CHESAPEAKE ENERGY CORPORATION

RECONCILIATION OF ADJUSTED NET INCOME AVAILABLE TO COMMON STOCKHOLDERS

(in millions, except per share data)

(unaudited)

THREE MONTHS ENDED:	**December 31, 2016**		
	$	**Shares[a]**	**$/Share[c] [d]**
Net loss available to common stockholders	$ (741)	887	$ (0.84)
Adjustments:			
Unrealized losses on commodity derivatives	395		0.45
Restructuring and other termination costs	3		—
Provision for legal contingencies	11		0.01
Impairments of fixed assets and other	43		0.05
Net gains on sales of fixed assets	(7)		(0.01)
Impairments of investments	119		0.13
Losses on purchases or exchanges of debt	19		0.02
Other	13		0.02
Loss on exchange of preferred stock	428		0.48
Income tax benefit[b]	(190)		(0.21)
Adjusted net loss available to common stockholders[c] (Non-GAAP)	93		0.10
Preferred stock dividends	(30)		(0.03)
Total adjusted net income attributable to Chesapeake[c] [d] (Non-GAAP)	$ 63		$ 0.07

(a) Weighted average common and common equivalent shares outstanding do not include 211 million shares that were considered antidilutive for calculating earnings per share in accordance with GAAP.

(b) Our effective tax rate in the three months ended December 31, 2016 was 35.7%.

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

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

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

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

(d) We have revised our presentation of adjusted loss per share to exclude shares considered antidilutive when calculating earnings per share in accordance with GAAP.

CHESAPEAKE ENERGY CORPORATION

RECONCILIATION OF ADJUSTED NET INCOME AVAILABLE TO COMMON STOCKHOLDERS

(in millions, except per share data)

(unaudited)

THREE MONTHS ENDED:	**December 31, 2015**		
	$	**Shares[a]**	**$/Share[c] [d]**
Net loss available to common stockholders	$ (2,228)	663	$ (3.36)
Adjustments:			
Unrealized losses on commodity derivatives	53		0.08
Unrealized gains on supply contract derivatives	(5)		(0.01)
Restructuring and other termination costs	(3)		—
Provision for legal contingencies	(6)		(0.01)
Impairment of oil and natural gas properties	2,831		4.27
Impairments of fixed assets and other	27		0.04
Net losses on sales of fixed assets	1		—
Impairments of investments	53		0.08
Gains on purchases or exchanges of debt	(279)		(0.42)
Other	—		—
Tax effect of above items[b]	(612)		(0.92)
Adjusted net loss available to common stockholders[c] (Non-GAAP)	(168)		(0.25)
Preferred stock dividends	43		0.06
Total adjusted net loss attributable to Chesapeake[c] [d] (Non-GAAP)	$ (125)		$ (0.19)

(a) Weighted average common and common equivalent shares outstanding do not include 114 million shares that were considered antidilutive for calculating earnings per share in accordance with GAAP.

(b) Our effective tax rate in the three months ended December 31, 2015 was 22.9%.

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

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

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

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

(d) We have revised our presentation of adjusted loss per share to exclude shares considered antidilutive when calculating earnings per share in accordance with GAAP.

CHESAPEAKE ENERGY CORPORATION

RECONCILIATION OF ADJUSTED NET INCOME AVAILABLE TO COMMON STOCKHOLDERS

(in millions, except per share data)

(unaudited)

YEAR ENDED:	December 31, 2016		
	$	Shares[a]	$/Share[c] [d]
Net loss available to common stockholders	$ (4,881)	764	$ (6.39)
Adjustments:			
Unrealized losses on commodity derivatives	818		1.07
Unrealized losses on supply contract derivatives	297		0.39
Restructuring and other termination costs	6		0.01
Provision for legal contingencies	123		0.16
Impairment of oil and natural gas properties	2,520		3.30
Impairments of fixed assets and other	838		1.10
Net gains on sales of fixed assets	(12)		(0.02)
Impairments of investments	119		0.16
Loss on sale of investment	10		0.01
Gains on purchases or exchanges of debt	(236)		(0.31)
Other	22		0.03
Loss on exchange of preferred stock	428		0.56
Income tax benefit[b]	(190)		(0.25)
Adjusted net loss available to common stockholders[c] (Non-GAAP)	(138)		(0.18)
Preferred stock dividends	97		0.13
Total adjusted net loss attributable to Chesapeake[c] [d] (Non-GAAP)	$ (41)		$ (0.05)

(a) Weighted average common and common equivalent shares outstanding do not include 247 million shares that were considered antidilutive for calculating earnings per share in accordance with GAAP.

(b) Our effective tax rate in the year ended December 31, 2016 was 4.2%.

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

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

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

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

(d) We have revised our presentation of adjusted loss per share to exclude shares considered antidilutive when calculating earnings per share in accordance with GAAP.

