to prepay certain indebtedness and/or reduce commitments under the Credit Agreement, until the retirement of all of Chesapeake’s senior notes maturing before September 12, 2023.

The above description of the material terms and conditions of the Amendment is a summary only, does not purport to be complete, and is qualified by reference to the full text of the Amendment attached to this Current Report as Exhibit 10.1.

## Item 8.01 Other Events.

### ***Pro Forma Financial Information***

As previously disclosed in the Current Report on Form 8-K filed with the Securities Exchange Commission (the “SEC”) by Chesapeake on February 1, 2019, on February 1, 2019, Coleburn Inc., a Delaware corporation (“Merger Sub”) and a wholly owned subsidiary of Chesapeake, completed its previously announced merger with WildHorse Resource Development Corporation, a Delaware corporation (“WildHorse”), pursuant to the Agreement and Plan of Merger, dated as of October 29, 2018, as amended (the “Merger Agreement”), among Chesapeake, Merger Sub and WildHorse. Pursuant to the Merger Agreement, Merger Sub merged with and into WildHorse (the “First Merger”), with WildHorse continuing as the surviving corporation. Immediately following the effective time of the First Merger, WildHorse merged with and into Brazos Valley Longhorn, L.L.C., a wholly owned limited liability company subsidiary of Chesapeake (“BVL”) (the “Second Merger” and, together with the First Merger, the “Merger”), with BVL continuing as a wholly owned subsidiary of Chesapeake.

This Current Report on Form 8-K is being filed to, in addition to the information described below, provide pro forma condensed combined financial information relating to the Merger, which is incorporated herein by reference, for the year ended December 31, 2018 and nine months ended September 30, 2019.

As previously disclosed in the Current Report on Form 8-K filed with the SEC by Chesapeake on May 9, 2019, during the first quarter of 2019, Chesapeake voluntarily changed its method of accounting for oil and natural gas exploration and development activities from the full cost method to the successful efforts method. Accordingly, we have recast certain information in this filing to reflect the retrospective application of this change in accounting principle for the unaudited pro forma condensed consolidated financial information as of and for the year ended December 31, 2018.

## Reserve Information

We reported our Standardized Measure of discounted future net cash flows in our Annual Report on Form 10-K for the year ended December 31, 2018, which was \$9.495 billion at December 31, 2018. We are reporting in this Current Report on Form 8-K the PV-10 of our proved developed reserves at September 30, 2019, which was \$5.872 billion using NYMEX strip pricing measured at September 30, 2019 and \$6.977 billion using SEC pricing measured at September 30, 2019.

PV-10 is a non-GAAP financial measure and differs from the Standardized Measure of discounted future net cash flows, which is the most directly comparable GAAP financial measure. PV-10 is a computation of the Standardized Measure of discounted future net cash flows on a pre-tax basis. PV-10 is equal to the Standardized Measure of discounted future net cash flows at the applicable date, before deducting future income taxes, discounted at 10 percent. We believe that the presentation of PV-10 is relevant and useful to investors because it presents the discounted future net cash flows attributable to our estimated net proved reserves prior to taking into account future corporate income taxes, and it is a useful measure for evaluating the relative monetary significance of our oil and natural gas properties. Further, investors may utilize the measure as a basis for comparison of the relative size and value of our reserves to other companies without regard to the specific tax characteristics of such entities. We use this measure when assessing the potential return on investment related to our oil and natural gas properties. PV-10, however, is not a substitute for the Standardized Measure of discounted future net cash flows. Our PV-10 measure and the Standardized Measure of discounted future net cash flows do not purport to represent the fair value of our oil and natural gas reserves. Further, estimates of our proved reserves and our PV-10 measure for the interim period presented below have been prepared internally and have not been reviewed or audited by our third-party reserve engineers. With respect to PV-10 calculated as of an interim date, it is not practical to calculate taxes for the related interim period because GAAP does not provide for disclosure of Standardized Measure on an interim basis.

The following table provides the PV-10 of our proved developed reserves at September 30, 2019 using NYMEX strip pricing and SEC pricing; the PV-10 of our proved developed reserves (less reserves acquired in 2019) using SEC pricing as of September 30, 2019; the PV-10 of our proved developed reserves at December 31, 2018 using SEC pricing; the PV-10 of our proved reserves using SEC pricing as of December 31, 2018; and a reconciliation of the PV-10 of our proved reserves using SEC pricing to the Standardized Measure of discounted cash flows at December 31, 2018:

	(\$ in millions)
Proved Developed PV10 @ 9/30/19 NYMEX Strip <sup>(1)</sup>	\$ 5,872
<i>Plus: Change in pricing assumptions from NYMEX strip to SEC</i>	<u>1,105</u>
Proved Developed PV10 @ 9/30/19 SEC <sup>(2)</sup>	6,977
<i>Plus: Change in pricing and other assumptions from 9/30/19 to 12/31/18</i>	<u>1,178</u>
Proved Developed PV10 @ 12/31/18 SEC including acquired reserves	8,155
<i>Less: Proved Developed PV10 of Acquired Reserves @ 12/31/18 SEC</i>	<u>(1,978)</u>
Proved Developed PV10 @ 12/31/18 SEC	6,177
<i>Plus: Proved Undeveloped PV10 @ 12/31/18 SEC</i>	<u>3,350</u>
Total Proved PV10 @ 12/31/18 SEC <sup>(3)</sup>	9,527
<i>Less: Present value of future income tax discount at 10%</i>	<u>(32)</u>
Standardized Measure of discounted future cash flows @ 12/31/18	<u>\$ 9,495</u>

<sup>(1)</sup> Based on NYMEX Strip pricing measured at September 30, 2019 averaging \$51.88/bbl and \$2.67/mcf

<sup>(2)</sup> Based on SEC pricing measured at September 30, 2019 averaging \$57.77/bbl and \$2.87/mcf

<sup>(3)</sup> Based on SEC pricing measured at December 31, 2018 averaging \$65.56/bbl and \$3.10/mcf

## NYSE Notification

The average closing price of our common stock, \$0.01 par value per share (the "Common Stock"), over the 30 consecutive trading day period beginning October 21, 2019 and ending December 2, 2019 was below \$1.00 per share, which is the minimum average closing price per share required to maintain listing on the New York Stock Exchange (the "NYSE") under Section 802.01C of the NYSE Listed Company Manual.

Chesapeake will have a period of six months following the receipt from the NYSE of the notice of non-compliance to regain compliance with the minimum share price requirement, with the possibility of extension at the discretion of the NYSE. If, after receipt of the notice, Chesapeake fails to regain compliance with Section 802.01C of the NYSE Listed Company Manual by the end of the cure period, the Common Stock will be subject to the NYSE's suspension and delisting procedures.

If the Common Stock ultimately were to be delisted for any reason, it could negatively impact Chesapeake as it would likely reduce the liquidity and market price of the Common Stock; reduce the number of investors willing to hold or acquire the Common Stock; and negatively impact Chesapeake's ability to access equity markets and obtain financing.

The NYSE notification does not affect Chesapeake's business operations or its Securities and Exchange Commission reporting obligations and does not result in a default under any of Chesapeake's material debt agreements. If the Common Stock were to be removed from listing on the NYSE (and the Common Stock were not to become listed on other specified stock exchanges), holders of Chesapeake's convertible senior notes would have a right to require Chesapeake to repurchase their notes.

#### **Item 9.01 Exhibits.**

##### **(d) Exhibits.**

<b>Exhibit No.</b>	<b>Document Description</b>
<a href="#"><u>10.1</u></a>	Second Amendment to Amended and Restated Credit Agreement, dated as of December 3, 2019 among Chesapeake, MUFG Union Bank, N.A. and the Lenders party thereto.
<a href="#"><u>99.1</u></a>	Unaudited Pro Forma Condensed Consolidated Financial Information of Chesapeake for the year ended December 31, 2018 and nine months ended September 30, 2019.
104	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/ James R. Webb

James R. Webb

Executive Vice President - General Counsel and  
Corporate Secretary

Date: December 4, 2019

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**SECOND AMENDMENT**

**TO**

**AMENDED AND RESTATED CREDIT AGREEMENT**

DATED AS OF DECEMBER 3, 2019

AMONG

CHESAPEAKE ENERGY CORPORATION,  
AS THE BORROWER,

MUFG UNION BANK, N.A.,  
AS ADMINISTRATIVE AGENT,

AND

THE LENDERS  
PARTY HERETO

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## SECOND AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT

This Second Amendment to Amended and Restated Credit Agreement (this "Amendment") dated as of December 3, 2019, is among Chesapeake Energy Corporation, an Oklahoma corporation (the "Borrower"), each of the undersigned guarantors (the "Guarantors"), each Lender (as defined below) party hereto, and MUFG Union Bank, N.A., as administrative agent for the Lenders (in such capacity, together with its successors and assigns, the "Administrative Agent").

### RECITALS

A. The Borrower, the Administrative Agent and the banks and other financial institutions from time to time party thereto (together with their respective successors and assigns in such capacity, each a "Lender") have entered into that certain Amended and Restated Credit Agreement dated as of September 12, 2018 (as amended, restated, modified and supplemented from time to time, the "Credit Agreement").

B. The Borrower has requested, and the Majority Lenders have agreed, to amend certain provisions of the Credit Agreement on the terms and conditions set forth herein to amend the Credit Agreement as provided in this Amendment.

C. NOW, THEREFORE, to induce the Administrative Agent and the Lenders to enter into this Amendment and in consideration of the premises and the mutual covenants herein contained, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Definitions. Each capitalized term which is defined in the Credit Agreement but which is not defined in this Amendment, shall have the meaning assigned to such term in the Credit Agreement. Unless otherwise indicated, all section references in this Amendment refer to sections of the Credit Agreement.

Section 2. Amendments to Credit Agreement.

2.1 Amendments of Section 1.1. The following defined terms are hereby added to Section 1.1 in appropriate alphabetical order to read as follows:

"Cash Balance" means, as of any date, the sum of (a) the unrestricted cash of the Group Members and (b) the unrestricted Permitted Investments of the Group Members, each on a consolidated basis and held in Deposit Accounts or Securities Accounts subject to perfected security interests for the benefit of the Secured Parties.

"Excess Cash" means, at any time, the aggregate cash and Permitted Investments of the Borrower and its Restricted Subsidiaries (other than Excluded Cash) in excess of \$100,000,000.

"Exchange Junior Lien Debt" means any Junior Lien Debt (other than FLLO Debt) issued on or before the next Scheduled Redetermination in connection

with the delivery of the April 1, 2020 Reserve Report in an exchange for then-outstanding senior notes issued pursuant to the Indentures.

