

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

**FORM 8-K**

**CURRENT REPORT**

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

Date of Report (Date of earliest event reported): November 2, 2021



**CHESAPEAKE ENERGY CORPORATION**

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

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

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

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

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

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

Emerging growth company

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

**Item 2.02 Results of Operations and Financial Condition.**

On November 2, 2021, Chesapeake Energy Corporation (“Chesapeake”) issued a press release reporting financial and operational results for the third quarter of 2021. A copy of the press release, financial information and outlook are attached as Exhibit 99.1, Exhibit 99.2 and Exhibit 99.3, respectively, to this Current Report on Form 8-K.

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

**Item 7.01 Regulation FD Disclosure.**

On November 2, 2021, Chesapeake will make a presentation about its financial and operating results for the third quarter of 2021, as noted in the press release described in Item 2.02 above. Chesapeake has made the presentation available on its website at <http://investors.chk.com>.

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

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

<b>Exhibit No.</b>	<b>Document Description</b>
<a href="#">99.1</a>	Chesapeake Energy Corporation press release dated November 2, 2021
<a href="#">99.2</a>	Supplemental Financial Information
<a href="#">99.3</a>	Outlook as of November 2, 2021
104.0	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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**SIGNATURE**

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

**CHESAPEAKE ENERGY CORPORATION**

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

Domenic J. Dell'Osso, Jr.

President, Chief Executive Officer and Chief Financial Officer

Date: November 2, 2021

**NEWS RELEASE**

FOR IMMEDIATE RELEASE  
 NOVEMBER 2, 2021

**CHESAPEAKE ENERGY CORPORATION REPORTS 2021 THIRD QUARTER RESULTS**

OKLAHOMA CITY, November 2, 2021 – Chesapeake Energy Corporation (NASDAQ:CHK) today reported 2021 third quarter results. Highlights include:

- **Net cash provided by operating activities of \$443 million, resulting in unrestricted cash balance of \$849 million**
- **Net loss totaled \$345 million, or \$3.51 per diluted share; adjusted net income<sup>(1)</sup> of \$269 million, or \$2.38 per diluted share**
- **Adjusted EBITDAX<sup>(1)</sup> of \$519 million; free cash flow<sup>(1)</sup> of \$265 million; net debt<sup>(1)</sup> at September 30 to 2021E adjusted EBITDAX ratio of 0.2x**
- **Increased base dividend by 27%, as previously announced, to \$1.75 per share annually and payable beginning in December 2021**
- **Increased 2021 guidance for adjusted EBITDAX and total production with no change in capital spending; increased preliminary 2022 guidance for adjusted EBITDAX significantly**
- **Intends to invest over \$30 million in ESG initiatives by year end 2022, including retrofitting over 19,000 pneumatic devices, reducing reported GHG emissions<sup>(2)</sup> by approximately 40% and methane emissions by approximately 80%**

(1) A Non-GAAP measure as defined in the supplemental financial tables available on the company's website at [www.chk.com](http://www.chk.com).  
 (2) As reported under 40 CFR 98 Subpart W

Nick Dell'Osso, Chesapeake's President and Chief Executive Officer, commented, "Chesapeake has built significant momentum throughout this year as our employees continue to deliver outstanding results by maintaining their focus on the execution of our strategy – maximizing sustainable cash flow through our high return drilling program, building inventory by reducing our breakeven levels in all assets and reducing operating costs. We look forward to integrating the outstanding assets in the Vine acquisition and expect our strong performance will continue into 2022. Additionally, we are very pleased to be making rapid progress on certifying 100% of our dry gas production as Responsibly Sourced Gas by mid-year 2022 as well as significantly reducing our emissions in our oil assets as we highlight the very low methane emissions profile of our modern, responsibly operated oil and gas operations."

**Increase in Base Dividend; Incremental Variable Dividend Payable Beginning March 2022**

During the 2021 third quarter, Chesapeake generated \$443 million of operating cash flow and ended the quarter with \$849 million of cash on hand. Consistent with the company's strong liquidity, free cash flow generation and its previous announcement, Chesapeake's Board of Directors increased its base quarterly dividend on its common shares to \$0.4375 per share, representing a 27% increase compared to the previous dividend amount. The base dividend will be payable on December 9, 2021 to shareholders of record at the close of business on November 24, 2021. Additionally, Chesapeake plans to adopt a variable return program that will result in the payment of an additional dividend, payable beginning in March 2022, equal to the sum of free cash flow from the prior quarter less the base quarterly dividend, multiplied by 50%.

**Operations Update**

Chesapeake continues to see lower base production decline rates which helped achieve an average net production rate of approximately 436,000 barrels of oil equivalent per day (approximately 80% natural gas and

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**CHESAPEAKE ENERGY CORPORATION**

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20% total liquids) during the 2021 third quarter. Chesapeake is currently operating eleven rigs across all its business units, with three rigs in Appalachia, six rigs located in the Gulf Coast, one rig in the South Texas Eagle Ford Shale and one rig in the Powder River Basin.

### **ESG Program Update**

Chesapeake intends to invest over \$30 million on ESG initiatives by year end 2022. As part of this effort, the company anticipates retrofitting more than 19,000 pneumatic devices, primarily focused on its oil assets. The program was initiated in the 2021 third quarter, initially focusing on its Brazos Valley business unit, and once complete, is expected to reduce reported GHG emissions by approximately 40% and methane emissions by approximately 80% enterprise wide.

Chesapeake continues to make progress towards certifying 100% of its Gulf Coast and Appalachia operations as Responsibly Sourced Gas primarily through the EO 100/MiQ certification process. All continuous methane emissions monitoring devices have been placed in the field in Chesapeake's legacy Louisiana asset and efforts are underway to install these or similar devices under Project Canary's TrustWell certification process in the newly acquired Vine acreage. Certification of both areas is expected to be completed by year-end. In Pennsylvania, Chesapeake anticipates completing installation of the methane monitoring devices in the 2021 fourth quarter with certification achieved by the end of the 2022 second quarter. At this point, Chesapeake expects to ultimately market approximately 3 billion cubic feet (bcf) per day of certified Responsibly Sourced Gas.

Chesapeake's commitment to its ESG program includes a rigorous corporate governance model that drives accountability. Recent enhancements to Chesapeake's compensation program is evidence of this accountability as the program directly limits payout, regardless of performance in other areas, should the company fail to meet critical environmental and safety metrics, including GHG intensity factors.

