

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See Attached

18 Can any resulting loss be recognized? ▶ See Attached

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See Attached

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here
Signature ▶ W.M. Buergler Date ▶ 3.25.2021
Print your name ▶ William M. Buergler Title ▶ Senior VP & Chief Accounting Officer

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.

Chesapeake Energy Corporation
EIN: 73-1395733
Attachment to Form 8937
Report of Organization Action Affecting Basis of Securities

Disclaimer : The information contained herein does not constitute tax advice and does not purport to be complete or to describe the consequences that may be relevant to particular categories of Debtors' creditors. The information contained herein is for general information purposes only. This information does not constitute tax advice and may not be applicable to creditors of the Debtors who are not citizens or residents of the United States. We recommend that you consult your own tax advisor regarding the consequences of your particular facts. Additional information relating to the Chesapeake's bankruptcy can be found at <https://dm.epiq11.com/case/chesapeake/info>.

Unless otherwise described herein, capitalized terms are defined as used in the Amended Disclosure Statement for the Second Amended Joint Chapter 11 Plan of Reorganization (the "Disclosure Statement") and the Fifth Amended Joint Chapter 11 Plan of Reorganization (the "Plan").

Line 10

The CUSIP number for the common stock that was cancelled on the Effective Date is 165167743. The CUSIP numbers for the preferred stock that was cancelled on the Effective Date are 165167842, 165167834, 165167826, 165167784, U16450113, 165167750, 165167776, U16450204, and 165167768.

The CUSIP numbers for the canceled notes are 165167CF2, 165167BU0, 165167BT3, U16450AQ8, 165167CG0, 165167CK1, 165167CN5, 165167CL9, 165167DA2, 16516FAG4, 165167CT2, U16450AU9, 165167CU9, 96812TAB8, 165167DD6, U16450AZ8, 165167DC8, U16450AY1, 165167DB0, 165167CV7, 165167CZ8, and 165167CY1.

The CUSIP number of the common stock ("New Common Stock") issued on February 9, 2021 is 165167735.

Line 14

On June 28, 2020, the Debtors filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Texas (the "Court"). The cases are being jointly administered under the caption In re: Chesapeake Energy Corporation, *et al.*, Case No. 20-33233. On January 16, 2021, the Court entered into an order confirming the Plan. The Plan became effective on February 9, 2021 (the "Effective Date").

The Plan constituted a separate Chapter 11 plan of reorganization for each Debtor, each of which shall include the classifications set forth below. Except for the Claims addressed in Article II of the Plan, all claims and interests are classified in the Classes set forth in the chart below. A Claim or an Interest, or any portion thereof, is classified in a particular Class only to the extent that any portion of such Claim or Interest fits within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest fits within the description of such other Classes. A Claim or an Interest

also is classified in a particular Class for the purpose of receiving distributions under the Plan only to the extent that such Claim or Interest is an Allowed Claim or Interest in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date.

Class	Claims and Interests	Treatment
Class 1	Other Secured Claims	Payment in full in cash
Class 2	Other Priority Claims	Treatment consistent with §1129(a)(9) of Bankruptcy Code
Class 3	Revolving Credit Facility Claims	Holder received either (i) Tranche A RBL Exit Facility Loans or (ii) Tranche B RBL Exit Facility Loans
Class 4	FLLO Term Loan Facility Claims	Holder received its pro rata share of (i) 76% of the New Common Stock and (ii) the FLLO Rights
Class 5	Second Lien Notes Claims	Holder received its pro rata share of (i) 12% of the New Common Stock and (ii) Second Lien Rights, (iii) the New Class A Warrants, (iv) the New Class B Warrants and (v) 50% of the New Class C Warrants
Class 6	Unsecured Notes Claims	Holder received its pro rata share of Unsecured Claims Recovery
Class 7	General Unsecured Claims	Holder received its pro rata share of the Unsecured Claims Recovery, provided that to the extent such Allowed General Unsecured Claim is a Convenience Claim, such Holder shall receive the Convenience Claim Distribution
Class 8	Intercompany Claims	Determined at the discretion of the Debtor
Class 9	Intercompany Interests	Determined at the discretion of the Debtor
Class 10	Existing Equity Interests	Canceled on the Effective Date