“Excluded Cash” means (a) any cash or Permitted Investments of the Borrower or any Restricted Subsidiary in an Excluded Deposit Account or Excluded Securities Account, (b) any cash or Permitted Investments constituting Cash Collateral held by the Administrative Agent pursuant to this Agreement or any other Loan Document and (c) checks issued, wires initiated, or automated clearing house transfers initiated, in each case (i) solely to the extent issued or initiated to satisfy bona fide expenditures of the Borrower or any Restricted Subsidiary and (ii) on account of transactions not prohibited under this Agreement and in the ordinary course of business.

“First Amendment” means the First Amendment to Amended and Restated Credit Agreement dated as of February 1, 2019 among the Borrower, the Administrative Agent and the Lenders party thereto.

“Liquidity” means, as of any date, the sum of (a) the Cash Balance and (b) the Available Commitment to the extent available to be drawn, in each case as of such date.

“Major Asset Sale” means any Disposition, or series of related Dispositions, permitted by Section 10.4 with aggregate net cash proceeds (including any cash converted from securities, notes or other obligations received from the transferee including any purchase price adjustment receivable but only as and when received) to the Borrower and the Restricted Subsidiaries in excess of \$50,000,000.

“Major Asset Sale Proceeds” means the net cash proceeds (including any cash converted from securities, notes or other obligations received from the transferee including any purchase price adjustment receivable but only as and when received) received by any one or more Group Members as the consideration for any Major Asset Sale after giving effect to the elimination of any potential Borrowing Base Deficiency as a result of such Disposition.

“Net Loan Limit” means, as of any date, the difference of (a) the Loan Limit *minus* (b) the positive difference, if any, of (1) \$250,000,000 *minus* (2) the Cash Balance, in each case as of such date.

“Second Amendment” means the Second Amendment to Amended and Restated Credit Agreement dated as of December 3, 2019 among the Borrower, the Administrative Agent and the Lenders party thereto.

“Short-Term Indenture Debt” means any note with a stated maturity before the Maturity Date and issued under an Indenture.

“Specified FLLO Debt” means FLLO Debt issued on or before the next Scheduled Redetermination in connection with the delivery of the April 1, 2020 Reserve Report.



“WildHorse Credit Agreement” means the Credit Agreement dated as of December 19, 2016 among WildHorse LLC, Wells Fargo Bank, N.A., as agent and the lenders party thereto, as amended, restated, refinanced, replaced, supplemented or otherwise modified.

“WildHorse Indenture” shall have the meaning provided in the recitals to the First Amendment.

2.2 Amendments of Section 1.1. The following defined terms are hereby amended and restated in its entirety as follows:

“Credit Documents” means this Agreement, the First Amendment, the Second Amendment, the Guarantee, each Letter of Credit, any promissory notes issued by the Borrower under this Agreement and the Security Documents.

“Excluded Deposit Account” means deposit accounts (within the meaning of the Uniform Commercial Code) (a) the balance of which consists exclusively of (i) withheld income taxes and federal, state or local employment taxes required to be paid to the IRS or state or local government agencies with respect to employees of the Borrower or any Restricted Subsidiary, (ii) amounts required to be paid over to an employee benefit plan on behalf of or for the benefit of employees of the Borrower or any Restricted Subsidiary, (iii) amounts set aside for payroll and the payment of accrued employee benefits, medical, dental and employee benefits claims to employees of the Borrower or any Restricted Subsidiary, (iv) amounts constituting purchase price deposits held in escrow pursuant to a binding and enforceable purchase and sale agreement with a third party containing customary provisions regarding the payment and refunding of such deposits, (v) amounts held in escrow or in trust pending litigation or other settlement claims, (vi) amounts held in escrow by a trustee under any indenture or other debt instrument pursuant to customary escrow arrangements pending the discharge, defeasance, redemption or repurchase of Indebtedness of the Borrower or any Subsidiary thereof, in each case solely to the extent the relevant discharge, defeasance, redemption or repurchase would be permitted under this Agreement, and (vii) amounts held in trust or as fiduciaries for third parties in respect of such third party’s ratable share of the revenues of Oil and Gas Properties or (b) identified in writing to the Administrative Agent either on or before the Closing Date or within 15 Business Days of such Deposit Account being opened; but the Deposit Accounts described under this clause (b) shall not have a balance, in the aggregate, at any time greater than \$10,000,000.

“Excluded Securities Account” means securities accounts (within the meaning of the Uniform Commercial Code) identified in writing to the Administrative Agent on either the Closing Date or within 15 Business Days of such Securities Account being opened; but the Securities Accounts so identified shall not have a balance, in the aggregate, at any time greater than \$10,000,000, unless any such account is used exclusively for the repurchases of then-outstanding senior notes issued pursuant to the Indentures and the WildHorse Indenture,

pending cancellation of such senior notes, subject to no other Liens and solely to the extent the repurchases of such senior notes would be permitted under this Agreement.

“First Lien Secured Leverage Ratio” means, as of the last day of each fiscal quarter of the Borrower, the ratio of (a) the sum of Total Exposure and the then outstanding amount of FLLO Debt as of such day to (b) Consolidated EBITDA for the Test Period ending on such day.

“FLLO Debt” means any borrowed money Indebtedness that is secured by Liens on the Collateral the priority of which are equal and ratable with the Liens securing the Obligations and subject to an Acceptable Collateral Trust Agreement providing for payment priority of the Obligations ahead of such Indebtedness.

“Intercreditor Agreement” means, with respect to any Indebtedness incurred pursuant to Section 10.1(r)(A), one or more agreements among the Administrative Agent and the holders of such Indebtedness or their representative, (a) substantially on the terms of the Intercreditor Agreement dated as of December 23, 2015 between the Administrative Agent and Deutsche Bank Trust Company Americas, as second lien collateral trustee or (b) as otherwise may be reasonably acceptable to the Administrative Agent and the Majority Lenders.

“Letter of Credit Commitment” means \$750,000,000, as the same may be reduced from time to time pursuant to Section 3.1, but no Letter of Credit Issuer shall be obligated to issue Letters of Credit in an aggregate face amount in excess of its Letter of Credit Issuance Limit.

“Minimum Collateral Coverage Percentage” means on any date 90%.

“Sanctioned Person” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, or by the United Nations Security Council, the Government of Canada, the European Union, any European Union member state or Her Majesty’s Treasury of the United Kingdom, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person or Persons.

2.3 Amendment of Section 1.1. The table appearing in the definition of “Applicable Margin” is hereby amended to read in its entirety as follows:

Level	Borrowing Base Utilization Percentage	LIBOR Loans	ABR Loans	Commitment Fee Rate
Pricing Level 1	>90%	3.50%	2.50%	0.500%
Pricing Level 2	≤90% and > 75%	3.25%	2.25%	0.500%
Pricing Level 3	≤75% and > 50%	3.00%	2.00%	0.500%
Pricing Level 4	≤50% and > 25%	2.75%	1.75%	0.375%
Pricing Level 5	≤25%	2.50%	1.50%	0.375%

2.4 Amendment of Section 1.1. The paragraph appearing in the definition of “Applicable Margin” is hereby amended to read in its entirety as follows:

The applicable pricing level in the leftmost column in the table above (the “Pricing Level”) will be based on the Borrowing Base Utilization Percentage set forth in the second leftmost column. Each change in the Applicable Margin or the Commitment Fee Rate shall apply during the period commencing on the effective date of such change and ending on the day immediately preceding the effective date of the next such change, but if at any time the Borrower fails to deliver a Reserve Report or Hedge Schedule pursuant to Section 9.12(a), then until such time as a Reserve Report or Hedge Schedule, as the case may be, is delivered the “Applicable Margin” and “Commitment Fee Rate” means the rate per annum set forth opposite Pricing Level 1.

2.5 Amendment of Section 1.1. The following defined term is hereby deleted: “Term Loan”.

2.6 Amendment of Section 5.2(b)(i). Section 5.2(b)(i) is hereby amended in its entirety as follows:

(i) Upon any redetermination of the Borrowing Base in accordance with Section 2.14(b), if there exists a Borrowing Base Deficiency, then the Borrower shall, within 10 days after its receipt from the Administrative Agent of a notice of such Borrowing Base Deficiency, inform the Administrative Agent of the Borrower’s election to take and the Borrower shall take one of the following actions: (A) within 30 days following such election, prepay the Loans and/or Swingline Loans in an aggregate principal amount necessary to eliminate such Borrowing Base Deficiency, (B) prepay Loans in six equal monthly installments, with the first monthly payment being due commencing on the 30<sup>th</sup> day following such election, with each payment being equal to 1/6<sup>th</sup> of the aggregate principal amount necessary to eliminate such Borrowing Base Deficiency (as such Borrowing Base Deficiency may be reduced during such six-month period) and each subsequent payment being due and payable on the same day in each of the subsequent calendar months, (C) within 30 days following such election, provide additional Collateral in the form of additional Oil and Gas Properties not evaluated

in the most recently delivered Reserve Report or other Collateral reasonably acceptable to the Administrative Agent having a Borrowing Base (as proposed by the Administrative Agent and approved by the Required Lenders) sufficient, after giving effect to any other actions taken pursuant to this Section 5.2(b)(i) to eliminate any such Borrowing Base Deficiency, or (D) undertake a combination of clauses (A), (B) and (C) and make such payment(s) and (if relevant) deliver such additional collateral within the time periods required thereunder; but if a Borrowing Base Deficiency remains after prepaying all of the Loans and Swingline Loans, the Borrower shall Cash Collateralize Letters of Credit in an amount equal to such remaining Borrowing Base Deficiency as provided in Section 3.8; provided, further, that (x) in the event the Borrower fails to provide such written notice to the Administrative Agent within the ten day period referred to above, the Borrower shall be deemed to have irrevocably elected and shall take the option set forth in clause (B) above, (y) all payments required to be made pursuant to this Section 5.2(b)(i) must be made on or before the Termination Date and (z) such payment, installments or actions required by clauses (A) through (D) above shall continue to be made notwithstanding the occurrence of a Scheduled Redetermination or Interim Redetermination until such Borrowing Base Deficiency is eliminated. The failure of the Borrower to comply with any of the options elected (including any deemed election) pursuant to the provisions of this Section 5.2(b)(i) and specified in such notice (or relating to such deemed election) shall constitute an Event of Default; but, once the Borrowing Base Deficiency is cured, the Borrower shall not be required to continue to take any such actions specified in clauses (A) through (D).

2.7 Amendment of Section 5.2(b)(ii). Section 5.2(b)(ii) is hereby amended in its entirety as follows:

(ii) Upon any reduction of the Borrowing Base in accordance with Section 2.14(e) or 2.14(h) or as a consequence of the issuance after the Closing Date of any FLLO Debt or Junior Lien Debt, if the same results in a Borrowing Base Deficiency, then the Borrower shall, concurrently therewith, eliminate such Borrowing Base Deficiency.

2.8 Amendment of Section 5.2. Section 5.2 is hereby amended to add the following Section 5.2(e) as follows:

(e) If the Borrower and the Restricted Subsidiaries have any Excess Cash outstanding for more than five Business Days, the Borrower shall prepay Borrowings on the next succeeding Business Day, which prepayment shall be in an amount equal to the amount of such Excess Cash as of such fifth Business Day.