### **Updates to 2021 and Preliminary 2022 Guidance**

Chesapeake increased its expected 2021 adjusted EBITDAX range to approximately \$2.1 to \$2.2 billion, up from \$1.8 to \$1.9 billion previously, and incorporating the earlier than expected closing of the Vine acquisition. In addition, the company increased its total annual production while maintaining its commitment to disciplined spending with no change to its previous capital program. Additionally, Chesapeake increased its preliminary 2022 adjusted EBITDAX outlook to \$3.2 to \$3.4 billion, up from \$2.55 to \$2.75 billion, with projected results largely based on recent commodity prices. The company expects to seek Board approval of its 2022 capital program later in the month and plans to provide formal 2022 guidance in early 2022.

### **Conference Call Information**

Chesapeake will conduct a conference call to discuss these results on Wednesday, November 3, 2021 at 9:00 am EDT. The telephone number to access the conference call is 888-317-6003 or 412-317-6061 for international callers. The passcode for the call is 6823443.

### **Financial Statements and Non-GAAP Financial Measures**

The company's 2021 third quarter financial and operational results, along with non-GAAP measures that adjust for items that are typically excluded by securities analysts, are available on the company's website. Such non-GAAP measures should be not considered as an alternative to GAAP measures. Reconciliations of these non-GAAP measures and other disclosures are provided with the supplemental financial tables available on the company's website at [www.chk.com](http://www.chk.com).

### **2021 Guidance and 2022 Preliminary Outlook Projections**

Management's updated guidance for the remainder of 2021 and its preliminary updated guidance for 2022 can be found on the company's website at [www.chk.com](http://www.chk.com).

### **Fresh Start Accounting and Predecessor and Successor Periods**

In connection with our emergence from bankruptcy on February 9, 2021, Chesapeake qualified for and applied fresh start accounting. In applying fresh start accounting, Chesapeake allocated its reorganization value to its individual assets based on their estimated fair values. Accordingly, the consolidated financial statements after February 9, 2021 are not comparable with the consolidated financial statements as of or prior to that date. References to "Successor" refer to the post-emergence reorganized Chesapeake after February 9, 2021, and references to "Predecessor" refer to pre-emergence Chesapeake for periods on or before February 9, 2021.

***Headquartered in Oklahoma City, Chesapeake Energy Corporation's (NASDAQ: CHK) operations are focused on discovering and responsibly developing its large and geographically diverse resource base of unconventional oil and natural gas assets onshore in the United States.***

### **Forward-Looking Statements**

*This news release and the accompanying outlook include "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are statements other than statements of historical fact. They include statements that give our current expectations, management's outlook guidance or forecasts of future events, expected natural gas and oil growth trajectory, projected cash flow and liquidity, our ability to enhance our cash flow and financial flexibility, dividend plans, future production and commodity mix, plans and objectives for future operations, ESG initiatives, the ability of our employees, portfolio strength and operational leadership to create long-term value, and the assumptions on which such statements are based. Although we believe the expectations and forecasts reflected in our forward-looking statements are reasonable, they are inherently subject to numerous risks and uncertainties, most of which are difficult to predict and many of which are beyond our control. No assurance can be given that such forward-looking statements will be correct or achieved or that the assumptions are accurate or will not change over time.*

*Factors that could cause actual results to differ materially from expected results include those described under "Risk Factors" in Item 1A of our annual report on Form 10-K and any updates to those factors set forth in Chesapeake's subsequent quarterly reports on Form 10-Q or current reports on Form 8-K (available at <http://www.chk.com/investors/sec-filings>). These risk factors include: the ability to execute on our business strategy following emergence from bankruptcy; the impact of the COVID-19 pandemic and its effect on our business, financial condition, employees, contractors and vendors, and on the global demand for oil and natural gas and U.S. and world financial markets; risks related to the Vine Acquisition, including our ability to successfully integrate the business of Vine into the company and achieve the expected synergies from the Vine Acquisition within the expected timeframe; the volatility of oil, natural gas and NGL prices; the limitations our level of indebtedness may have on our financial flexibility; our inability to access the capital markets on favorable terms; the availability of cash flows from operations and other funds to fund cash dividends, to finance reserve replacement costs or satisfy our debt obligations; write-downs of our oil and natural gas asset carrying values due to low commodity prices; our ability to replace reserves and sustain production; uncertainties inherent in estimating quantities of oil, natural gas and NGL reserves and projecting future rates of production and the amount and timing of development expenditures; our ability to generate profits or achieve targeted results in drilling and well operations; leasehold terms expiring before production can be established; commodity derivative activities resulting in lower prices realized on oil, natural gas and NGL sales; the need to secure derivative liabilities and the inability of counterparties to satisfy their obligations; adverse developments or losses from pending or future litigation and regulatory proceedings, including royalty claims; charges incurred in response to market conditions; drilling and operating risks and resulting liabilities; effects of environmental protection laws and regulations on our business; legislative and regulatory initiatives further regulating hydraulic fracturing; our need to secure adequate supplies of water for our drilling operations and to dispose of or recycle the water used; impacts of potential legislative and regulatory actions addressing climate change; federal and state tax proposals affecting our industry; potential OTC derivatives regulation limiting our ability to hedge against commodity price fluctuations; competition in the oil and gas exploration and production industry; a deterioration in general economic, business or industry conditions; negative public perceptions of our industry; limited control over properties we do not operate; pipeline and gathering system capacity constraints and transportation interruptions; terrorist activities and cyber-attacks adversely impacting our operations; and an interruption in operations at our headquarters due to a catastrophic event.*

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

*release, except as required by applicable law. In addition, this news release contains time-sensitive information that reflects management's best judgment only as of the date of this news release.*

CHESAPEAKE ENERGY CORPORATION - SUPPLEMENTAL TABLES

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**CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)**

