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

	Three Months Ended December 31,			
	2018		2017	
	$	$/Share[(a)(b)]	$	$/Share[(a)(b)]
Net income available to common stockholders (GAAP)	$ 486	$ 0.53	$ 309	$ 0.34
Effect of dilutive securities	59		35	
Diluted earnings per common stockholder (GAAP)	$ 545	$ 0.49	$ 344	$ 0.33
Adjustments:				
Unrealized (gains) losses on oil, natural gas and NGL derivatives	(596)	(0.53)	73	0.07
Provision for legal contingencies, net	9	0.01	(73)	(0.07)
Loss on sale of oil and natural gas properties [(c)]	578	0.52	—	—
Impairments	2	—	2	—
Other operating (income) expense	4	—	(10)	—
Gains on purchases or exchanges of debt	(331)	(0.30)	(50)	(0.05)
Income tax expense (benefit)[(d)]	—	—	—	—
Other	—	—	4	—
Adjusted net income available to common stockholders[(a) (b)] (Non-GAAP)	211	0.19	290	0.28
Preferred stock dividends	23	0.02	23	0.02
Earnings allocated to participating securities	4	—	1	—
Total adjusted net income attributable to Chesapeake[(a) (b)] (Non-GAAP)	$ 238	$ 0.21	$ 314	$ 0.30

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

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

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

(iii) Items excluded generally are one-time items or items whose timing or amount cannot be reasonably estimated. Accordingly, any guidance provided by the company generally excludes information regarding these types of items.

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

(b) Our presentation of diluted net income available to common stockholders and diluted adjusted net income per share excludes 1 million and 60 million shares considered antidilutive for the three months ended December 31, 2018 and 2017, respectively. The number of shares used for the non-GAAP calculation were determined in a manner consistent with GAAP.

(c) Loss on sale of oil and natural gas properties for the three months ended December 31, 2018 includes a $578 million loss related to the Utica divestiture.

(d) No income tax effect from the adjustments has been included in determining adjusted net income for the three months ended December 31, 2018 and 2017. Our effective tax rate in both periods was 0% due to our valuation allowance position.

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

	Years Ended December 31,			
	2018		2017	
	$	$/Share[(a)(b)]	$	$/Share[(a)(b)]
Net income available to common stockholders (GAAP)	$ 775	$ 0.85	$ 813	0.90
Effect of dilutive securities	—		—	
Diluted earnings per common stockholder (GAAP)	$ 775	$ 0.85	$ 813	$ 0.90
Adjustments:				
Unrealized gains on oil, natural gas and NGL derivatives	(300)	(0.33)	(354)	(0.39)
Restructuring and other termination costs	38	0.04	—	—
Provision for legal contingencies, net	26	0.03	(38)	(0.04)
Loss on sale of oil and natural gas properties [(c)]	578	0.64	—	—
Impairments	53	0.06	5	—
Other operating expense	10	0.01	413	0.46
Gains on investments	(139)	(0.15)	—	—
Gains on purchases or exchanges of debt	(263)	(0.29)	(233)	(0.26)
Loss on exchange of preferred stock	—	—	41	0.04
Income tax expense (benefit)[(d)]	—	—	—	—
Other [(e)]	(60)	(0.07)	—	—
Adjusted net income available to common stockholders[(a) (b)] (Non-GAAP)	718	0.79	647	0.71
Preferred stock dividends	92	0.10	85	0.10
Earnings allocated to participating securities	6	0.01	10	0.01
Total adjusted net income attributable to Chesapeake[(a) (b)] (Non-GAAP)	$ 816	$ 0.90	$ 742	$ 0.82

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

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

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

(iii) Items excluded generally are one-time items or items whose timing or amount cannot be reasonably estimated. Accordingly, any guidance provided by the company generally excludes information regarding these types of items.

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

(b) Our presentation of diluted net income available to common stockholders and diluted adjusted net income attributable to Chesapeake per share excludes 207 million shares considered antidilutive for the years ended December 31, 2018 and 2017. The number of shares used for the non-GAAP calculation were determined in a manner consistent with GAAP.

(c) Loss on sale of oil and natural gas properties for the year ended December 31, 2018 includes a $578 million loss related to the Utica divestiture.

(d) No income tax effect from the adjustments has been included in determining adjusted net income for the years ended December 31, 2018 and 2017. Our effective tax rate in both periods was 0% due to our valuation allowance position.