2.9 Amendment of Article VII. Article VII is hereby amended to add the following Section 7.3 as follows:

7.3 Excess Cash. At the time of and immediately after giving effect to any Borrowing of Loans (and any application of the proceeds thereof on the date of the requested Borrowing), the Borrower and the Restricted Subsidiaries shall not

have any Excess Cash immediately before or after giving effect to such Borrowing, in each case determined after giving effect to any intended use of proceeds in the ordinary course of business (as certified by the Borrower, to the extent applicable, in the related Notice of Borrowing, and including, for the avoidance of doubt, any purpose permitted by Section 9.10) on or before the date that is five Business Days after the date the Borrower receives the funds from such Borrowing, nor may such Borrowing, after giving effect to any such intended use of proceeds in the ordinary course of business (as certified by the Borrower, to the extent applicable, in the related Notice of Borrowing), be in an amount that would trigger a mandatory prepayment under Section 5.2(e), and such Loans shall be funded into and maintained until used in accordance with this Agreement in (A) an account of the Borrower over which the Administrative Agent has “control” (within the meaning of Section 9.104 of the Uniform Commercial Code) or (B) an Excluded Deposit Account to the extent permitted in accordance with the definition thereof.

2.10 Amendment of Article VII. Article VII is hereby amended to revise the last paragraph in its entirety as follows:

The acceptance of the benefits of each Credit Event shall constitute a representation and warranty by each Credit Party to each of the Lenders that all the applicable conditions specified in Sections 7.1 and 7.3 above have been satisfied as of that time.

2.11 Amendment of Section 9.12. Section 9.12 is hereby amended by adding the following new clause (e):

(e) On or before the date 30 days after the Effective Date (as defined in the Second Amendment), the Borrower will execute or will cause to be executed such Mortgages that may be necessary such that the Collateral Coverage Ratio is not less than 90%.

2.12 Amendment of Article IX. Section 9.13 is hereby deleted in its entirety.

2.13 Amendment of Section 10.1(r)(vi)(A). Section 10.1(r)(vi)(A) is hereby amended by replacing the reference to “\$1,000,000,000” therein with “\$1,500,000,000”.

2.14 Amendment of Section 10.1(r)(vii). Section 10.1(r)(vii) is hereby amended to read in its entirety as follows:

(vii) except for the incurrence of Exchange Junior Lien Debt and Specified FLLO Debt, the Borrowing Base in effect on the date of issuance shall be reduced by an amount equal to 25% of the principal amount of such Indebtedness;

2.15 Amendment of Section 10.1(r). Section 10.1(r) is hereby amended to revise clause (viii) in its entirety and by adding the following new clauses (ix) and (x) as follows:

(viii) except as otherwise required by clause (x) below, the proceeds of such Junior Lien Debt are used to Refinance existing Indebtedness of the Borrower or any other Group Member;

(ix) with respect to the incurrence of Exchange Junior Lien Debt and Specified FLLO Debt, on a Pro Forma Basis and after giving effect to the retirement (by exchange, redemption, prepayment or otherwise) of other Indebtedness with such Exchange Junior Lien Debt and Specified FLLO Debt, the annual consolidated interest expense of the Borrower and the Subsidiaries would increase by no more than \$100,000,000; and

(x) with respect to the incurrence of Specified FLLO Debt, commensurate with such incurrence, (A) WildHorse LLC and its Subsidiaries are designated as Restricted Subsidiaries pursuant to Section 9.9, (B) WildHorse LLC and its direct or indirect Material Subsidiaries (other than Excluded Subsidiaries) (the “WildHorse Guarantors”) execute a supplement to the Guarantee and become a Guarantor, (C) the WildHorse Guarantors and the other Credit Parties execute such Mortgages, supplements to the Security Agreement or such other Security Documents that may be necessary such that after giving effect thereto the Borrower shall meet the Collateral Requirements and (D) the Administrative Agent shall have received evidence that all Indebtedness under the WildHorse Credit Agreement has been repaid in full and the Liens securing such Indebtedness have been released or terminated, in each case, subject only to the filing of application terminations and releases.

2.16 Amendment of Section 10.1(t). Section 10.1(t) is hereby amended to read in its entirety as follows:

(t) Indebtedness of any Restricted Subsidiary that is not a party to a Guarantee at the time such Indebtedness is incurred; but the aggregate principal amount of Indebtedness outstanding at any time pursuant to this clause (t) shall not at the time of incurrence thereof and after giving pro forma effect thereto and the use of proceeds thereof, exceed \$50,000,000;

2.17 Amendment of Section 10.1(w). Section 10.1(w) is hereby amended by replacing the reference “\$750,000,000” therein with “\$250,000,000”.

2.18 Amendment of Section 10.2(f). Section 10.2(f) is hereby amended to read in its entirety as follows:

(f) Liens existing on the assets of any Person that becomes a Restricted Subsidiary, or existing on assets acquired, pursuant to a transaction permitted by this Agreement to the extent the Liens on such assets secure Indebtedness permitted by Section 10.1(h) and such assets do not constitute Collateral; if such Liens attach at all times only to the same assets that such Liens (or upon or in after-acquired property that is (i) affixed or incorporated into the property covered by such Lien, (ii) after-acquired property subject to a Lien securing Indebtedness permitted under

Section 10.1(h), the terms of which Indebtedness require or include a pledge of after-acquired property (it being understood that such requirement shall not be permitted to apply to any property to which such requirement would not have applied but for such acquisition), and (iii) the proceeds and products thereof) attached to, and secure only, the same Indebtedness or obligations (or any Permitted Refinancing Indebtedness incurred to Refinance such Indebtedness permitted by Section 10.1) that such Liens secured, immediately before such transaction;

2.19 Amendment of Section 10.2(w). Section 10.2(w) is hereby amended to read in its entirety as follows:

(w) Liens on cash and cash equivalents securing (1) Hedge Agreements (other than Lender Hedging Obligations) and (2) letters of credit (other than Letters of Credit) supporting Hedge Agreements (other than Lender Hedging Obligations), if, as of any date, the sum of the amount of such cash and cash equivalents plus the aggregate amount available to be drawn under all outstanding Letters of Credit plus the aggregate of all Unpaid Drawings, in each case, with respect to Letters of Credit supporting Hedge Agreements (other than Lender Hedging Obligations) does not exceed \$100,000,000; and

2.20 Amendment of Section 10.4(a)(xiii). Section 10.4(a)(xiii) is hereby amended to read in its entirety as follows:

(xiii) [reserved]; and

2.21 Amendment of Section 10.4. Section 10.4 is hereby amended to add Section 10.4(c) as follows:

(c) By no later than 180 days after any Major Asset Sale, the Borrower shall (1) reduce the Total Commitment by an amount equal to the amount of such Major Asset Sale Proceeds and, to the extent a mandatory prepayment is required under Section 5.2(a), apply those Major Asset Sale Proceeds to make such mandatory prepayment; (2) to the extent such repayment, prepayment, purchase, repurchase, redemption, defeasance or retirement would be permitted by Section 10.7(a)(iii), apply the Major Asset Sale Proceeds therefrom to repay, prepay, purchase, repurchase, redeem, defease or otherwise retire, or apply the Major Asset Sale Proceeds therefrom to pay, (i) Junior Lien Debt or (ii) Short-Term Indenture Debt; or (3) any combination of clauses (1) and (2), so long as the aggregate amount thereof is at least equal to the Major Asset Sale Proceeds; but no such application shall be required if, at the time such application would otherwise be required, no Short-Term Indenture Debt is then outstanding. For the avoidance of doubt, the application of Major Asset Sale Proceeds shall not require the segregation or application of specific funds, but rather shall require only that the aggregate dollars used during the relevant period for the purposes described in clauses (1) through (3) in the immediately preceding sentence equal the amount of Major Asset Sale Proceeds, with each dollar so used to be applied with respect to the Major Asset Sales Proceeds from a Major Asset Sale.

2.22 Amendment of Section 10.5(q). Section 10.5(q) is hereby amended to read in its entirety as follows:

(a) Investments in any Person other than a Group Member if (1) no Default or Event of Default has occurred and is continuing or would result therefrom and (2) the aggregate value at the date made (in each case valued at Fair Market Value (determined by the Borrower acting in good faith) as of such date) of each then-existing Investment in all Persons other than Group Members does not then exceed \$750,000,000.

2.23 Amendment of Section 10.6(g). Section 10.6(g) is hereby amended to read in its entirety as follows:

(g) the Borrower may make Restricted Payments aggregating \$100,000,000 after the date hereof, if on the date thereof (i) no Default or Event of Default shall have occurred and be continuing or would result therefrom, (ii) no Loans are then outstanding; (iii) the Cash Balance is at least \$250,000,000, and (iv) the Borrower shall be in compliance on a Pro Forma Basis with the Financial Performance Covenants;

2.24 Amendment of Section 10.6(h). Section 10.6(h) is hereby amended to read in its entirety as follows:

(h) the Borrower may make Restricted Payments if (i) no Default or Event of Default shall have occurred and be continuing or would result therefrom, (ii) after giving effect thereto, the Total Exposure is not more than 90% of the Net Loan Limit, (iii) the Borrower shall be in compliance on a Pro Forma Basis with the Financial Performance Covenants and (iv) on a Pro Forma Basis, the Leverage Ratio does not exceed 3.25:1;

2.25 Amendment of Section 10.7(a). Section 10.7(a) is hereby amended to read in its entirety as follows:

(a) The Borrower will not, and will not permit any Restricted Subsidiary to, optionally prepay, repurchase or redeem or otherwise defease any Permitted Additional Debt or Junior Debt (it being understood that payments of regularly scheduled cash interest in respect of, and payment of principal on the scheduled maturity date of such other Indebtedness shall be permitted); but the Borrower or any Restricted Subsidiary may optionally prepay, repurchase, redeem or defease any Permitted Additional Debt or Junior Debt (i) with the proceeds of any Permitted Refinancing Indebtedness, (ii) by converting or exchanging such Permitted Additional Debt or Junior Debt to Stock (other than Disqualified Stock) of the Borrower, or (iii) so long as (A) no Event of Default has occurred and is continuing or would result therefrom, (B) after giving effect thereto, the Total Exposure is not more than 90% of the Net Loan Limit and (C) the Borrower is in compliance on a Pro Forma Basis with the Financial Performance Covenants.



2.26 Amendment of Section 10.11(b). Section 10.11(b) is hereby amended to read in its entirety as follows:

(b) For each fiscal quarter commencing with the fiscal quarter ending December 31, 2018, the Borrower will not permit its Leverage Ratio to exceed (i) 5.50:1 for each Test Period ending on or before September 30, 2019; (ii) 4.50:1 for the Test Periods ending thereafter but on or before December 31, 2021; (iii) 4.25:1 for the Test Period ending March 31, 2022 and (iv) 4.00:1 for each Test Period ending thereafter.