(\$ in millions)	Successor September 30, 2021	Predecessor December 31, 2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 849	\$ 279
Restricted cash	9	—
Accounts receivable, net	815	746
Short-term derivative assets	—	19
Other current assets	61	64
Total current assets	1,734	1,108
Property and equipment:		
Oil and natural gas properties, successful efforts method		
Proved oil and natural gas properties	5,163	25,734
Unproved properties	421	1,550
Other property and equipment	492	1,754
Total property and equipment	6,076	29,038
Less: accumulated depreciation, depletion and amortization	(571)	(23,806)
Property and equipment held for sale, net	3	10
Total property and equipment, net	5,508	5,242
Other long-term assets	84	234
<b>Total assets</b>	<b>\$ 7,326</b>	<b>\$ 6,584</b>
<b>Liabilities and stockholders' equity (deficit)</b>		
Current liabilities:		
Accounts payable	\$ 257	\$ 346
Current maturities of long-term debt	—	1,929
Accrued interest	10	3
Short-term derivative liabilities	1,345	93
Other current liabilities	898	723
Total current liabilities	2,510	3,094
Long-term debt, net	1,259	—
Long-term derivative liabilities	265	44
Asset retirement obligations, net of current portion	244	139
Other long-term liabilities	10	5
Liabilities subject to compromise	—	8,643
Total liabilities	4,288	11,925
Contingencies and commitments		
Stockholders' equity (deficit):		
Predecessor preferred stock, \$0.01 par value, 20,000,000 shares authorized: 0 and 5,563,458 shares outstanding	—	1,631
Predecessor common stock, \$0.01 par value, 22,500,000 shares authorized: 0 and 9,780,547 shares issued	—	—
Predecessor additional paid-in capital	—	16,937
Predecessor accumulated other comprehensive income	—	45
Successor common stock, \$0.01 par value, 450,000,000 shares authorized: 98,286,731 and 0 shares issued	1	—
Successor additional paid-in capital	3,594	—
Accumulated deficit	(557)	(23,954)
Total stockholders' equity (deficit)	3,038	(5,341)
<b>Total liabilities and stockholders' equity (deficit)</b>	<b>\$ 7,326</b>	<b>\$ 6,584</b>

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)**

	Successor Three Months Ended September 30, 2021	Predecessor Three Months Ended September 30, 2020
<i>(\$ in millions except per share data)</i>		
<b>Revenues and other:</b>		
Oil, natural gas and NGL	\$ 1,170	\$ 672
Marketing	627	448
Oil and natural gas derivatives	(910)	(161)
Gains on sales of assets	3	1
Total revenues and other	890	960
<b>Operating expenses:</b>		
Production	80	82
Gathering, processing and transportation	219	258
Severance and ad valorem taxes	41	37
Exploration	2	5
Marketing	625	450
General and administrative	30	52
Separation and other termination costs	—	16
Depreciation, depletion and amortization	228	170
Impairments	—	—
Other operating expense, net	3	1
Total operating expenses	1,228	1,071
<b>Loss from operations</b>	<b>(338)</b>	<b>(111)</b>
<b>Other income (expense):</b>		
Interest expense	(17)	(25)
Other income	—	2
Reorganization items, net	—	(611)
Total other expense	(17)	(634)
<b>Loss before income taxes</b>	<b>(355)</b>	<b>(745)</b>
Income tax benefit	(10)	—
<b>Net loss</b>	<b>(345)</b>	<b>(745)</b>
Net loss attributable to noncontrolling interests	—	—
<b>Net loss attributable to Chesapeake</b>	<b>(345)</b>	<b>(745)</b>
Preferred stock dividends	—	—
<b>Net loss available to common stockholders</b>	<b>\$ (345)</b>	<b>\$ (745)</b>
<b>Loss per common share:</b>		
Basic	\$ (3.51)	\$ (76.18)
Diluted	\$ (3.51)	\$ (76.18)
<b>Weighted average common shares outstanding (in thousands):</b>		
Basic	98,221	9,780
Diluted	98,221	9,780

	Successor	Predecessor	
	Period from February 10, 2021 through September 30, 2021	Period from January 1, 2021 through February 9, 2021	Nine Months Ended September 30, 2020
<i>(\$ in millions except per share data)</i>			
<b>Revenues and other:</b>			
Oil, natural gas and NGL	\$ 2,615	\$ 398	\$ 2,006
Marketing	1,443	239	1,412
Oil and natural gas derivatives	(1,604)	(382)	573
Gains on sales of assets	9	5	1
Total revenues and other	2,463	260	3,992
<b>Operating expenses:</b>			
Production	194	32	295
Gathering, processing and transportation	541	102	813
Severance and ad valorem taxes	106	18	116
Exploration	4	2	417
Marketing	1,440	237	1,438
General and administrative	69	21	229
Separation and other termination costs	11	22	43
Depreciation, depletion and amortization	579	72	931
Impairments	1	—	8,522
Other operating expense (income), net	1	(12)	67
Total operating expenses	2,946	494	12,871
<b>Loss from operations</b>	<b>(483)</b>	<b>(234)</b>	<b>(8,879)</b>
<b>Other income (expense):</b>			
Interest expense	(47)	(11)	(307)
Gains on purchases or exchanges of debt	—	—	65
Other income (expense)	31	2	(9)
Reorganization items, net	—	5,569	(217)
Total other income (expense)	(16)	5,560	(468)
<b>Income (loss) before income taxes</b>	<b>(499)</b>	<b>5,326</b>	<b>(9,347)</b>
Income tax benefit	(10)	(57)	(13)
<b>Net income (loss)</b>	<b>(489)</b>	<b>5,383</b>	<b>(9,334)</b>
Net loss attributable to noncontrolling interests	—	—	16
<b>Net income (loss) attributable to Chesapeake</b>	<b>(489)</b>	<b>5,383</b>	<b>(9,318)</b>
Preferred stock dividends	—	—	(22)
<b>Net income (loss) available to common stockholders</b>	<b>\$ (489)</b>	<b>\$ 5,383</b>	<b>\$ (9,340)</b>
<b>Earnings (loss) per common share:</b>			
Basic	\$ (4.99)	\$ 550.35	\$ (955.99)
Diluted	\$ (4.99)	\$ 534.51	\$ (955.99)
<b>Weighted average common shares outstanding (in thousands):</b>			
Basic	98,040	9,781	9,770
Diluted	98,040	10,071	9,770