The Unsecured Claims Recovery means 12% of the New Common Stock and 50% of the New Class C Warrants. Convenience Claims are any Allowed General Unsecured Claim (i) that is allowed in an amount greater than \$0 but less than or equal to \$1,000,000; and (ii) for which the holder of such Claim irrevocably elects to have such Claim treated as a Convenience Claim (upon Allowance). The Convenience Claim Distribution means each Convenience Claim's pro rata share of \$10,000,000, which shall not exceed 5% of such Convenience Claim.

For more information regarding the transactions under the Plan, see the Plan and the Amended Disclosure Statement for the Second Amended Joint Chapter 11 Plan of Reorganization.

Line 15

The U.S. federal income tax consequences to a U.S. Holder of a Claim will depend, in part, on whether the Claim surrendered constitutes a “security” of Chesapeake for United States federal income tax purposes. Whether a debt instrument constitutes a “security” for U.S. federal income tax purposes is determined based on all the relevant facts and circumstances, but most authorities have held that the length of the term of a debt instrument is an important factor in determining whether such instrument is a security for U.S. federal income tax purposes. These authorities have indicated that a term of less than five years is evidence that the instrument is not a security, whereas a term of ten years or more is evidence that it is a security. There are numerous other factors that could be taken into account in determining whether a debt instrument is a security, including the security for payment, the creditworthiness of the obligor, the subordination or lack thereof to other creditors, the right to vote or otherwise participate in the management of the obligor, convertibility of the instrument into an equity interest of the obligor, whether payments of interest are fixed, variable, or contingent, and whether such payments are made on a current basis or accrued. Holders should consult their own tax advisors regarding the status of their claims as securities.

1. Tax Consequences to the Holders of Allowed Class 3 Revolving Credit Facility Claims

We plan to take the position that an Allowed Class 3 Claim does not qualify as a “security” of Chesapeake. Accordingly, the Holder of such Claim should be treated as receiving its distribution under the Plan in a taxable exchange under section 1001 of the Tax Code. The Holder of such Claim should recognize gain or loss equal to the difference between (1) the issue price of the relevant RBL Exit Facility Loans received and (2) such Holder’s adjusted basis, if any, in such Claim. Subject to the rules regarding accrued but untaxed interest, a Holder’s tax basis in the relevant RBL Exit Facility Loans received should equal its issue price as of the date such property is distributed to the Holder. A Holder’s holding period for the relevant RBL Exit Facility Loans should begin on the day following the date it receives such property.

2. Tax Consequences to the Holders of Allowed Class 4 FLLO Term Loan Facility Claims

We plan to take the position that an Allowed Class 4 Claim does not qualify as a “security” of Chesapeake. Accordingly, the Holder of such Claim should be treated as receiving its distribution under the Plan in a taxable exchange under section 1001 of the Tax Code. The Holder of such Claim should recognize gain or loss equal to the difference between (1) the fair market value of the New Common Stock and the FLLO Rights received and (2) such Holder’s adjusted basis, if any, in such Claim. Subject to the rules regarding accrued but untaxed interest, a Holder’s tax basis in the property received should equal its fair market value as of the date such property is distributed to the Holder. A Holder’s holding period in such property should begin on the day following the date it receives such property.