2.27 Amendment of Section 10.11(c)(i). Section 10.11(c)(i) is hereby amended to read in its entirety as follows:

(i) Secured Leverage Ratio to exceed 2.50:1 for each Test Period ending through September 30, 2019.

2.28 Amendment of Section 10.11. Section 10.11 is hereby amended to add Sections 10.11(e) and (f) as follows:

(e) For each fiscal quarter commencing with the fiscal quarter ending December 31, 2019, the Borrower will not permit its First Lien Secured Leverage Ratio to exceed 2.50:1 for such Test Period.

(f) The Borrower will not permit its Liquidity to be less than \$250,000,000.

2.29 Amendment of Section 10.16. Section 10.16 is hereby deleted in its entirety.

2.30 Amendment of Section 13.5(b). Section 13.5(b) is hereby amended in its entirety as follows:

(b) to pay or reimburse the Administrative Agent and each Lender for all its reasonable and documented out-of-pocket costs and expenses incurred in connection with the enforcement or preservation of any rights under the Credit Documents and any such other documents, including in the course of any work-out or restructuring the Loans (with respect to attorney costs, limited to the reasonable and documented fees, disbursements and other charges of one primary outside counsel for all such Persons, taken as a whole, and, if necessary, of a single firm of local outside counsel in each material jurisdiction for all Persons, taken as a whole (unless there is an actual or perceived conflict of interest in which case each such Person with such conflict may retain its own outside counsel) and additional specialist counsel as applicable (limited to one firm of specialist counsel for all such Persons, taken as a whole, per specialty), and one outside counsel in each appropriate local jurisdiction), including the fees and expenses of a financial advisor, limited to reasonable and documented fees, disbursements and other charges of one financial advisor to the Administrative Agent and the Joint Lead Arrangers.

2.31 Amendment of Article XIII. Article XIII is hereby amended by adding a new Section 13.25 to read as follows:

13.25. Acknowledgment Regarding Any Supported QFCs. To the extent that the Credit Documents provide support, through a guarantee or otherwise, for any Hedge Agreement or any other agreement or instrument that is a QFC (such support, “QFC Credit Support”, and each such QFC, a “Supported QFC”), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the “U.S. Special Resolution Regimes”) in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Credit Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

(a) In the event a Covered Entity that is party to a Supported QFC (each, a “Covered Party”) becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Credit Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Credit Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

(b) As used in this Section 13.25, the following terms have the following meanings:

“BHC Act Affiliate” of a party means an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

“Covered Entity” means any of the following: (i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12

C.F.R. § 47.3(b); or (iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“Default Right” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“QFC” has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

2.32 Amendment of Exhibit A. Exhibit A is hereby amended in its entirety with Exhibit A attached hereto.

2.33 Amendment of Schedule 3.1(a). Schedule 3.1(a) is hereby amended in its entirety with Schedule 3.1(a) attached hereto.

Section 3. Effectiveness. This Amendment shall become effective on the date on which each of the conditions set forth in this Section is satisfied (the “Effective Date”):

3.1 The Administrative Agent shall have received duly executed counterparts (in such number as may be requested by the Administrative Agent) of this Amendment from (a) the Borrower, (b) each Guarantor, (c) the Administrative Agent, and (d) Lenders constituting at least the Majority Lenders.

3.2 No Default or Event of Default shall have occurred and be continuing as of the date hereof, immediately before and after giving effect to the terms of this Amendment.

3.3 All representations and warranties made by any Credit Party in the Credit Agreement or in the other Credit Documents are, to the knowledge of an Authorized Officer of the Borrower, true and correct in all material respects (unless such representations and warranties are already qualified by materiality or Material Adverse Effect, in which case they are true and correct in all respects) with the same effect as though such representations and warranties had been made on and as of the date hereof (except where such representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects (unless such representations and warranties are already qualified by materiality or Material Adverse Effect, in which case they are true and correct in all respects) as of such earlier date).

3.4 All fees required to be paid pursuant to Section 13.5 to the extent invoiced at least three Business Days before the Effective Date (except as otherwise reasonably agreed by the Borrower) and all fees required to be paid to the Administrative Agent, for the accounts of the Lenders party hereto, pursuant to any fee letter previously agreed between the Administrative Agent and the Borrower shall have been or will be substantially simultaneously paid.

3.5 The Effective Date shall have occurred on or before December 31, 2019.

Section 4. Miscellaneous.

4.1 (a) On and after the effectiveness of this Amendment, each reference in the Credit Agreement to “this Agreement”, “hereunder”, “hereof” or words of like import referring to the Credit Agreement, and each reference in each other Credit Document to “the Credit Agreement”, “thereunder”, “thereof” or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement as amended or otherwise modified by this Amendment; (b) the execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any default of the Borrower or any right, power or remedy of the Administrative Agent or the Lenders under any of the Credit Documents, nor constitute a waiver of any provision of any of the Credit Documents; (c) this Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Agreement by signing any such counterpart; and (d) delivery of an executed counterpart of a signature page to this Amendment by telecopier or electronic mail shall be effective as delivery of a manually executed counterpart of this Amendment.

4.2 Neither the execution by the Administrative Agent or the Lenders of this Amendment, nor any other act or omission by the Administrative Agent or the Lenders or their officers in connection herewith, shall be deemed a waiver by the Administrative Agent or the Lenders of any defaults which may exist or which may occur in the future under the Credit Agreement and/or the other Credit Documents, or any future defaults of the same provision waived hereunder (collectively “Violations”). Similarly, nothing contained in this Amendment shall directly or indirectly in any way whatsoever either: (a) impair, prejudice or otherwise adversely affect the Administrative Agent’s or the Lenders’ right at any time to exercise any right, privilege or remedy in connection with the Credit Documents with respect to any Violations; (b) amend or alter any provision of the Credit Agreement, the other Credit Documents, or any other contract or instrument; or (c) constitute any course of dealing or other basis for altering any obligation of the Borrower or any right, privilege or remedy of the Administrative Agent or the Lenders under the Credit Agreement, the other Credit Documents, or any other contract or instrument. Nothing in this letter shall be construed to be a consent by the Administrative Agent or the Lenders to any Violations.

4.3 The Borrower and each Guarantor hereby (a) acknowledges the terms of this Amendment; (b) ratifies and affirms its obligations under, and acknowledges, renews and extends its continued liability under, each Credit Document to which it is a party and agrees that each Credit Document to which it is a party remains in full force and effect, except as expressly amended or modified hereby; and (c) represents and warrants to the Lenders that as of the Effective Date, after giving effect to the terms of this Amendment: (i) all of the representations and warranties contained in each Credit Document to which it is a party are true and correct in all material respects (unless already qualified by materiality in which case such applicable representation and warranty shall be true and correct), except to the extent any such representations and warranties are expressly limited to an earlier date, in which case, such representations and warranties shall continue to be true and correct in all material respects (unless already qualified by materiality in which case such applicable representation and warranty shall be true and correct) as of such specified earlier date, and (ii) no Default or Event of Default has occurred and is continuing.

4.4 This Amendment is a Credit Document as defined and described in the Credit Agreement and all of the terms and provisions of the Credit Agreement relating to Credit Documents shall apply hereto.

4.5 THE CREDIT DOCUMENTS, INCLUDING THIS AMENDMENT, REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

4.6 THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their officers thereunto duly authorized as of the date first above written.

**BORROWER:**

**CHESAPEAKE ENERGY CORPORATION**

By: /s/ Bryan J. Lemmerman  
Name: Bryan J. Lemmerman  
Title: Vice President - Business Development and Treasurer

**GUARANTORS:**

**CHESAPEAKE LOUISIANA, L.P.**

By: CHESAPEAKE OPERATING, L.L.C., its general partner

By: /s/ Bryan J. Lemmerman  
Name: Bryan J. Lemmerman  
Title: Vice President - Business Development and Treasurer

**EMPRESS LOUISIANA PROPERTIES, L.P.**

By: EMLP, L.L.C., its general partner

By: /s/ Bryan J. Lemmerman  
Name: Bryan J. Lemmerman  
Title: Vice President - Business Development and Treasurer

[SIGNATURE PAGE-SECOND AMENDMENT]

CHESAPEAKE EXPLORATION, L.L.C.  
CHESAPEAKE APPALACHIA, L.L.C.  
CHESAPEAKE E&P HOLDING, L.L.C. (formerly known as  
Chesapeake E&P Holding Corporation)  
CHESAPEAKE ENERGY LOUISIANA, LLC (formerly known  
as Chesapeake Energy Louisiana Corporation)  
CHESAPEAKE NG VENTURES CORPORATION  
CHK ENERGY HOLDINGS, INC.  
SPARKS DRIVE SWD, INC.  
WINTER MOON ENERGY CORPORATION  
CHESAPEAKE AEZ EXPLORATION, L.L.C.  
CHESAPEAKE-CLEMENTS ACQUISITION, L.L.C.  
CHESAPEAKE ENERGY MARKETING, L.L.C.  
CHESAPEAKE LAND DEVELOPMENT COMPANY, L.L.C.  
CHESAPEAKE OPERATING, L.L.C.,  
CHESAPEAKE PLAINS, LLC  
CHESAPEAKE PLAZA, L.L.C.  
CHESAPEAKE ROYALTY, L.L.C.  
CHESAPEAKE VRT, L.L.C.  
CHK UTICA, L.L.C.  
COMPASS MANUFACTURING, L.L.C.  
EMLP, L.L.C.  
EMPRESS, L.L.C.  
GSF, L.L.C.  
MC LOUISIANA MINERALS, L.L.C.  
MC MINERAL COMPANY, L.L.C.  
MIDCON COMPRESSION, L.L.C.  
NOMAC SERVICES, L.L.C.  
NORTHERN MICHIGAN EXPLORATION COMPANY, L.L.C.  
CHESAPEAKE MIDSTREAM DEVELOPMENT, L.L.C.,  
each as a Guarantor

By: /s/ Bryan J. Lemmerman  
Name: Bryan J. Lemmerman  
Title: Vice President - Business Development and Treasurer

[SIGNATURE PAGE-SECOND AMENDMENT]

**MUFG UNION BANK, N.A.**, as Administrative Agent, Co-Syndication Agent, Letter of Credit Issuer, Swingline Lender and Lender

By: /s/ Kevin Sparks

Name: Kevin Sparks

Title: Director

**MUFG BANK, LTD.**, as Lender

By: /s/ Kevin Sparks

Name: Kevin Sparks

Title: Director

**WELLS FARGO BANK NATIONAL ASSOCIATION**, as Co-Syndication Agent, Letter of Credit Issuer, Swingline Lender and Lender

By: /s/ John Mammen

Name: John Mammen

Title: Director

**JPMORGAN CHASE BANK, N.A.**, as Co-Syndication Agent, Letter of Credit Issuer, Swingline Lender and Lender

By: /s/ Arina Mavilian

Name: Arina Mavilian

Title: Authorized Signatory

**BANK OF AMERICA, N.A.**, as Letter of Credit Issuer and Lender

By: /s/ Greg M. Hall

Name: Greg M. Hall

Title: Vice President

**BMO HARRIS BANK N.A.**, as Letter of Credit Issuer and Lender

By: /s/ Patrick Johnston

Name: Patrick Johnston

Title: Director

[SIGNATURE PAGE-SECOND AMENDMENT]