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)**

	Successor Three Months Ended September 30, 2021	Predecessor Three Months Ended September 30, 2020
<i>(\$ in millions)</i>		
<b>Cash flows from operating activities:</b>		
Net loss	\$ (345)	\$ (745)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation, depletion and amortization	228	170
Derivative losses, net	910	161
Cash receipts (payments) on derivative settlements, net	(292)	10
Share-based compensation	2	7
Gains on sales of assets	(3)	(1)
Non-cash reorganization items, net	—	149
Exploration	—	3
Other	13	(24)
Changes in assets and liabilities	(70)	652
Net cash provided by operating activities	443	382
<b>Cash flows from investing activities:</b>		
Capital expenditures	(178)	(106)
Proceeds from divestitures of property and equipment	3	4
Net cash used in investing activities	(175)	(102)
<b>Cash flows from financing activities:</b>		
Debt issuance and other financing costs	—	(54)
Cash paid for common stock dividends	(33)	—
Other	1	(2)
Net cash used in financing activities	(32)	(56)
Net increase in cash, cash equivalents and restricted cash	236	224
Cash, cash equivalents and restricted cash, beginning of period	622	82
Cash, cash equivalents and restricted cash, end of period	\$ 858	\$ 306
Cash and cash equivalents	\$ 849	\$ 304
Restricted cash	9	2
Total cash, cash equivalents and restricted cash	\$ 858	\$ 306

	Successor	Predecessor	
	Period from February 10, 2021 through September 30, 2021	Period from January 1, 2021 through February 9, 2021	Nine Months Ended September 30, 2020
<i>(\$ in millions)</i>			
<b>Cash flows from operating activities:</b>			
Net income (loss)	\$ (489)	\$ 5,383	\$ (9,334)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation, depletion and amortization	579	72	931
Deferred income tax benefit	—	(57)	(10)
Derivative (gains) losses, net	1,604	382	(573)
Cash receipts (payments) on derivative settlements, net	(437)	(17)	890
Share-based compensation	5	3	16
Gains on sales of assets	(9)	(5)	(1)
Impairments	1	—	8,522
Non-cash reorganization items, net	—	(6,680)	(300)
Exploration	1	2	409
Gains on purchases or exchanges of debt	—	—	(65)
Other	10	45	(23)
Changes in assets and liabilities	(19)	851	693
Net cash provided by (used in) operating activities	1,246	(21)	1,155
<b>Cash flows from investing activities:</b>			
Capital expenditures	(404)	(66)	(973)
Proceeds from divestitures of property and equipment	9	—	15
Net cash used in investing activities	(395)	(66)	(958)
<b>Cash flows from financing activities:</b>			
Proceeds from Exit Credit Facility - Tranche A Loans	30	—	—
Payments on Exit Credit Facility - Tranche A Loans	(80)	(479)	—
Proceeds from pre-petition revolving credit facility borrowings	—	—	3,806
Payments on pre-petition revolving credit facility borrowings	—	—	(3,467)
Proceeds from DIP Facility borrowings	—	—	60
Payments on DIP Facility borrowings	—	(1,179)	(60)
Proceeds from issuance of senior notes, net	—	1,000	—
Proceeds from issuance of common stock	—	600	—
Proceeds from warrant exercise	2	—	—
Debt issuance and other financing costs	(3)	(8)	(109)
Cash paid to purchase debt	—	—	(95)
Cash paid for common stock dividends	(67)	—	—
Cash paid for preferred stock dividends	—	—	(22)
Other	(1)	—	(10)
Net cash provided by (used in) financing activities	(119)	(66)	103
Net increase (decrease) in cash, cash equivalents and restricted cash	732	(153)	300
Cash, cash equivalents and restricted cash, beginning of period	126	279	6
Cash, cash equivalents and restricted cash, end of period	\$ 858	\$ 126	\$ 306
Cash and cash equivalents	\$ 849	\$ 40	\$ 306
Restricted cash	9	86	—
Total cash, cash equivalents and restricted cash	\$ 858	\$ 126	\$ 306

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

	<b>Successor</b>							
	<b>Three Months Ended September 30, 2021</b>							
	<b>Oil</b>		<b>Natural Gas</b>		<b>NGL</b>		<b>Total</b>	
	<b>MBbl per day</b>	<b>\$/Bbl</b>	<b>MMcf per day</b>	<b>\$/Mcf</b>	<b>MBbl per day</b>	<b>\$/Bbl</b>	<b>MBoe per day</b>	<b>\$/Boe</b>
Appalachia	—	—	1,302	3.20	—	—	217	19.21
Gulf Coast	—	—	589	3.81	—	—	98	22.84
South Texas	34	70.96	107	4.46	15	34.60	66	51.02
Brazos Valley	25	69.54	33	2.82	3	27.41	34	56.88
Powder River Basin	9	69.31	53	4.33	3	44.53	21	47.48
Total	<u>68</u>	<u>70.22</u>	<u>2,084</u>	<u>3.46</u>	<u>21</u>	<u>35.14</u>	<u>436</u>	<u>29.14</u>
Average Realized Price		49.69		2.61		35.14		21.88

  

	<b>Predecessor</b>							
	<b>Three Months Ended September 30, 2020</b>							
	<b>Oil</b>		<b>Natural Gas</b>		<b>NGL</b>		<b>Total</b>	
	<b>MBbl per day</b>	<b>\$/Bbl</b>	<b>MMcf per day</b>	<b>\$/Mcf</b>	<b>MBbl per day</b>	<b>\$/Bbl</b>	<b>MBoe per day</b>	<b>\$/Boe</b>
Appalachia	—	—	1,070	1.40	—	—	178	8.37
Gulf Coast	—	—	550	1.81	—	—	91	10.86
South Texas	51	39.79	132	2.08	22	12.81	95	27.31
Brazos Valley	36	38.45	43	0.80	5	6.69	49	29.82
Powder River Basin	10	38.69	41	1.79	3	15.94	20	25.98
Mid-Continent	4	40.12	31	1.63	3	11.58	12	20.15
Total	<u>101</u>	<u>39.31</u>	<u>1,867</u>	<u>1.57</u>	<u>33</u>	<u>11.94</u>	<u>445</u>	<u>16.40</u>
Average Realized Price		39.54		1.60		11.94		16.59