3. Tax Consequences to the Holders of Allowed Class 5 Second Lien Notes Claims

We plan to take the position that an Allowed Class 5 Claim qualifies as a “security” of Chesapeake. Accordingly, the Holder of such Claim should be treated as receiving its distribution under the Plan in a recapitalization. Subject to the rules regarding accrued but untaxed interest, a Holder of such claim should not recognize gain or loss. Such Holder’s tax basis in the New Common Stock, Second Lien Rights, New Class A Warrants, New Class B Warrants, and New Class C Warrants received, apart from amounts allocable to accrued but untaxed interest, should generally equal the Holder’s tax basis in its Allowed Claim exchanged therefor, allocated between such property received based upon their respective fair market values. Subject to the rules regarding accrued but untaxed interest, a U.S. Holder’s holding period for its New Common Stock, Second Lien Rights, New Class A Warrants, New Class B Warrants, and New Class C Warrants received should include the holding period for the Claim exchanged therefor.

4. Tax Consequences to the Holders of Allowed Class 6 Unsecured Notes Claims

We plan to take the position that each Allowed Class 6 Claim qualifies as a “security” of Chesapeake. Accordingly, the Holder of such Claim should be treated as receiving its distribution under the Plan in a recapitalization. Subject to the rules regarding accrued but untaxed interest, a Holder of such claim should not recognize gain or loss. Such Holder’s tax basis in the New Common Stock and New Class C Warrants received, apart from amounts allocable to accrued but untaxed interest, should generally equal the Holder’s tax basis in its Allowed Claim exchanged therefor, allocated between such property received based upon their respective fair market values. Subject to the rules regarding accrued but untaxed interest, a U.S. Holder’s holding period for its New Common Stock and New Class C Warrants received should include the holding period for the Claim exchanged therefor.

5. Tax Consequences to the Holders of Allowed Class 7 General Unsecured Claims

We plan to take the position that no Allowed Class 7 Claim qualifies as a “security” of Chesapeake. Accordingly, the Holder of an Allowed Class 7 Claim should be treated as receiving its distribution under the Plan in a taxable exchange under section 1001 of the Tax Code. The Holder of such Claim should recognize gain or loss equal to the difference between (1) the fair market value of the New Common Stock and the New Class C Warrants received and the amount of Cash received, in each case, if any, and (2) such Holder’s adjusted basis, if any, in such Claim. Subject to the rules regarding accrued but untaxed interest, a Holder’s tax basis in the property received should equal its fair market value as of the date such property is distributed to the Holder. A Holder’s holding period in such property should begin on the day following the date it receives such property.

6. Tax Consequences to the Holders of Class 10 Existing Equity Interests

A Holder of Existing Equity Interests who held such stock as a capital asset should recognize a worthless stock loss under section 165(g)(1) of the Tax Code in an amount equal to such Holder’s adjusted basis, if any, in such Existing Equity Interests.

Line 16

There are several possible approaches for determining the fair market value of the New Common Stock, the New Warrants and Exit Facilities. For federal income tax purposes, fair market value is generally the price at which property would change hands between a willing buyer and willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the facts. Two methodologies that have historically been utilized for determining the fair market value of common stock on the first day of trading are the closing price on the first day and the average of the high and low trading prices for the first day of trading. The closing price for the New Common Stock on the first day of trading was \$44.99. The trading price high on the first day of trading was \$50 and the low for the day was \$43, resulting in \$46.50 as the average of the high and low trading prices. A methodology commonly used to value warrants is the Black Scholes method. A valuation of the three classes of warrants utilizing the Black Scholes method was done for Chesapeake's financial statements. Under this method, the fair market values for the New Class A Warrants, the New Class B Warrants, and the New Class C Warrants were \$12.90, \$12.36, and \$11.92, respectively. However, each Holder should consult with its own tax advisor to determine what measure of fair market value to use.

Line 17

Sections 165, 354, 356, 358, 368, 1001

Line 18

Whether a loss could be recognized depends on the individual facts and circumstances for each Holder and Claim. See Line 15 for a discussion of the potential for losses in each Class.

Line 19

The Effective Date for the Exchange was February 9, 2021. Therefore, the reportable tax year for calendar year taxpayers would be 2021.