**CITICORP NORTH AMERICA, INC.,** as Letter of Credit Issuer and Lender

By: /s/ Peter Baumann  
Name: Peter Baumann  
Title: Vice President

**CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK,** as Letter of Credit Issuer and Lender

By: /s/ Michael Willis  
Name: Michael Willis  
Title: Managing Director

By: /s/ Louis P. Laville, III  
Name: Louis P. Laville, III  
Title: Managing Director

**MIZUHO BANK, LTD.,** as Letter of Credit Issuer and Lender

By: /s/ Edward Sacks  
Name: Edward Sacks  
Title: Authorized Signatory

**ROYAL BANK OF CANADA,** as Letter of Credit Issuer and Lender

By: /s/ Don J. McKinnerney  
Name: Don J. McKinnerney  
Title: Authorized Signatory

**ABN AMRO CAPITAL USA LLC,** as Letter of Credit Issuer and Lender

By: /s/ Darrell Holley  
Name: Darrell Holley  
Title: Managing Director

By: /s/ David Montgomery  
Name: David Montgomery  
Title: Managing Director

[SIGNATURE PAGE-SECOND AMENDMENT]

**DNB CAPITAL LLC, as Lender**

By: /s/ Leila Zomorradian

Name: Leila Zomorradian

Title: First Vice President

By: /s/ Andrea Ozbolt

Name: Andrea Ozbolt

Title: Senior Vice President

**EXPORT DEVELOPMENT CANADA, as Lender**

By: /s/ Michael Lambe

Name: Michael Lambe

Title: Financing Manager

By: /s/ Sally Guo

Name: Sally Guo

Title: Senior Associate

**GOLDMAN SACHS BANK USA, as Lender**

By: /s/ Jamie Minieri

Name: Jamie Minieri

Title: Authorized Signatory

**MORGAN STANLEY BANK, N.A., as Lender**

By: /s/ Jack Kuhns

Name: Jack Kuhns

Title: Authorized Signatory

**MORGAN STANLEY SENIOR FUNDING, INC., as Lender**

By: /s/ Jack Kuhns

Name: Jack Kuhns

Title: Vice President

[SIGNATURE PAGE-SECOND AMENDMENT]

**NATIXIS, NEW YORK BRANCH**, as Lender

By: /s/ Vikram Nath

Name: Vikram Nath

Title: Director

By: /s/ Brian O'Keefe

Name: Brian O'Keefe

Title: Vice President, Portfolio Manager

[SIGNATURE PAGE-SECOND AMENDMENT]

## FORM OF NOTICE OF BORROWING

[Date]<sup>1</sup>

MUFG Union Bank, N.A.  
as Administrative Agent [and a Swingline Lender]<sup>2</sup>

[[Swingline Lender Name],  
as a Swingline Lender]

Re: Chesapeake Energy Corporation Notice of Borrowing

Ladies and Gentlemen:

This Notice of Borrowing is delivered to you pursuant to Section 2.3 of that certain Amended and Restated Credit Agreement, dated as of September 12, 2018 (as amended, restated, supplemented or otherwise modified from time to time, the “Credit Agreement”), by and among Chesapeake Energy Corporation, an Oklahoma corporation (the “Borrower”), the lenders from time to time party thereto (the “Lenders”), MUFG Union Bank, N.A., as Administrative Agent, a Swingline Lender, and a Letter of Credit Issuer, and each other Swingline Lender and Letter of Credit Issuer from time to time party thereto (such terms and each other capitalized term used but not defined herein having the meaning provided in the Credit Agreement).

The Borrower hereby requests that a Borrowing be extended as follows:

- (i) Requested Borrowing is to consist of [ABR Loans] [LIBOR Loans] [Swingline Loan from the Swingline Lender addressed in this Notice of Borrowing];
- (ii) Aggregate amount of the requested Borrowing is \$[                    ];
- (iii) Date of such Borrowing is [                    ], 20[    ];

<sup>1</sup> Date of Notice of Borrowing: To be submitted (A) in the case of any LIBOR Loans to be made on the Closing Date, before 1:00 p.m. at least two Business Days’ prior to the Closing Date; (B) in the case of any LIBOR Loans to be made after the Closing Date, before 1:00 p.m. at least three Business Days’ prior to the Borrowing of such LIBOR Loans; (C) in the case of any ABR Loans, before 1:00 p.m. on the date of Borrowing of such ABR Loans; or (D) in the case of any Swingline Loans, before 4:00 p.m. on the date of Borrowing of such Swingline Loans. All of the foregoing times are New York time.

<sup>2</sup> Insert Swingline Lender references if a Swingline Loan is being requested.

(iv) In the case of a Borrowing of LIBOR Loans, the initial Interest Period applicable thereto is [ ];<sup>3</sup>

(v) Location and number of the account to which funds are to be disbursed is as follows:

[ \_\_\_\_\_ ]  
[ \_\_\_\_\_ ]  
[ \_\_\_\_\_ ]  
[ \_\_\_\_\_ ]  
[ \_\_\_\_\_ ]

To induce Lenders to make such Loans, the Borrower hereby represents, warrants, acknowledges, and agrees to and with Administrative Agent and each Lender that: (i) at the time of and immediately after giving effect to the Borrowing of the Loans (and any application of the proceeds thereof on the date of such Borrowing) requested hereby, the Borrower and the Restricted Subsidiaries shall not have any Excess Cash immediately before or after giving effect to such Borrowing, in each case determined after giving effect to any intended use of proceeds in the ordinary course of business on or before the date that is five Business Days after the date the Borrower receives the funds from such Borrowing, nor shall such Borrowing, after giving effect to any such intended use of proceeds in the ordinary course of business, be in an amount that would trigger a mandatory prepayment under Section 5.2(e), and (ii) such Loans shall be funded into and maintained until used in accordance with the Agreement in (A) an account of the Borrower over which the Administrative Agent has “control” (within the meaning of Section 9.104 of the Uniform Commercial Code) or (B) an Excluded Account to the extent permitted in accordance with the definition thereof.

*[Remainder of page intentionally left blank; signature page follows]*

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<sup>3</sup> If no Interest Period is selected, the Borrower shall be deemed to have selected an Interest Period of one month’s duration.

IN WITNESS WHEREOF, the undersigned has duly executed this Notice of Borrowing by its authorized representative as of the day and year first above written.

**CHESAPEAKE ENERGY CORPORATION**

By: \_\_\_\_\_

Name:

Title:

A-3

**Chesapeake Energy Corporation****Letter of Credit Issuance Limits**

<b>Name of Letter of Credit Issuer</b>	<b>Letter of Credit Issuance Limit</b>
MUFG Union Bank, N.A.	\$ 83,333,333.34
JPMorgan Chase Bank, N.A.	\$ 83,333,333.34
Wells Fargo Bank, National Association	\$ 83,333,333.34
Bank of America, N.A.	\$ 83,333,333.33
BMO Harris Bank N.A.	\$ 83,333,333.33
Citicorp North America, Inc.	\$ 83,333,333.33
Crédit Agricole Corporate and Investment Bank	\$ 83,333,333.33
Mizuho Bank, Ltd.	\$ 83,333,333.33
Royal Bank of Canada	\$ 83,333,333.33
Total Letter of Credit Issuance Limit	\$ 750,000,000.00

Schedule 3.1(a)

## UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

On October 29, 2018, Chesapeake Energy Corporation (“Chesapeake”), Coleburn Inc., a Delaware corporation (“Merger Sub”) and a wholly owned subsidiary of Chesapeake, and WildHorse Resource Development Corporation, a Delaware corporation (“WildHorse”), entered into an Agreement and Plan of Merger (as amended, the “Merger Agreement”). On February 1, 2019, Merger Sub completed the merger with WildHorse pursuant to the Merger Agreement. Pursuant to the Merger Agreement, Merger Sub merged with and into WildHorse (the “First Merger”), with WildHorse continuing as the surviving corporation. Immediately following the effective time of the First Merger, WildHorse merged with and into Brazos Valley Longhorn, L.L.C., a wholly owned limited liability company subsidiary of Chesapeake (“BVL”) (the “Second Merger” and, together with the First Merger, the “Merger”), with BVL continuing as a wholly owned subsidiary of Chesapeake. Under the terms and conditions contained in the Merger Agreement, and upon the completion of the Merger, holders of shares of WildHorse common stock, at their election, received either 5.989 shares of Chesapeake common stock or a combination of 5.336 shares of Chesapeake common stock and \$3.00 in cash, in exchange for each share of WildHorse common stock.

The following unaudited pro forma condensed combined financial statements present the combination of the historical consolidated financial statements of each of Chesapeake and WildHorse adjusted to give effect to the Merger. The unaudited pro forma condensed combined statements of operations for the year ended December 31, 2018 and nine months ended September 30, 2019 combine the historical condensed consolidated statements of operations of each of Chesapeake and WildHorse, giving effect to the Merger as if it had been consummated on January 1, 2018, the beginning of the earliest period presented. The unaudited pro forma condensed combined balance sheet combines the historical consolidated balance sheets of each of Chesapeake and WildHorse as of December 31, 2018, giving effect to the Merger as if it had been consummated on December 31, 2018. The historical condensed consolidated financial statements of WildHorse have been adjusted to reflect certain reclassifications to conform to Chesapeake’s financial statement presentation.

The unaudited pro forma condensed combined financial statements reflect the following pro forma adjustments, based on available information and certain assumptions that Chesapeake believes are reasonable:

- the Merger, which will be accounted for using the acquisition method of accounting, with Chesapeake identified as the accounting acquirer;
- the conversion of 435,000 shares of WildHorse’s 6.00% Series A Perpetual Convertible Preferred Stock into 32,402,059 shares of WildHorse common stock prior to the effective time of the Merger;
- adjustments to conform the classification of expenses in WildHorse’s historical statements of operations to Chesapeake’s classification for similar expenses;
- adjustments to conform the classification of certain assets and liabilities in WildHorse’s historical balance sheet to Chesapeake’s classification for similar assets and liabilities;
- the assumption of liabilities by Chesapeake for any transaction-related expenses; and
- the estimated tax impact of pro forma adjustments.

