

**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): February 23, 2022



CHESAPEAKE ENERGY CORPORATION

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

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

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

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

Title of each class	Trading Symbol	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 February 23, 2022, Chesapeake Energy Corporation (“Chesapeake”) issued a press release reporting fourth quarter and full year 2021 financial and operational results and its 2022 outlook and capital expenditure program. 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 releases are 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 February 24, 2022, Chesapeake will make a presentation about its financial and operating results for the fourth quarter and full year of 2021, and its 2022 outlook and capital expenditure program, as noted in the press releases 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

Exhibit No.	Document Description
99.1	Chesapeake Energy Corporation press release dated February 23, 2022
99.2	Supplemental Financial Information
99.3	Outlook as of February 23, 2022
104.0	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURE

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

CHESAPEAKE ENERGY CORPORATION

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

Domenic J. Dell'Osso, Jr.

President and Chief Executive Officer

Date: February 23, 2022

NEWS RELEASE

FOR IMMEDIATE RELEASE
FEBRUARY 23, 2022

CHESAPEAKE ENERGY CORPORATION REPORTS FOURTH QUARTER AND FULL-YEAR 2021 FINANCIAL AND OPERATING RESULTS AND UPDATES 2022 GUIDANCE

OKLAHOMA CITY, February 23, 2022 – Chesapeake Energy Corporation (NASDAQ:CHK) today reported fourth quarter and full-year 2021 results and updated 2022 guidance.

2021 Fourth Quarter Highlights:

- *Net cash provided by operating activities of \$563 million; unrestricted cash balance of \$905 million*
- *Net income of approximately \$1.4 billion, or \$11.13 per diluted share; adjusted net income⁽¹⁾ of \$308 million, or \$2.39 per diluted share*
- *Adjusted EBITDAX⁽¹⁾ of \$687 million; adjusted free cash flow⁽¹⁾ of \$372 million*
- *Quarterly dividend of \$1.7675 per common share, consisting of the first variable dividend of \$1.33 per common share and a quarterly base dividend of \$0.4375 per common share, payable on March 22, 2022 to shareholders of record at the close of business on March 7, 2022*

2021 Full-Year Highlights:

- *Refocused and high-graded asset portfolio, expanding highest-return assets in the Marcellus and Haynesville through two major acquisitions and divesting Powder River Basin asset*
- *Announced \$1 billion common stock and warrant repurchase program expected to be executed by year end 2023*
- *Proved reserves of approximately 1.6 billion barrels of oil equivalent (boe) at year end 2021; standardized measure of discounted future net cash flows of approximately \$12.3 billion*
- *Generated over \$1.2 billion in adjusted free cash flow*
- *Established base and variable dividend programs; increased base dividend by 27% in 2021*

2022 Guidance Highlights:

- *Increased 2022 adjusted EBITDAX guidance to \$3.8 – \$4.0 billion (previous range \$3.4 – \$3.6 billion) with no change in capital spending*
- *Expected to generate approximately \$1.9 – \$2.1 billion in adjusted free cash flow in 2022 and greater than \$9 billion in adjusted free cash flow over the next five years*
- *Anticipate paying between \$900 million – \$1.1 billion (approximately 13% current yield, based on current stock price) in total dividends in 2022 and greater than \$5 billion over the next five years*
- *Strong balance sheet with net debt⁽¹⁾-to-2022E EBITDAX ratio of approximately 0.7x, pro forma for Chief and Powder River Basin cash consideration*

(1) A Non-GAAP measure as defined in the supplemental financial tables available on the company's website at www.chk.com.

Nick Dell'Osso, Chesapeake's President and Chief Executive Officer, said, "In 12 short months, we have strengthened Chesapeake's portfolio, clarified our strategy and focused our capital and talented team on our highest return assets. We have demonstrated the strength and sustainable cash generating capability of the company, delivering over \$1.2 billion in adjusted free cash flow. We have established a clear dividend framework which we anticipate will return approximately \$1 billion in cash to shareholders in 2022, in addition to our \$1 billion share repurchase program through the end of 2023. We have also enhanced our commitment to ESG excellence, improving our emissions profile, safely executing our business and firmly establishing the company as a leader in achieving independent certification of our natural gas production. We remain committed to disciplined investments in our highest return opportunities to maximize adjusted free cash flow, allowing us to return significant cash to shareholders through dividends, share repurchases, and debt reduction. We look forward to the continued

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NEWS RELEASE

integration of the Vine assets while also closing and integrating our assets from Chief in the first quarter. We will continue to improve our cost structure, maintain balance sheet strength, and responsibly produce the reliable, affordable, and lower carbon energy the world desperately needs.”