CHESAPEAKE ENERGY CORPORATION

RECONCILIATION OF ADJUSTED NET INCOME AVAILABLE TO COMMON STOCKHOLDERS

(in millions, except per share data)

(unaudited)

YEAR ENDED:	December 31, 2015		
	$	Shares[a]	$/Share[c] [d]
Net loss available to common stockholders	$ (14,856)	662	$ (22.43)
Adjustments:			
Unrealized losses on commodity derivatives	687		1.04
Unrealized gains on supply contract derivatives	(295)		(0.45)
Restructuring and other termination costs	36		0.05
Provision for legal contingencies	353		0.53
Impairment of oil and natural gas properties	18,238		27.55
Impairments of fixed assets and other	194		0.29
Net losses on sales of fixed assets	4		0.01
Impairments of investments	53		0.08
Gains on purchases or exchanges of debt	(279)		(0.42)
Tax rate adjustment	(17)		(0.03)
Other	(9)		(0.02)
Tax effect of above items[b]	(4,438)		(6.70)
Adjusted net loss available to common stockholders[c] (Non-GAAP)	(329)		(0.50)
Preferred stock dividends	171		0.26
Total adjusted net loss attributable to Chesapeake[c] [d] (Non-GAAP)	$ (158)		(0.24)

(a) Weighted average common and common equivalent shares outstanding do not include 114 million shares that were considered antidilutive for calculating earnings per share in accordance with GAAP.

(b) Our effective tax rate in the year ended December 31, 2015 was 23.4%.

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

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

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

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

(d) We have revised our presentation of adjusted loss per share to exclude shares considered antidilutive when calculating earnings per share in accordance with GAAP.

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

THREE MONTHS ENDED:	**December 31, 2016**	**December 31, 2015**
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ (254)	$ 179
Changes in assets and liabilities	134	207
OPERATING CASH FLOW[(a)]	$ (120)	$ 386

THREE MONTHS ENDED:	**December 31, 2016**	**December 31, 2015**
NET LOSS	$ (342)	$ (2,185)
Interest expense	99	107
Income tax benefit	(190)	(649)
Depreciation and amortization of other assets	21	30
Oil, natural gas and NGL depreciation, depletion and amortization	214	326
EBITDA[(b)]	$ (198)	$ (2,371)

THREE MONTHS ENDED:	**December 31, 2016**	**December 31, 2015**
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ (254)	$ 179
Changes in assets and liabilities	134	207
Interest expense, net of unrealized gains (losses) on derivatives	85	104
Gains (losses) on commodity derivatives, net	(444)	284
Gains on supply contract derivatives, net	—	5
Cash (receipts) payments on commodity and supply contract derivative settlements, net	40	(273)
Renegotiations of natural gas gathering contracts	49	—
Stock-based compensation	(12)	(17)
Restructuring and other termination costs	(2)	3
Provision for legal contingencies	(10)	19
Impairment of oil and natural gas properties	—	(2,831)
Impairments of fixed assets and other	318	(16)
Net gains (losses) on sales of fixed assets	7	(1)
Investment activity	(5)	(39)
Impairment of investment	(119)	(53)
Gains on purchases or exchanges of debt	(19)	304
Other items	34	(246)
EBITDA[(b)]	$ (198)	$ (2,371)

(a) Operating cash flow represents net cash provided by operating activities before changes in assets and liabilities. Operating cash flow is presented because management believes it is a useful adjunct to net cash provided by operating activities under GAAP. Operating cash flow is widely accepted as a financial indicator of an oil and natural gas company's ability to generate cash that is used to internally fund exploration and development activities and to service debt. This measure is widely used by investors and rating agencies in the valuation, comparison, rating and investment recommendations of companies within the oil and natural gas exploration and production industry. Operating cash flow is not a measure of financial performance under GAAP and should not be considered as an alternative to cash flows from operating, investing or financing activities as an indicator of cash flows, or as a measure of liquidity. Operating cash flow for the three months ended December 31, 2016 includes $361 million paid to terminate certain gas gathering agreements and $49 million paid to renegotiate certain gas gathering agreements.

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

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

YEARS ENDED:	December 31, 2016	December 31, 2015
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ (204)	$ 1,234
Changes in assets and liabilities	732	1,034
OPERATING CASH FLOW[(a)]	$ 528	$ 2,268

YEARS ENDED:	December 31, 2016	December 31, 2015
NET LOSS	$ (4,354)	$ (14,635)
Interest expense	296	317
Income tax benefit	(190)	(4,463)
Depreciation and amortization of other assets	104	130
Oil, natural gas and NGL depreciation, depletion and amortization	1,002	2,099
EBITDA[(b)]	$ (3,142)	$ (16,552)