As of the date of this report, Chesapeake has not completed the detailed valuation study necessary to arrive at the required final estimates of the fair value of the acquired WildHorse assets and assumed liabilities and the related allocations of purchase price. A final determination of the fair value of WildHorse’s assets and liabilities, including, potentially, intangible assets with indefinite and/or finite lives, will be based on the actual net tangible and intangible assets and liabilities of WildHorse that existed as of the closing date of the Merger. As a result of the foregoing, the pro forma adjustments are preliminary and are subject to change as additional information becomes available and as additional analysis is performed. The preliminary pro forma adjustments have been made solely for the purpose of providing the unaudited pro forma condensed combined financial statements presented below. Chesapeake estimated the fair value of WildHorse’s assets and liabilities based on discussions with WildHorse’s management, preliminary valuation studies, due diligence and information presented in WildHorse’s SEC filings. Any increases or decreases in the fair value of assets acquired and liabilities assumed upon completion of the final valuations will result in adjustments to the unaudited pro forma condensed combined balance sheet and/or unaudited pro forma condensed combined statements of operations. The final purchase price allocation may be materially different than that reflected in the unaudited pro forma purchase price allocation presented herein.

Assumptions and estimates underlying the adjustments to the unaudited pro forma condensed combined financial statements (which we refer to as the pro forma adjustments) are described in the accompanying notes to unaudited pro forma condensed combined financial information. The historical financial statements of each of Chesapeake and WildHorse have been adjusted in the unaudited pro forma condensed combined financial statements to give effect to the transactions that are directly attributable to the Merger, are factually supportable and, with respect to the unaudited pro forma condensed combined statements of operations,



## UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

expected to have a continuing impact on the combined results of Chesapeake and WildHorse following the Merger. The unaudited pro forma condensed combined financial statements are not necessarily indicative of the operating results and financial position that would have been achieved had the Merger occurred on the dates indicated. Further, the unaudited pro forma condensed combined financial statements do not purport to project the future operating results or financial position of the combined company following the Merger.

The unaudited pro forma condensed combined financial statements, although helpful in illustrating the financial characteristics of the combined company under one set of assumptions, do not reflect the benefits of expected cost savings (or associated costs to achieve such savings), opportunities to earn additional revenue or other factors that may result as a consequence of the Merger and, accordingly, do not attempt to predict or suggest future results. The unaudited pro forma condensed combined statements of operations also exclude the effects of transaction costs associated with the Merger, costs associated with any restructuring actions, integration activities or asset dispositions resulting from the Merger, which to the extent they occur, are expected to be non-recurring and were not incurred at the closing date of the Merger. However, such costs could affect the combined company following the Merger in the period the costs are incurred or recorded. Further, the unaudited pro forma condensed combined financial statements do not reflect the effect of any regulatory actions that may impact the results of the combined company following the Merger.

The unaudited pro forma condensed combined financial statements have been developed from and should be read in conjunction with:

- the accompanying notes to the unaudited pro forma condensed combined financial statements;
- the historical audited consolidated financial statements of Chesapeake as of and for the year ended December 31, 2018 recast to reflect the retrospective application of the successful efforts method, included as exhibit 99.1 in Chesapeake's Current Report on Form 8-K filed May 9, 2019 and incorporated by reference into this document;
- the historical unaudited condensed consolidated financial statements of Chesapeake as of and for the nine months ended September 30, 2019, included in Chesapeake's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019 and incorporated by reference into this document;
- the historical audited consolidated financial statements of WildHorse as of and for the year ended December 31, 2018, included in Wildhorse's Annual Report on Form 10-K attached as Exhibit 99.1 to Form 8-K/A filed March 5, 2019;
- the factors described in the section entitled "Risk Factors" in Item 1A of Chesapeake's Annual Report on Form 10-K for the period ended December 31, 2018 and;
- the factors described in the section entitled "Risk Factors" in Item 1A of Part II Other Information of Chesapeake's Form 10-Q for the period ended September 30, 2019.

**CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES**  
**UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET**  
**DECEMBER 31, 2018**  
**(IN MILLIONS)**

	Chesapeake Historical	WildHorse Historical	Reclass Adjustments	Pro Forma Adjustments	Chesapeake Pro Forma Combined
<b>CURRENT ASSETS:</b>					
Cash and cash equivalents	\$ 4	\$ 15	\$ —	\$ (4) (b)	\$ 15
Accounts receivable, net	1,247	92	—	—	1,339
Short-term derivative assets	209	54	—	—	263
Other current assets	138	8	—	—	146
<b>Total Current Assets</b>	<b>1,598</b>	<b>169</b>	<b>—</b>	<b>(4)</b>	<b>1,763</b>
<b>PROPERTY AND EQUIPMENT:</b>					
Oil and natural gas properties, at cost based on successful efforts accounting:					
Proved oil and natural gas properties	25,407	—	2,764 (a)	444 (c) (518) (d)	28,097
Unproved properties	1,561	—	694 (a)	456 (c)	2,711
Oil and gas properties	—	3,458	(3,458) (a)	—	—
Other property and equipment	1,721	107	—	—	1,828
<b>Total Property and Equipment, at Cost</b>	<b>28,689</b>	<b>3,565</b>	<b>—</b>	<b>382</b>	<b>32,636</b>
Less: accumulated depreciation, depletion and amortization	(17,886)	(518)	—	518 (d)	(17,886)
Property and equipment held for sale, net	15	—	—	—	15
<b>Total Property and Equipment, Net</b>	<b>10,818</b>	<b>3,047</b>	<b>—</b>	<b>900</b>	<b>14,765</b>
<b>LONG-TERM ASSETS:</b>					
Long-term derivative instruments	76	19	—	—	95
Debt issuance costs	—	3	(3) (a)	—	—
Other long-term assets	243	17	3 (a)	(3) (e)	260
<b>TOTAL ASSETS</b>	<b>\$ 12,735</b>	<b>3,255</b>	<b>\$ —</b>	<b>\$ 893</b>	<b>\$ 16,883</b>

**CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES**  
**UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET**  
**DECEMBER 31, 2018**  
**(IN MILLIONS)**

	<u>Chesapeake Historical</u>	<u>WildHorse Historical</u>	<u>Reclass Adjustments</u>	<u>Pro Forma Adjustments</u>	<u>Chesapeake Pro Forma Combined</u>
<b>CURRENT LIABILITIES:</b>					
Accounts payable	\$ 763	\$ 76	\$ —	—	\$ 839
Current maturities of long-term debt, net	381	—	—	—	381
Accrued interest	141	—	—	—	141
Short-term derivative liabilities	3	1	—	—	4
Accrued liabilities	—	125	(125) (a)	—	—
Other current liabilities	1,599	—	125 (a)	48 (f)	1,772
<b>Total Current Liabilities</b>	<b>2,887</b>	<b>202</b>	<b>—</b>	<b>48</b>	<b>3,137</b>
<b>LONG-TERM LIABILITIES:</b>					
Long-term debt, net	7,341	1,191	—	377 (b) 17 (g)	8,926
Deferred tax liabilities	—	113	—	(113) (c)	—
Asset retirement obligations, net of current portion	155	8	—	—	163
Other long-term liabilities	219	2	—	—	221
<b>Total Long-Term Liabilities</b>	<b>7,715</b>	<b>1,314</b>	<b>—</b>	<b>281</b>	<b>9,310</b>
Preferred stock	—	448	—	(448) (h)	—
<b>EQUITY:</b>					
Stockholders' Equity (Deficit):					
Preferred stock	1,671	—	—	—	1,671
Common stock	9	1	—	(1) (h) 7 (i)	16
Additional paid-in capital	14,378	1,153	—	(1,153) (h) 2,030 (i)	16,408
Accumulated equity (deficit)	(13,912)	137	—	(137) (h) (48) (f) 314 (c)	(13,646)
Accumulated other comprehensive loss	(23)	—	—	—	(23)
Less: treasury stock, at cost;	(31)	—	—	—	(31)
<b>Total Stockholders' Equity</b>	<b>2,092</b>	<b>1,291</b>	<b>—</b>	<b>1,012</b>	<b>4,395</b>
Noncontrolling interests	41	—	—	—	41
<b>Total Equity</b>	<b>2,133</b>	<b>1,291</b>	<b>—</b>	<b>1,012</b>	<b>4,436</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 12,735</b>	<b>\$ 3,255</b>	<b>—</b>	<b>\$ 893</b>	<b>\$ 16,883</b>

**CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES**  
**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**  
**(IN MILLIONS)**

	Chesapeake Historical	WildHorse Historical	Reclass Adjustments	Pro Forma Adjustments	Chesapeake Pro Forma Combined
<b>REVENUES AND OTHER:</b>					
Oil, natural gas and NGL	\$ 3,553	\$ —	\$ (8) (a)	—	\$ 3,545
Marketing	3,038	—	—	—	3,038
Total Revenues	6,591	—	(8)	—	6,583
Oil sales	—	62	(62) (a)	—	—
Natural gas sales	—	4	(4) (a)	—	—
NGL sales	—	2	(2) (a)	—	—
Loss on derivative instruments	—	(76)	76 (a)	—	—
Other	45	—	—	—	45
Gains on sales of assets	33	—	—	—	33
Total Revenues and Other	6,669	(8)	—	—	6,661
<b>OPERATING EXPENSES:</b>					
Oil, natural gas and NGL production	453	6	—	—	459
Oil, natural gas and NGL gathering, processing and transportation	815	1	—	—	816
Production taxes	109	4	—	—	113
Exploration	56	—	—	—	56
Marketing	3,071	—	—	—	3,071
General and administrative	258	58	—	(51) (j)	265
Incentive unit compensation expense	—	—	—	—	—
Provision for legal contingencies, net	3	—	—	—	3
Depreciation, depletion and amortization	1,672	30	—	13 (k)	1,715
Impairments	11	—	—	—	11
Other operating expense	79	—	—	(61) (j)	18
Total Operating Expenses	6,527	99	—	(99)	6,527
<b>INCOME (LOSS) FROM OPERATIONS</b>	<b>142</b>	<b>(107)</b>	<b>—</b>	<b>99</b>	<b>134</b>

**CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES**  
**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**  
**(IN MILLIONS)**

	Chesapeake Historical	WildHorse Historical	Reclass Adjustments	Pro Forma Adjustments	Chesapeake Pro Forma Combined
<b>OTHER INCOME (EXPENSE):</b>					
Interest expense	(513)	(7)	—	—	(520)
Losses on investments	(28)	—	—	—	(28)
Gains on purchases or exchanges of debt	70	—	—	—	70
Other income	30	—	—	—	30
Total Other Expense	(441)	(7)	—	—	(448)
<b>LOSS BEFORE INCOME TAXES</b>	(299)	(114)	—	99	(314)
Total Income Tax Benefit	(315)	—	—	—	(315)
<b>NET INCOME (LOSS)</b>	16	(114)	—	99	1
Net income attributable to noncontrolling interests	—	—	—	—	—
<b>NET INCOME (LOSS) ATTRIBUTABLE TO CHESAPEAKE</b>	16	(114)	—	99	1
Preferred stock dividends	(69)	—	—	—	(69)
Loss on exchange of preferred stock	(17)	—	—	—	(17)
<b>NET LOSS AVAILABLE TO COMMON STOCKHOLDERS</b>	\$ (70)	\$ (114)	\$ —	\$ 99	\$ (85)
<b>LOSS PER COMMON SHARE:</b>					
Basic	\$ (0.04)				\$ (0.05)
Diluted	\$ (0.04)				\$ (0.05)
<b>WEIGHTED AVERAGE COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING (in millions):</b>					
Basic	1,570			81 (1)	1,651
Diluted	1,570			81 (1)	1,651

**CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES**  
**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
**(IN MILLIONS)**

	Chesapeake Historical	WildHorse Historical	Reclass Adjustments	Pro Forma Adjustments	Chesapeake Pro Forma Combined
<b>REVENUES AND OTHER:</b>					
Oil, natural gas and NGL	\$ 5,155	\$ —	\$ 945 (a)	\$ —	\$ 6,135
			35 (a)	—	
Marketing	5,076	—	—	—	5,076
Total Revenues	10,231	—	980	—	11,211
Oil sales	—	843	(843) (a)	—	—
Natural gas sales	—	60	(60) (a)	—	—
NGL sales	—	42	(42) (a)	—	—
Other	63	2	(2) (a)	—	63
Losses on sales of assets	(264)	—	—	—	(264)
Total Revenues and Other	10,030	947	33	—	11,010
<b>OPERATING EXPENSES:</b>					
Oil, natural gas and NGL production	539	61	—	—	600
Oil, natural gas and NGL gathering, processing and transportation	1,398	10	—	—	1,408
Production taxes	124	52	—	—	176
Exploration	162	23	—	—	185
Marketing	5,158	—	—	—	5,158
General and administrative	335	66	14 (a)	—	415
Incentive unit compensation expense	—	14	(14) (a)	—	—
Restructuring and other termination costs	38	—	—	—	38
Provision for legal contingencies, net	26	—	—	—	26
Depreciation, depletion and amortization	1,737	297	—	124 (k)	2,158
Gain on sale of oil and natural gas properties	—	(3)	—	—	(3)
Impairments	131	214	—	—	345
Other operating expenses	—	1	—	—	1
Total Operating Expenses	9,648	735	—	124	10,507
<b>INCOME FROM OPERATIONS</b>	<b>382</b>	<b>212</b>	<b>33</b>	<b>(124)</b>	<b>503</b>

**CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES**  
**UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
**(IN MILLIONS)**

	Chesapeake Historical	WildHorse Historical	Reclass Adjustments	Pro Forma Adjustments	Chesapeake Pro Forma Combined
<b>OTHER INCOME (EXPENSE):</b>					
Interest expense	(633)	(60)	—	—	(693)
Gain on derivative instruments	—	35	(35) (a)	—	—
Gains on investments	139	—	—	—	139
Gains on purchases or exchanges of debt	263	—	—	—	263
Other income (expense)	67	(1)	2 (a)	—	68
Total Other Expense	(164)	(26)	(33)	—	(223)
<b>INCOME BEFORE INCOME TAXES</b>	218	186	—	(124)	280
Current income taxes	—	—	(1) (a)	1 (m)	—
Deferred income taxes	(10)	—	41 (a)	(41) (m)	(10)
Income tax expense	—	40	(40) (a)	—	—
Total Income Tax Expense (Benefit)	(10)	40	—	(40)	(10)
<b>NET INCOME</b>	228	146	—	(84)	290
Net income attributable to noncontrolling interests	(2)	—	—	—	(2)
<b>NET INCOME ATTRIBUTABLE TO CHESAPEAKE</b>	226	146	—	(84)	288
Preferred stock dividends	(92)	(29)	—	29 (h)	(92)
Earnings allocated to participating securities	(1)	(30)	—	30 (n)	(1)
<b>NET INCOME AVAILABLE TO COMMON STOCKHOLDERS</b>	\$ 133	\$ 87	\$ —	\$ (25)	\$ 195
<b>EARNINGS PER COMMON SHARE:</b>					
Basic	\$ 0.15				\$ 0.12
Diluted	\$ 0.15				\$ 0.12
<b>WEIGHTED AVERAGE COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING (in millions):</b>					
Basic	909			717 (o)	1,626
Diluted	909			717 (o)	1,626

## 1. Basis of Presentation

The unaudited pro forma condensed combined financial information has been derived from the historical consolidated financial statements of each of Chesapeake and WildHorse. Certain of WildHorse's historical amounts have been reclassified to conform to Chesapeake's financial statement presentation. The unaudited pro forma condensed combined balance sheet as of December 31, 2018 gives effect to the Merger as if the Merger had been completed on December 31, 2018. The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2018, and the nine months ended September 30, 2019, give effect to the Merger as if the Merger had been completed on January 1, 2018.

The unaudited pro forma condensed combined financial statements reflect pro forma adjustments that are described in the accompanying notes and are based on available information and certain assumptions that Chesapeake believes are reasonable; however, actual results may differ from those reflected in these unaudited pro forma condensed combined financial statements. In Chesapeake's opinion, all adjustments that are necessary to present fairly the pro forma information have been made. The following unaudited pro forma condensed combined financial statements do not purport to represent what the combined company's financial position or results of operations would have been if the Merger had actually occurred on the dates indicated above, nor are they indicative of Chesapeake's future financial position or results of operations. These unaudited pro forma condensed combined financial statements should be read in conjunction with the historical consolidated financial statements and related notes thereto of each of Chesapeake and WildHorse for the periods presented.

## 2. Unaudited Pro Forma Condensed Combined Balance Sheet

The Merger will be accounted for using the acquisition method of accounting for business combinations. The allocation of the preliminary estimated purchase price is based upon Chesapeake's estimates of, and assumptions related to, the fair value of assets to be acquired and liabilities to be assumed as of December 31, 2018 using currently available information. Due to the fact that the unaudited pro forma condensed combined financial statements have been prepared based on these preliminary estimates, the final purchase price allocation and the resulting effect on financial position and results of operations of the combined companies may be materially different from the pro forma amounts included herein. Chesapeake expects to finalize the purchase price allocation as soon as practicable.

The preliminary purchase price allocation is subject to change due to several factors, including, but not limited to:

- changes in the estimated fair value of WildHorse's assets acquired and liabilities assumed as of the closing date of the Merger, which could result from the finalization of valuation procedures and the related assumptions, including interest rates and other factors;
- the tax bases of WildHorse's assets and liabilities as of the closing date of the Merger; and
- the factors described in the section entitled "Risk Factors" in Item 1A of Chesapeake's Annual Report on Form 10-K for the period ended December 31, 2018.



The preliminary fair value assessment of the assets acquired and liabilities assumed expected to be recorded is as follows:

	<b>Preliminary Purchase Price Allocation</b>
	<b>(in millions)</b>
<b>Consideration:</b>	
Cash	\$ 381
Fair value of Chesapeake's common stock issued in the Merger <sup>(a)</sup>	2,037
Total consideration	<u>\$ 2,418</u>
<b>Fair Value of Liabilities Assumed:</b>	
Current liabilities	\$ 202
Long-term debt	1,208
Deferred tax liabilities	314
Other long-term liabilities	10
Amounts attributable to liabilities assumed	<u>\$ 1,734</u>
<b>Fair Value of Assets Acquired:</b>	
Cash and cash equivalents	\$ 15
Other current assets	154
Proved oil and natural gas properties	2,690
Unproved properties	1,150
Other property and equipment	107
Other long-term assets	36
Amounts attributable to assets acquired	<u>\$ 4,152</u>
Total identifiable net assets	<u>\$ 2,418</u>

(a) Based on 717,376,170 Chesapeake common shares issued at closing of the Merger at \$2.84 per share (closing price as of February 1, 2019).

As a result of the Merger, each eligible share of WildHorse common stock issued and outstanding immediately prior to the effective time of the Merger was converted into the right to receive either 5.989 shares of Chesapeake common stock or a combination of 5.336 shares of Chesapeake common stock and \$3.00 in cash. 6,609,445 WildHorse stockholders elected to receive 5.989 shares of Chesapeake common stock, and 127,022,527 WildHorse stockholders elected the combination of 5.336 shares of common stock and \$3.00 cash, resulting in total cash consideration paid of \$381 million and total fair value of Chesapeake stock issued of \$2.037 billion.

### 3. Pro Forma Adjustments

The Chesapeake historical balance sheet and statements of operations as of and for the year ended December 31, 2018 are derived from the audited consolidated financial statements included within Chesapeake's Current Report on Form 8-K filed May 9, 2019. These audited financial statements have been recast to reflect retrospective application of the successful efforts method of accounting. The WildHorse historical balance sheet and statement of operations as of and for the year ended December 31, 2018 are derived from WildHorse's audited consolidated and combined financial statements for the period ended December 31, 2018. The Chesapeake historical statements of operations for the nine months ended September 30, 2019 are derived from the unaudited condensed consolidated financial statements, included in Chesapeake's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019. The WildHorse Historical column within the unaudited pro forma condensed combined statement of operations for the nine months ended September 30, 2019 reflects activity obtained from WildHorse's books and records for the full month of January.

The following adjustments have been made to the accompanying unaudited pro forma condensed combined financial statements:

- (a) The following reclassifications were made as a result of the transaction to conform to Chesapeake's financial statement presentation:

#### **Pro Forma Condensed Combined Balance Sheet as of December 31, 2018**

- Reclassification of approximately \$3.5 billion from oil and gas properties to proved oil and natural gas properties and unproved properties to conform WildHorse's presentation to Chesapeake's presentation.
- Reclassification of approximately \$3 million between debt issuance costs and other long-term assets to conform WildHorse's presentation to Chesapeake's presentation.
- Reclassification of approximately \$125 million between accrued liabilities and other current liabilities to conform WildHorse's presentation to Chesapeake's presentation.

#### **Pro Forma Condensed Combined Statement of Operations for the Nine Months Ended September 30, 2019**

- Reclassification of approximately \$62 million, \$4 million and \$2 million of WildHorse's disaggregated oil, natural gas and natural gas liquid ("NGL") sales, respectively, to conform to Chesapeake's presentation of oil, natural gas and NGL revenues.
- Reclassification of approximately \$76 million for WildHorse's loss on derivative instruments to conform to Chesapeake's presentation of oil, natural gas and NGL revenues.