Successor								
Period from February 10, 2021 through September 30, 2021								
Oil		Natural Gas		NGL		Total		
MBbl per day	\$/Bbl	MMcf per day	\$/Mcf	MBbl per day	\$/Bbl	MBoe per day	\$/Boe	
Appalachia	—	—	1,289	2.57	—	—	215	15.43
Gulf Coast	—	—	552	3.11	—	—	92	18.67
South Texas	36	67.02	108	3.85	15	28.88	69	47.25
Brazos Valley	27	65.60	34	3.74	4	20.91	36	54.37
Powder River Basin	10	65.02	55	3.94	3	36.91	22	43.45
Total	73	66.23	2,038	2.84	22	28.85	434	25.85
Predecessor								
Period from January 1, 2021 through February 9, 2021								
Oil		Natural Gas		NGL		Total		
MBbl per day	\$/Bbl	MMcf per day	\$/Mcf	MBbl per day	\$/Bbl	MBoe per day	\$/Boe	
Appalachia	—	—	1,233	2.42	—	—	206	14.49
Gulf Coast	—	—	543	2.44	—	—	90	14.62
South Texas	42	54.12	127	3.00	14	26.04	78	39.20
Brazos Valley	32	52.37	38	1.14	4	16.09	42	42.23
Powder River Basin	10	51.96	61	2.92	4	34.31	24	34.25
Total	84	53.21	2,002	2.45	22	25.92	440	22.63
Non-GAAP Combined								
Nine Months Ended September 30, 2021								
Oil		Natural Gas		NGL		Total		
MBbl per day	\$/Bbl	MMcf per day	\$/Mcf	MBbl per day	\$/Bbl	MBoe per day	\$/Boe	
Appalachia	—	—	1,281	2.55	—	—	213	15.30
Gulf Coast	—	—	551	3.01	—	—	92	18.09
South Texas	37	64.84	110	3.71	15	28.49	70	45.94
Brazos Valley	28	63.34	35	3.32	4	20.17	37	52.34
Powder River Basin	10	63.10	56	3.78	4	36.46	22	42.01
Total	75	64.06	2,033	2.79	23	28.42	434	25.37
Average Realized Price	48.17		2.47		28.42		21.20	
Predecessor								
Nine Months Ended September 30, 2020								
Oil		Natural Gas		NGL		Total		
MBbl per day	\$/Bbl	MMcf per day	\$/Mcf	MBbl per day	\$/Bbl	MBoe per day	\$/Boe	
Appalachia	—	—	1,032	1.57	—	—	172	9.43
Gulf Coast	—	—	536	1.66	—	—	89	9.95
South Texas	51	38.27	136	2.08	19	11.58	93	26.56
Brazos Valley	38	36.52	54	0.68	6	4.61	53	27.00
Powder River Basin	14	35.71	60	1.71	4	13.19	28	23.25
Mid-Continent	4	37.49	39	1.85	3	11.44	14	19.43
Total	107	37.32	1,857	1.62	32	10.31	449	16.32
Average Realized Price	61.20		1.97		10.31		23.46	

GROSS MARGIN (unaudited)

	Successor		Predecessor	
	Three Months Ended September 30,		Three Months Ended September 30,	
	2021		2020	
	\$	\$/Boe	\$	\$/Boe
<i>(\$ in millions, except per unit)</i>				
<b>Appalachia</b>				
Oil, natural gas and NGL sales	\$ 383	19.21	\$ 137	8.37
Production expenses	9	0.47	8	0.49
Gathering, processing and transportation expenses	83	4.14	73	4.39
Severance and ad valorem taxes	2	0.13	1	0.09
Gross margin	<u>\$ 289</u>	14.47	<u>\$ 55</u>	3.40
<b>Gulf Coast</b>				
Oil, natural gas and NGL sales	\$ 207	22.84	\$ 92	10.86
Production expenses	13	1.42	10	1.20
Gathering, processing and transportation expenses	28	3.09	46	5.42
Severance and ad valorem taxes	5	0.55	4	0.52
Gross margin	<u>\$ 161</u>	17.78	<u>\$ 32</u>	3.72
<b>South Texas</b>				
Oil, natural gas and NGL sales	\$ 312	51.02	\$ 241	27.31
Production expenses	31	5.04	24	2.73
Gathering, processing and transportation expenses	82	13.38	106	12.08
Severance and ad valorem taxes	17	2.72	16	1.79
Gross margin	<u>\$ 182</u>	29.88	<u>\$ 95</u>	10.71
<b>Brazos Valley</b>				
Oil, natural gas and NGL sales	\$ 175	56.88	\$ 133	29.82
Production expenses	18	5.96	17	3.83
Gathering, processing and transportation expenses	3	0.98	7	1.49
Severance and ad valorem taxes	8	2.63	10	2.05
Gross margin	<u>\$ 146</u>	47.31	<u>\$ 99</u>	22.45
<b>Powder River Basin</b>				
Oil, natural gas and NGL sales	\$ 93	47.48	\$ 47	25.98
Production expenses	9	4.38	9	4.53
Gathering, processing and transportation expenses	23	11.95	21	11.84
Severance and ad valorem taxes	9	4.59	5	2.65
Gross margin	<u>\$ 52</u>	26.56	<u>\$ 12</u>	6.96
<b>Mid-Continent</b>				
Oil, natural gas and NGL sales	\$ —	—	\$ 22	20.15
Production expenses	—	—	14	13.11
Gathering, processing and transportation expenses	—	—	5	5.10
Severance and ad valorem taxes	—	—	1	1.13
Gross margin	<u>\$ —</u>	—	<u>\$ 2</u>	0.81

	Successor		Predecessor		Non-GAAP Combined		Predecessor	
	Period from February 10, 2021 through September 30,		Period from January 1, 2021 through February 9,		Nine Months Ended September 30,		Nine Months Ended September 30,	
	2021		2021		2021		2020	
	\$	\$/Boe	\$	\$/Boe	\$	\$/Boe	\$	\$/Boe
<i>(\$ in millions, except per unit)</i>								
<b>Appalachia</b>								
Oil, natural gas and NGL sales	\$ 772	15.43	\$ 119	14.49	\$ 891	15.30	\$ 445	9.43
Production expenses	23	0.47	4	0.50	27	0.47	24	0.51
Gathering, processing and transportation expenses	204	4.07	34	4.17	238	4.08	217	4.60
Severance and ad valorem taxes	6	0.13	1	0.07	7	0.12	4	0.09
Gross margin	<u>\$ 539</u>	10.76	<u>\$ 80</u>	9.75	<u>\$ 619</u>	10.63	<u>\$ 200</u>	4.23
<b>Gulf Coast</b>								
Oil, natural gas and NGL sales	\$ 401	18.67	\$ 53	14.62	\$ 454	18.09	\$ 245	9.95
Production expenses	30	1.39	4	1.12	34	1.35	32	1.30
Gathering, processing and transportation expenses	64	2.98	11	2.93	75	2.98	137	5.59
Severance and ad valorem taxes	12	0.55	2	0.54	14	0.55	14	0.60
Gross margin	<u>\$ 295</u>	13.75	<u>\$ 36</u>	10.03	<u>\$ 331</u>	13.21	<u>\$ 62</u>	2.46
<b>South Texas</b>								
Oil, natural gas and NGL sales	\$ 761	47.25	\$ 122	39.20	\$ 883	45.94	\$ 675	26.56
Production expenses	74	4.60	12	3.90	86	4.48	85	3.24
Gathering, processing and transportation expenses	203	12.56	42	13.35	245	12.69	338	13.28
Severance and ad valorem taxes	42	2.56	8	2.53	50	2.55	43	1.68
Gross margin	<u>\$ 442</u>	27.53	<u>\$ 60</u>	19.42	<u>\$ 502</u>	26.22	<u>\$ 209</u>	8.36
<b>Brazos Valley</b>								
Oil, natural gas and NGL sales	\$ 456	54.37	\$ 71	42.23	\$ 527	52.34	\$ 394	27.00
Production expenses	46	5.52	9	4.85	55	5.41	67	4.61