(e) Other for the year ended December 31, 2018 includes a $61 million gain related to an extinguishment of the CHK Utica overriding royalty interest conveyance obligation.

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

	Three Months Ended December 31,		Years Ended December 31,	
	2018	**2017**	**2018**	**2017**
CASH PROVIDED BY OPERATING ACTIVITIES (GAAP)	$ 405	$ 472	$ 2,000	$ 745
Changes in components of working capital and other assets and liabilities	(38)	105	(154)	471
OPERATING CASH FLOW (Non-GAAP)[(a)]	$ 367	$ 577	$ 1,846	$ 1,216

	Three Months Ended December 31,		Years Ended December 31,	
	2018	**2017**	**2018**	**2017**
NET INCOME (GAAP)	$ 514	$ 334	$ 877	$ 953
Interest expense	120	124	487	426
Income tax expense (benefit)	(2)	—	(10)	2
Depreciation, depletion and amortization	278	306	1,145	995
EBITDA (Non-GAAP)[(b)]	$ 910	$ 764	$ 2,499	$ 2,376

	Three Months Ended December 31,		Years Ended December 31,	
	2018	**2017**	**2018**	**2017**
CASH PROVIDED BY OPERATING ACTIVITIES (GAAP)	$ 405	$ 472	$ 2,000	$ 745
Changes in assets and liabilities	(38)	105	(154)	471
Interest expense	120	124	487	426
Gains (losses) on oil, natural gas and NGL derivatives, net	473	(41)	(26)	411
Cash (receipts) payments on derivative settlements, net	183	(28)	345	18
Stock-based compensation	(7)	(11)	(32)	(49)
Loss on sale of oil and natural gas properties [(c)]	(578)	—	(578)	—
Impairments	(2)	(2)	(53)	(5)
Gains on investments	—	—	139	—
Gains on purchases or exchanges of debt	331	50	263	235
Other items[(d)]	23	95	108	124
EBITDA (Non-GAAP)[(b)]	$ 910	$ 764	$ 2,499	$ 2,376

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

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

(c) Loss on sale of oil and natural gas properties for the three months ended December 31, 2018 and the year ended December 31, 2018 includes a $578 million loss related to the Utica divestiture.

(d) Other items for the year ended December 31, 2018 includes a $61 million gain related to an extinguishment of the CHK Utica overriding royalty interest conveyance obligation.

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

	Three Months Ended December 31,		Years Ended December 31,	
	2018	2017	2018	2017
EBITDA (Non-GAAP)[(a)]	$ 910	$ 764	$ 2,499	$ 2,376
Adjustments:				
Unrealized losses (gains) on oil, natural gas and NGL derivatives	(596)	73	(300)	(354)
Restructuring and other termination costs	—	—	38	—
Provision for legal contingencies, net	9	(73)	26	(38)
Loss on sale of oil and natural gas properties [(b)]	578	—	578	—
Impairments	2	2	53	5
Other operating (income) expense	4	(10)	10	413
Gains on investments	—	—	(139)	—
Gains on purchases or exchanges of debt	(331)	(50)	(263)	(233)
Net income attributable to noncontrolling interests	(1)	(1)	(4)	(4)
Other [(c)]	(1)	1	(62)	(5)
Adjusted EBITDA (Non-GAAP)[(a)]	$ 574	$ 706	$ 2,436	$ 2,160

(a) EBITDA and Adjusted EBITDA are not measures of financial performance under GAAP, and should not be considered as an alternative to, or more meaningful than, net income or cash flow provided by (used in) operations prepared in accordance with GAAP. Adjusted EBITDA excludes certain items that management believes affect the comparability of operating results. The company believes these non-GAAP financial measures are a useful adjunct to EBITDA because:

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

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

(iii) Items excluded generally are one-time items or items whose timing or amount cannot be reasonably estimated. Accordingly, any guidance provided by the company generally excludes information regarding these types of items.

Because adjusted EBITDA excludes some, but not all, items that affect net income, our calculations of adjusted EBITDA may not be comparable to similarly titled measures of other companies.

(b) Loss on sale of oil and natural gas properties for the three months ended December 31, 2018 and the year ended December 31, 2018 includes a $578 million loss related to the Utica divestiture.

(c) Other for the year ended December 31, 2018 includes a $61 million gain related to an extinguishment of the CHK Utica overriding royalty interest conveyance obligation.