#### **Pro Forma Condensed Combined Statement of Operations for the Year Ended December 31, 2018**

- Reclassification of approximately \$843 million, \$60 million and \$42 million of WildHorse's disaggregated oil, natural gas and NGL sales, respectively, to conform to Chesapeake's presentation of oil, natural gas and NGL revenues.
  - Reclassification of approximately \$35 million for WildHorse's gain on derivative instruments from other expense to conform to Chesapeake's presentation of oil, natural gas and NGL revenues.
  - Reclassification of approximately \$14 million for WildHorse's incentive unit compensation to conform to Chesapeake's presentation of general and administrative expense.
  - Reclassification of approximately \$2 million for WildHorse's other revenues to conform to Chesapeake's presentation of other income.
  - Reclassification of approximately \$40 million for WildHorse's income tax expense to conform to Chesapeake's presentation for current income taxes and deferred income taxes.
- (b) Reflects the cash consideration resulting from the stockholder election to receive \$3.00 in cash for each share of WildHorse common stock. The cash consideration was funded through cash on hand and borrowings under Chesapeake's revolving credit facility. For purposes of the unaudited pro forma condensed combined financial statements, Chesapeake has assumed that (i) the outstanding balance of the WildHorse revolving credit facility and (ii) the WildHorse senior notes remained outstanding at the closing of the Merger.

**NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS**

- (c) The allocation of the estimated fair value of consideration transferred (based on the closing price of Chesapeake common shares as of February 1, 2019 and, for WildHorse stockholders electing to receive mixed consideration, \$3.00 in cash for each share of WildHorse common stock) to the estimated fair value of the assets acquired and liabilities assumed resulted in the following purchase price allocation adjustments:
- Approximately \$444 million increase in WildHorse’s net book basis of proved oil and natural gas properties and \$456 million increase in WildHorse’s unproved oil and natural gas properties to reflect each at fair value.
  - Approximately \$314 million of net deferred tax liabilities associated with the transaction. The primary deferred tax liability recorded is associated with the difference between the purchase price allocated to WildHorse’s assets and the carryover tax basis of such assets. The increase in deferred tax liabilities is completely offset by a decrease in the valuation allowance that Chesapeake maintains against its net deferred tax asset. Accordingly, this results in no deferred tax balance for the combined company.
- (d) Adjustment to eliminate WildHorse’s historical depreciation, depreciation and amortization.
- (e) Adjustment to eliminate debt issuance costs related to WildHorse’s credit facility.
- (f) Reflects the estimated transaction costs of \$48 million related to the Merger, including underwriting, banking, legal and accounting fees that are not capitalized as part of the transaction. These costs are not reflected in the historical December 31, 2018 condensed consolidated balance sheets of each of Chesapeake and WildHorse, but are reflected in the unaudited pro forma condensed consolidated balance sheet as an increase to other current liabilities as they will be expensed by Chesapeake and WildHorse as incurred. These amounts and their corresponding tax effect have not been reflected in the unaudited pro forma condensed combined statements of operations due to their nonrecurring nature.
- (g) The following adjustments were made to reflect the pro forma increases to long-term debt:
- Approximately \$4 million to WildHorse’s senior notes to record them at fair value;
  - Approximately \$12 million to eliminate the debt issuance costs related to WildHorse’s senior notes; and
  - Approximately \$1 million to eliminate the discount on WildHorse’s senior notes.
- (h) Reflects the elimination of WildHorse’s historical equity balances in accordance with the acquisition method of accounting.
- (i) Reflects the estimated increase in Chesapeake’s common stock and additional paid-in capital resulting from the issuance of Chesapeake common shares to WildHorse’s stockholders to effect the transaction as follows (in millions, except share and per share amounts):

Shares of Chesapeake common stock to be issued	717,376,170
Closing price per share of Chesapeake common stock on February 1, 2019	\$ 2.84
Total fair value of shares of Chesapeake common stock to be issued	\$ 2,037
Increase in Chesapeake common stock (\$0.01 par value per share) as of December 31, 2018	\$ 7
Increase in Chesapeake additional paid-in capital as of December 31, 2018	\$ 2,030

- (j) Reflects the elimination of transaction costs related to the Merger and acceleration of WildHorse's stock compensation expense.
- (k) Adjustment to record pro forma oil, natural gas and NGL related depletion using a stepped up basis from the preliminary purchase price allocation for oil and natural gas properties. The pro forma depletion adjustments increase historical depletion for both the year ended December 31, 2018 and nine months ended September 30, 2019 mainly due to the increase in the value of proved oil and natural gas properties.
- (l) Reflects the weighted average increase of Chesapeake common stock issued to WildHorse stockholders.
- (m) Refer to (c) above regarding the net deferred tax liabilities associated with the transaction. No income tax benefit has been included in the unaudited pro forma condensed combined statement of operations for the adjustment to the valuation allowance that Chesapeake maintains against its net deferred tax asset due to the nonrecurring nature of any such adjustment. Further, the deferred tax expense (benefit) amount recorded by WildHorse has been eliminated due to the valuation allowance.

**NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS**

- (n) Adjustment to reflect the change in earnings allocated to participating securities. Participating securities consist of unvested restricted stock issued to Chesapeake's employees and non-employee directors that provide dividend rights.
- (o) Reflects Chesapeake common stock issued to WildHorse stockholders.

4. Supplemental Pro Forma Oil and Natural Gas Reserves Information

The following tables present the estimated pro forma net proved developed and undeveloped oil, natural gas and NGL reserves as of December 31, 2018, along with a summary of changes in the quantities of net remaining proved reserves during the year ended December 31, 2018. The pro forma reserve information set forth below gives effect to the Merger as if the Merger had been completed on January 1, 2018.

	Oil (mmbbls)		
	Chesapeake Historical	WildHorse Historical	Chesapeake Pro Forma Combined
<b>December 31, 2018</b>			
Proved reserves, beginning of period	260.2	282.8	543.0
Extensions, discoveries and other additions	56.3	81.2	137.5
Revisions of previous estimates	(30.5)	(65.3)	(95.8)
Production	(32.7)	(12.6)	(45.3)
Sale of reserves-in-place	(37.8)	(1.3)	(39.1)
Purchase of reserves-in-place	—	0.5	0.5
Proved reserves, end of period	215.5	285.3	500.8
Proved developed reserves:			
Beginning of period	150.9	65.0	215.9
End of period	127.6	66.4	194.0
Proved undeveloped reserves:			
Beginning of period	109.3	217.8	327.1
End of period	87.9	218.9	306.8
	Natural Gas (bcf)		
	Chesapeake Historical	WildHorse Historical	Chesapeake Pro Forma Combined
<b>December 31, 2018</b>			
Proved reserves, beginning of period	8,600	684	9,284
Extensions, discoveries and other additions	1,162	130	1,292
Revisions of previous estimates	242	(22)	220
Production	(832)	(22)	(854)
Sale of reserves-in-place	(2,395)	(393)	(2,788)
Purchase of reserves-in-place	—	1	1
Proved reserves, end of period	6,777	378	7,155
Proved developed reserves:			
Beginning of period	4,980	222	5,202
End of period	3,314	89	3,403
Proved undeveloped reserves:			
Beginning of period	3,620	462	4,082
End of period	3,463	289	3,752

	<b>Natural Gas Liquids (mmbbls)</b>		
	<b>Chesapeake Historical</b>	<b>WildHorse Historical</b>	<b>Chesapeake Pro Forma Combined</b>
<b>December 31, 2018</b>			
Proved reserves, beginning of period	218.6	57.5	276.1
Extensions, discoveries and other additions	19.8	16.4	36.2
Revisions of previous estimates	5.4	(13.7)	(8.3)
Production	(18.9)	(2.1)	(21.0)
Sale of reserves-in-place	(121.6)	(0.4)	(122.0)
Purchase of reserves-in-place	—	0.1	0.1
Proved reserves, end of period	<u>103.3</u>	<u>57.8</u>	<u>161.1</u>
Proved developed reserves:			
Beginning of period	<u>134.9</u>	<u>12.5</u>	<u>147.4</u>
End of period	<u>67.9</u>	<u>14.1</u>	<u>82.0</u>
Proved undeveloped reserves:			
Beginning of period	<u>83.6</u>	<u>45.0</u>	<u>128.6</u>
End of period	<u>35.4</u>	<u>43.7</u>	<u>79.1</u>

	<b>Total Reserves (mmboe)</b>		
	<b>Chesapeake Historical</b>	<b>WildHorse Historical</b>	<b>Chesapeake Pro Forma Combined</b>
<b>December 31, 2018</b>			
Proved reserves, beginning of period	1,912	454	2,366
Extensions, discoveries and other additions	270	119	389
Revisions of previous estimates	15	(83)	(68)
Production	(190)	(18)	(208)
Sale of reserves-in-place	(559)	(67)	(626)
Purchase of reserves-in-place	—	1	1
Proved reserves, end of period	<u>1,448</u>	<u>406</u>	<u>1,854</u>
Proved developed reserves:			
Beginning of period	<u>1,116</u>	<u>114</u>	<u>1,230</u>
End of period	<u>748</u>	<u>95</u>	<u>843</u>
Proved undeveloped reserves:			
Beginning of period	<u>796</u>	<u>340</u>	<u>1,136</u>
End of period	<u>700</u>	<u>311</u>	<u>1,011</u>

**NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS**

The pro forma standardized measure of discounted future net cash flows relating to proved oil and natural gas reserves as of December 31, 2018 is as follows:

	<b>Year Ended December 31, 2018</b>		
	<b>Chesapeake Historical</b>	<b>WildHorse Historical</b>	<b>Chesapeake Pro Forma Combined</b>
	(\$ in millions)		
Future cash inflows	\$ 27,312	\$ 21,269	\$ 48,581
Future production costs	(5,946)	(3,440)	(9,386)
Future development costs	(4,032)	(5,168)	(9,200)
Future income tax provisions	(331)	(2,399)	(2,730)
Future net cash flows	17,003	10,262	27,265
Less effect of a 10% discount factor	(7,508)	(6,145)	(13,653)
Standardized measure of discounted future net cash flows	<u>\$ 9,495</u>	<u>\$ 4,117</u>	<u>\$ 13,612</u>

The changes in the pro forma standardized measure of discounted future net cash flows relating to proved oil, natural gas and NGL reserves for the year ended December 31, 2018 are as follows:

	<b>Year Ended December 31, 2018</b>		
	<b>Chesapeake Historical</b>	<b>WildHorse Historical</b>	<b>Chesapeake Pro Forma Combined</b>
	(\$ in millions)		
Standardized measure, beginning of period	\$ 7,490	\$ 2,844	\$ 10,334
Sales of oil and natural gas produced, net of production costs and gathering, processing and transportation	(3,128)	(822)	(3,950)
Net changes in prices and production costs	3,317	1,380	4,697
Extensions and discoveries, net of production and development costs	1,666	1,829	3,495
Changes in estimated future development costs	1,113	(13)	1,100
Previously estimated development costs incurred during the period	973	68	1,041
Revisions of previous quantity estimates	47	(1,058)	(1,011)
Purchase of reserves-in-place	—	4	4
Sales of reserves-in-place	(2,052)	(320)	(2,372)
Accretion of discount	749	324	1,073
Net change in income taxes	(32)	(277)	(309)
Changes in production rates and other	(648)	158	(490)
Standardized measure, end of period	<u>\$ 9,495</u>	<u>\$ 4,117</u>	<u>\$ 13,612</u>