Gathering, processing and transportation expenses	8	1.03	3	1.92	11	1.18	21	1.40
Severance and ad valorem taxes	25	3.03	5	2.99	30	3.03	33	2.23
Gross margin	<u>\$ 377</u>	44.79	<u>\$ 54</u>	32.47	<u>\$ 431</u>	42.72	<u>\$ 273</u>	18.76
<b>Powder River Basin</b>								
Oil, natural gas and NGL sales	\$ 225	43.45	\$ 33	34.25	\$ 258	42.01	\$ 175	23.25
Production expenses	21	4.07	3	3.37	24	3.96	37	4.74
Gathering, processing and transportation expenses	62	12.00	12	12.53	74	12.08	79	10.46
Severance and ad valorem taxes	21	4.15	2	2.88	23	3.95	18	2.37
Gross margin	<u>\$ 121</u>	23.23	<u>\$ 16</u>	15.47	<u>\$ 137</u>	22.02	<u>\$ 41</u>	5.68
<b>Mid-Continent</b>								
Oil, natural gas and NGL sales	\$ —	—	\$ —	—	\$ —	—	\$ 72	19.43
Production expenses	—	—	—	—	—	—	50	13.69
Gathering, processing and transportation expenses	—	—	—	—	—	—	21	5.83
Severance and ad valorem taxes	—	—	—	—	—	—	4	1.07
Gross margin	<u>\$ —</u>	—	<u>\$ —</u>	—	<u>\$ —</u>	—	<u>\$ (3)</u>	(1.16)

## CAPITAL EXPENDITURES ACCRUED (unaudited)

	<b>Successor</b>	<b>Predecessor</b>
	<b>Three Months Ended</b>	<b>Three Months Ended</b>
	<b>September 30, 2021</b>	<b>September 30, 2020</b>
<i>(\$ in millions)</i>		
Drilling and completion capital expenditures:		
Appalachia	\$ 63	\$ 72
Gulf Coast	73	40
South Texas	26	—
Brazos Valley	9	1
Powder River Basin	9	2
Total drilling and completion capital expenditures	180	115
Leasehold and additions to other PP&E	2	3
Capitalized interest	3	2
Total capital expenditures	\$ 185	\$ 120

	<b>Successor</b>	<b>Predecessor</b>	<b>Non-GAAP Combined</b>	<b>Predecessor</b>
	<b>Period from February 10,</b>	<b>Period from</b>	<b>Nine Months Ended</b>	<b>Nine Months Ended</b>
	<b>2021 through</b>	<b>January 1, 2021 through</b>	<b>September 30, 2021</b>	<b>September 30, 2020</b>
	<b>September 30, 2021</b>	<b>February 9, 2021</b>		
<i>(\$ in millions)</i>				
Drilling and completion capital expenditures:				
Appalachia	\$ 167	\$ 30	\$ 197	\$ 192
Gulf Coast	147	22	169	102
South Texas	51	4	55	156
Brazos Valley	26	5	31	177
Powder River Basin	14	—	14	91
Mid-Continent	—	—	—	2
Total drilling and completion capital expenditures	405	61	466	720
Leasehold and additions to other PP&E	5	—	5	22
Capitalized interest	6	1	7	13
Total capital expenditures	\$ 416	\$ 62	\$ 478	\$ 755

**OIL AND NATURAL GAS HEDGING POSITIONS AS OF NOVEMBER 2, 2021 <sup>(a)</sup>**

<b>Crude Oil Swaps</b>			
	<b>Volume (MMBbls)</b>		<b>Avg. NYMEX Price of Swaps</b>
Q4 2021 <sup>(b)</sup>	4.3	\$	42.62
Total 2022	11.2	\$	44.30
Total 2023	1.9	\$	47.17

<b>Oil Basis Protection Swaps</b>			
	<b>Volume (MMBbls)</b>		<b>Avg. NYMEX plus/(minus)</b>
Q4 2021 <sup>(b)</sup>	3.5	\$	0.50
Total 2022	6.0	\$	0.34

<b>Natural Gas Swaps</b>			
	<b>Volume (Bcf)</b>		<b>Avg. NYMEX Price of Swaps</b>
Q4 2021 <sup>(b)</sup>	167	\$	2.66
Total 2022	474	\$	2.67
Total 2023	132	\$	2.68
Total 2024	37	\$	2.53
Total 2025	12	\$	2.58

<b>Natural Gas Two-Way Collars</b>			
	<b>Volume (Bcf)</b>	<b>Avg. NYMEX Bought Put Price</b>	<b>Avg. NYMEX Sold Call Price</b>
Q4 2021 <sup>(b)</sup>	12	\$ 2.73	\$ 3.18
Total 2022	205	\$ 2.86	\$ 3.96

<b>Natural Gas Basis Protection Swaps</b>			
	<b>Volume (Bcf)</b>		<b>Avg. NYMEX plus/(minus)</b>
Q4 2021 <sup>(b)</sup>	39	\$	(0.28)
Total 2022	90	\$	0.27
Total 2023	23	\$	0.76

(a) Includes hedges assumed in acquisition of Vine Energy Inc.

(b) Includes amounts settled in October and November 2021.