YEARS ENDED:	December 31, 2016	December 31, 2015
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ (204)	$ 1,234
Changes in assets and liabilities	732	1,034
Interest expense, net of unrealized gains (losses) on derivatives	275	321
Gains (losses) on commodity derivatives, net	(578)	624
Gains (losses) on supply contract derivatives, net	(151)	295
Cash receipts on commodity and supply contract derivative settlements, net	(448)	(1,132)
Renegotiations of natural gas gathering contracts	115	—
Stock-based compensation	(52)	(78)
Restructuring and other termination costs	(3)	14
Provision for legal contingencies	(87)	(340)
Impairment of oil and natural gas properties	(2,520)	(18,238)
Impairments of fixed assets and other	(467)	(175)
Net gains (losses) on sales of fixed assets	12	(4)
Investment activity	(18)	(96)
Impairment of investment	(119)	(53)
Gains on purchases or exchanges of debt	236	304
Other items	135	(262)
EBITDA[(b)]	$ (3,142)	$ (16,552)

(a) Operating cash flow represents net cash provided by operating activities before changes in assets and liabilities. Operating cash flow is presented because management believes it is a useful adjunct to net cash provided by operating activities under GAAP. Operating cash flow is widely accepted as a financial indicator of an oil and natural gas company's ability to generate cash that is used to internally fund exploration and development activities and to service debt. This measure is widely used by investors and rating agencies in the valuation, comparison, rating and investment recommendations of companies within the oil and natural gas exploration and production industry. Operating cash flow is not a measure of financial performance under GAAP and should not be considered as an alternative to cash flows from operating, investing or financing activities as an indicator of cash flows, or as a measure of liquidity. Operating cash flow for the year ended December 31, 2016 includes $361 million paid to terminate certain gas gathering agreements and $115 million paid to renegotiate certain gas gathering agreements.

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

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

THREE MONTHS ENDED:	December 31, 2016	December 31, 2015
EBITDA	$ (198)	$ (2,371)
Adjustments:		
Unrealized losses on commodity derivatives	395	51
Unrealized gains on supply contract derivatives	—	(5)
Restructuring and other termination costs	3	(3)
Provision for legal contingencies	11	(6)
Impairment of oil and natural gas properties	—	2,831
Impairments of fixed assets and other	43	27
Net (gains) losses on sales of fixed assets	(7)	1
Impairment of investment	119	53
(Gains) losses on purchases or exchanges of debt	19	(279)
Net income attributable to noncontrolling interests	(1)	—
Other	1	(1)
Adjusted EBITDA[(a)]	$ 385	$ 298

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

YEARS ENDED:	December 31, 2016	December 31, 2015
EBITDA	$ (3,142)	$ (16,552)
Adjustments:		
Unrealized losses on commodity derivatives	818	693
Unrealized (gains) losses on supply contract derivatives	297	(295)
Restructuring and other termination costs	6	36
Provision for legal contingencies	123	353
Impairment of oil and natural gas properties	2,520	18,238
Impairments of fixed assets and other	838	194
Net (gains) losses on sales of fixed assets	(12)	4
Impairment of investment	119	53
Loss on sale of investment	10	—
Gains on purchases or exchanges of debt	(236)	(279)
Net income attributable to noncontrolling interests	(2)	(50)
Other	—	(10)
Adjusted EBITDA[(a)]	$ 1,339	$ 2,385

(a) Adjusted ebitda excludes certain items that management believes affect the comparability of operating results. The company believes these non-GAAP financial measures are a useful adjunct to ebitda because:
   (i) Management uses adjusted ebitda to evaluate the company's operational trends and performance relative to other oil and natural gas producing companies.
   (ii) Adjusted ebitda is more comparable to estimates provided by securities analysts.
   (iii) Items excluded generally are one-time items or items whose timing or amount cannot be reasonably estimated. Accordingly, any guidance provided by the company generally excludes information regarding these types of items.

Accordingly, adjusted EBITDA should not be considered as a substitute for net income, income from operations or cash flow provided by operating activities prepared in accordance with GAAP.

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

PV-9 is a non-GAAP metric used in the determination of the value of collateral under Chesapeake's credit facility. PV-10 is a non-GAAP metric used by the industry, investors and analysts to estimate the present value, discounted at 10% per annum, of estimated future cash flows of the company's estimated proved reserves before income tax. The following table shows the reconciliation of PV-9 and PV-10 to the company's standardized measure of discounted future net cash flows, the most directly comparable GAAP measure, for the year ended December 31, 2015 and for the period ended December 31, 2016. Management believes that PV-9 provides useful information to investors regarding the company's collateral position and that PV-10 provides useful information to investors because it is widely used by professional analysts and sophisticated investors in evaluating oil and natural gas companies. Because there are many unique factors that can impact an individual company when estimating the amount of future income taxes to be paid, management believes the use of a pre-tax measure is valuable for evaluating the company. Neither PV-9 nor PV-10 should be considered as an alternative to the standardized measure of discounted future net cash flows as computed under GAAP.

PV-9 – December 31, 2016 @ NYMEX Strip	$	11,887
Less: Change in discount factor from 9 to 10		(658)
PV-10 – December 31, 2016 @ NYMEX Strip		11,229
Less: Change in pricing assumption from NYMEX Strip to SEC		(6,824)
PV-10 – December 31, 2016 @ SEC		4,405
Less: Present value of future income tax discounted at 10%		(26)
Standardized measure of discounted future cash flows – December 31, 2016	$	4,379