## NON-GAAP FINANCIAL MEASURES

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

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

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

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

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

	Successor		Predecessor	
	Three Months Ended September 30, 2021		Three Months Ended September 30, 2020	
	\$	\$/Share	\$	\$/Share
<i>(\$ in millions, except per share data)</i>				
<b>Net loss available to common stockholders (GAAP)</b>	\$ (345)	\$ (3.51)	\$ (745)	\$ (76.18)
Effect of dilutive securities	—	—	—	—
Diluted loss available to common stockholders (GAAP)	\$ (345)	\$ (3.51)	\$ (745)	\$ (76.18)
<b>Adjustments:</b>				
Unrealized losses on oil and natural gas derivatives	618	6.29	169	17.28
Separation and other termination costs	—	—	16	1.64
Gains on sales of assets	(3)	(0.03)	(1)	(0.10)
Other operating expense, net	6	0.06	2	0.20
Reorganization items, net	—	—	611	62.47
Other	6	0.06	(1)	(0.10)
Tax effect of adjustments <sup>(a)</sup>	(13)	(0.13)	—	—
Effect of dilutive securities	—	(0.36)	—	(0.15)
<b>Adjusted net income attributable to common stockholders (Non-GAAP)</b>	<u>\$ 269</u>	<u>\$ 2.38</u>	<u>\$ 51</u>	<u>\$ 5.06</u>

	Successor		Predecessor			
	Period from February 10, 2021 through September 30, 2021		Period from January 1, 2021 through February 9, 2021		Nine Months Ended September 30, 2020	
	\$	\$/Share	\$	\$/Share	\$	\$/Share
<i>(\$ in millions, except per share data)</i>						
<b>Net income (loss) available to common stockholders (GAAP)</b>	\$ (489)	\$ (4.99)	\$ 5,383	\$ 550.35	\$ (9,340)	\$ (955.99)
Effect of dilutive securities	—	—	—	(14.84)	—	—
Diluted income (loss) available to common stockholders (GAAP)	\$ (489)	\$ (4.99)	\$ 5,383	\$ 534.51	\$ (9,340)	\$ (955.99)
<b>Adjustments:</b>						
Unrealized losses on oil and natural gas derivatives	1,122	11.44	369	36.64	304	31.12
Separation and other termination costs	11	0.11	22	2.18	43	4.40
Gains on sales of assets	(9)	(0.09)	(5)	(0.50)	(1)	(0.10)
Other operating expense (income), net	4	0.04	(12)	(1.19)	68	6.96
Impairments	1	0.01	—	—	8,522	872.26
Exploration expense - impairment of unproved properties	—	—	—	—	272	27.84
Noncontrolling interests - impairment of unproved properties	—	—	—	—	(16)	(1.64)
Gains on purchases or exchanges of debt	—	—	—	—	(65)	(6.65)
G&A reorganization expenses	—	—	—	—	43	4.40
Reorganization items, net	—	—	(5,569)	(552.97)	217	22.21
Other	(18)	(0.18)	—	—	21	2.15
Tax effect of adjustments <sup>(a)</sup>	(13)	(0.13)	(57)	(5.66)	(11)	(1.13)
Effect of dilutive securities	—	(0.73)	—	—	—	(0.49)
<b>Adjusted net income available to common stockholders (Non-GAAP)</b>	<b>609</b>	<b>5.48</b>	<b>131</b>	<b>13.01</b>	<b>57</b>	<b>5.34</b>
Preferred stock dividends	—	—	—	—	22	2.06
<b>Adjusted net income attributable to Chesapeake (Non-GAAP)</b>	<b>\$ 609</b>	<b>\$ 5.48</b>	<b>\$ 131</b>	<b>\$ 13.01</b>	<b>\$ 79</b>	<b>\$ 7.40</b>

(a) The 2021 Successor Quarter and 2021 Successor Period include a tax effect attributed to the 2021 Successor Quarter reconciling adjustments using an estimated 2% annual effective tax rate. The 2021 Predecessor Period includes an income tax benefit of \$57 million attributed to deferred income tax effects associated with Predecessor accumulated other comprehensive income, eliminated in fresh start accounting. The 2020 Predecessor Period includes a tax effect attributed to the reconciling adjustments using an estimated 0.14% annual effective tax rate.

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

	Successor Three Months Ended September 30, 2021	Predecessor Three Months Ended September 30, 2020
<i>(\$ in millions)</i>		
<b>Net loss (GAAP)</b>	\$ (345)	\$ (745)
<b>Adjustments:</b>		
Interest expense	17	25
Income tax benefit	(10)	—
Depreciation, depletion and amortization	228	170
Exploration	2	5
Unrealized losses on oil and natural gas derivatives	618	169
Separation and other termination costs	—	16
Gains on sales of assets	(3)	(1)
Other operating income, net	6	2
Reorganization items, net	—	611
Other	6	(1)
<b>Adjusted EBITDAX (Non-GAAP)</b>	<b>\$ 519</b>	<b>\$ 251</b>

	Successor Period from February 10, 2021 through September 30, 2021	Predecessor Period from January 1, 2021 through February 9, 2021	Non-GAAP Combined Nine Months Ended September 30, 2021	Predecessor Nine Months Ended September 30, 2020
<i>(\$ in millions)</i>				
<b>Net income (loss) (GAAP)</b>	\$ (489)	\$ 5,383	\$ 4,894	\$ (9,334)
<b>Adjustments:</b>				
Interest expense	47	11	58	307
Income tax benefit	(10)	(57)	(67)	(13)
Depreciation, depletion and amortization	579	72	651	931
Exploration	4	2	6	417
Unrealized losses on oil and natural gas derivatives	1,122	369	1,491	304
Separation and other termination costs	11	22	33	43
Gains on sales of assets	(9)	(5)	(14)	(1)
Other operating expense (income), net	4	(12)	(8)	68
Impairments	1	—	1	8,522
Gains on purchases or exchanges of debt	—	—	—	(65)
G&A reorganization expenses	—	—	—	43
Reorganization items, net	—	(5,569)	(5,569)	217
Other	(18)	—	(18)	21
<b>Adjusted EBITDAX (Non-GAAP)</b>	<b>\$ 1,242</b>	<b>\$ 216</b>	<b>\$ 1,458</b>	<b>\$ 1,460</b>

## FREE CASH FLOW

	Successor Three Months Ended September 30, 2021	Predecessor Three Months Ended September 30, 2020
<i>(\$ in millions)</i>		
<b>Net cash provided by operating activities (GAAP)</b>	\$ 443	\$ 382
Cash paid for reorganization items, net	—	63
Capital expenditures	(178)	(106)
<b>Free cash flow (Non-GAAP)</b>	<u>\$ 265</u>	<u>\$ 339</u>

	Successor Period from February 10, 2021 through September 30, 2021	Predecessor Period from January 1, 2021 through February 9, 2021	Non-GAAP Combined Nine Months Ended September 30, 2021	Predecessor Nine Months Ended September 30, 2020
<i>(\$ in millions)</i>				
<b>Net cash provided by (used in) operating activities (GAAP)</b>	\$ 1,246	\$ (21)	\$ 1,225	\$ 1,155
Cash paid for reorganization items, net	65	66	131	118
Capital expenditures	(404)	(66)	(470)	(973)
<b>Free cash flow (Non-GAAP)</b>	<u>\$ 907</u>	<u>\$ (21)</u>	<u>\$ 886</u>	<u>\$ 300</u>

## NET DEBT

	Successor September 30, 2021
<i>(\$ in millions)</i>	
<b>Total debt (GAAP)</b>	\$ 1,259
Premiums and issuance costs on debt	(38)
<b>Principal amount of debt</b>	1,221
Cash and cash equivalents	(849)
<b>Net debt (Non-GAAP)</b>	<u>\$ 372</u>

**CHESAPEAKE ENERGY CORPORATION - MANAGEMENT'S OUTLOOK AS OF NOVEMBER 2, 2021**

Chesapeake periodically provides guidance on certain factors that affect the company's future financial performance. New information or changes from the company's August 10, 2021 outlook are italicized bold below.

	2021E CHK Previous	2021E CHK 11/2/21	2021E CHK Pro Forma
Total production:			
<b>Oil - mmbbls</b>	23.5 - 25.5	<b>24.5 - 26.5</b>	<b>24.5 - 26.5</b>
NGL - mmbbls	6.5 - 8.5	6.5 - 8.5	6.5 - 8.5
<b>Natural gas - bcf</b>	725 - 745	<b>735 - 755</b>	<b>790 - 810</b>
<b>Total daily rate - mboe per day</b>	415 - 435	<b>420 - 440</b>	<b>445 - 465</b>
Estimated basis to NYMEX prices, based on 10/29/21 strip prices:			
Oil - \$/bbl	(\$0.90) - (\$1.30)	(\$0.90) - (\$1.30)	(\$0.90) - (\$1.30)
<b>Natural gas - \$/mcf</b>	(\$0.40) - (\$0.50)	<b>(\$0.35) - (\$0.45)</b>	<b>(\$0.20) - (\$0.30)</b>
<b>NGL - realizations as a % of WTI</b>	40% - 45%	<b>45% - 50%</b>	<b>45% - 50%</b>
Operating costs per boe of projected production:			
<b>Production expense</b>	\$1.85 - \$2.15	\$1.85 - \$2.15	<b>\$1.80 - \$2.10</b>
Gathering, processing and transportation expenses	\$4.90 - \$5.40	\$4.90 - \$5.40	\$4.90 - \$5.40
Oil - \$/bbl	\$2.65 - \$2.85	\$2.65 - \$2.85	\$2.65 - \$2.85
Natural Gas - \$/mcf	\$0.90 - \$1.00	\$0.90 - \$1.00	\$0.90 - \$1.00
Severance and ad valorem taxes	\$0.90 - \$1.10	\$0.90 - \$1.10	\$0.90 - \$1.10
<b>General and administrative<sup>(a)</sup></b>	\$0.75 - \$0.95	\$0.75 - \$0.95	<b>\$0.70 - \$0.90</b>
Depreciation, depletion and amortization expense	\$5.00 - \$6.00	\$5.00 - \$6.00	\$5.00 - \$6.00
<b>Marketing net margin and Other (\$ in millions)</b>	\$0 - \$10	<b>\$10 - \$20</b>	<b>\$10 - \$20</b>
<b>Interest expense (\$ in millions)<sup>(b)</sup></b>	\$70 - \$80	\$70 - \$80	<b>\$80 - \$90</b>
Cash taxes (\$ in millions)	\$0 - \$20	\$0 - \$20	\$0 - \$20
<b>Adjusted EBITDAX, based on 10/29/21 strip prices (\$ in millions)<sup>(c)</sup></b>	\$1,800 - \$1,900	<b>\$2,000 - \$2,100</b>	<b>\$2,100 - \$2,200</b>
<b>Total capital expenditures (\$ in millions)</b>	\$670 - \$740	\$670 - \$740	<b>\$740 - \$810</b>

(a) Includes ~\$0.06/boe of expenses associated with stock-based compensation, which are recorded in general and administrative expenses in Chesapeake's Condensed Consolidated Statement of Operations.

(b) Includes ~\$25 million of non-cash interest expense due to timing of interest payments in 2021.

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

## CHESAPEAKE ENERGY CORPORATION - MANAGEMENT'S OUTLOOK AS OF NOVEMBER 2, 2021

Chesapeake periodically provides guidance on certain factors that affect the company's future financial performance. New information or changes from the company's August 11, 2021 outlook are italicized bold below.

	2022E CHK Previous	2022E CHK 11/2/2021
<b>Total production:</b>		
Oil - mmbbls	20.0 - 22.0	20.0 - 22.0
Natural gas - bcf	1,095 - 1,125	1,095 - 1,125
Total daily rate - mboe per day	575 - 595	575 - 595
<b>Operating costs per boe of projected production:</b>		
Production expense	\$1.65 - \$1.95	\$1.65 - \$1.95
Gathering, processing and transportation expenses	\$3.90 - \$4.40	\$3.90 - \$4.40
General and administrative <sup>(a)</sup>	\$0.55 - \$0.75	\$0.55 - \$0.75
<b>Interest expense (\$ in millions)</b>	---	<b>\$120 - \$130</b>
<b>Cash taxes (\$ in millions)</b>	---	<b>\$100 - \$160</b>
<b>Adjusted EBITDAX, based on 10/29/21 strip prices (\$ in millions)<sup>(b)</sup></b>	<b>\$2,550 - \$2,750</b>	<b>\$3,200 - \$3,400</b>
Total capital expenditures (\$ in millions)	\$1,300 - \$1,600	\$1,300 - \$1,600

(a) Includes -\$0.07/boe of expenses associated with stock-based compensation, which are recorded in general and administrative expenses in Chesapeake's Condensed Consolidated Statement of Operations.

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