First Variable Dividend Payable Beginning March 2022; Base Dividend Increase Payable in June 2022

During the fourth quarter of 2021, Chesapeake generated \$563 million of operating cash flow and ended the quarter with \$905 million of cash on hand. Consistent with the company's commitment to returning cash to shareholders, Chesapeake will pay its first variable dividend, along with its base dividend, on March 22, 2022 to shareholders of record at the close of business on March 7, 2022. The total common stock dividend, including the variable and base components, is calculated as follows:

	4Q 2021
	(\$ and shares in millions, except per share amounts)
Net cash provided by operating activities	\$563
Less cash capital expenditures	\$265
Add back cash paid for acquisition costs	\$74
Adjusted free cash flow	\$372
Less cash paid for common base dividends	\$52
50% of adjusted free cash flow available for common variable dividends	\$160
Common shares outstanding at 2/23/22 (2)	120
Variable dividend payable per common share in March 2022	\$1.33
Base dividend payable per common share in March 2022	\$0.4375
Total dividend payable per common share in March 2022	\$1.7675

(2) Basic common shares outstanding as of the declaration date of 2/23/2022. Assumes no exercise of warrants between dividend declaration date and dividend record date.

Upon the anticipated closing of the transaction with Chief E&D Holdings, LP and affiliates of Tug Hill, Inc. in late March 2022, the company expects its base dividend to increase from \$0.4375 per share to \$0.50 per share, payable in June 2022.

Operations Update

Chesapeake's net production rate in the fourth quarter of 2021 was approximately 539,000 boe per day (approximately 85% natural gas and 15% total liquids), utilizing an average of 9 rigs to drill 32 wells and place 35 wells on production. For the full year 2021, the company produced approximately 462,000 boe per day, utilizing an average of 7 rigs to drill 122 wells and place 130 wells on production. Currently, Chesapeake is operating 11 rigs including two in the Marcellus, six in the Haynesville, and three in the Eagle Ford, and the company expects to drill 40 to 50 wells and place 40 to 50 wells on production in the first quarter of 2022.

On November 1, 2021, Chesapeake completed its previously announced acquisition of Vine Energy Inc. and the integration process of that asset is proceeding as planned, with the company on target to achieve its forecasted \$50 million in initial synergies by the end of 2022. Additionally, the previously announced sale of the Powder River Basin asset and the acquisition of Chief E&D Holdings, LP and affiliates of Tug Hill, Inc. are proceeding as planned and remain on schedule to be closed by the end of March 2022. For more information on each of its operating areas, including 2022 projections for activity, well statistics and pricing, Chesapeake has posted slides on its website at www.chk.com.

ESG Update

In December 2021, Chesapeake became the first company to certify all of its Haynesville natural gas operations jointly under the MiQ methane standard, and the EO100™ Standard for Responsible Energy Development, which

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covers a broad range of environmental, social and governance (ESG) criteria. Over 840 continuous methane emissions monitoring devices have been placed in both Chesapeake's legacy Louisiana asset and in its newly acquired Vine acreage, which was certified under Project Canary's TrustWell certification process.

In Pennsylvania, Chesapeake installed approximately 950 methane monitoring devices on its legacy acreage and expects to begin installing approximately 330 devices on its newly acquired Chief acreage in April 2022. Certification of its legacy Pennsylvania assets is expected to be completed by mid-year 2022 and by year-end 2022 on its newly acquired Chief acreage. As a result, the company expects to ultimately market over 6 billion cubic feet (bcf) of natural gas per day (over 3 bcf per day net) as certified Responsibly Sourced Gas (RSG) from both the Haynesville and Marcellus basins by year-end 2022.

Chesapeake intends to invest over \$30 million on ESG initiatives by year end 2022, including retrofitting more than 19,000 pneumatic devices which is expected to reduce reported GHG emissions by approximately 40% and methane emissions by approximately 80% enterprise wide.

Chesapeake also launched a new ESG microsite in December 2021, dedicated to the company's ESG reporting and progress toward its climate-related targets. In addition to providing performance data and program updates, the ESG site also provides details on the company's adoption of RSG, its commitment to diversity, equity and inclusion and a section dedicated to the company's revised executive compensation program that ties executive compensation to meeting specific ESG targets each year.

Conference Call Information

Chesapeake plans to conduct a conference call to discuss its recent financial and operating results at 9:00 AM EDT on Thursday, February 24, 2022. 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 5605595.

Financial Statements, Non-GAAP Financial Measures and 2022 Guidance and Outlook Projections

The company's 2021 fourth quarter and year-end 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. Management's updated guidance for 2022 can be found on the company's website at 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 (NASDAQ: CHK) is powered by dedicated and innovative employees who are focused on discovering and responsibly developing our leading positions in top U.S. oil and gas plays. With a goal to achieve net-zero direct GHG emissions by 2035, Chesapeake is committed to safely answering the call for affordable, reliable, lower carbon energy.

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 acquisition of Chief E&D Holdings, LP and affiliates of Tug Hill, Inc. (together, "Chief"), including our ability to successfully integrate the business of Chief into the company and achieve the expected synergies from the Chief 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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CONSOLIDATED BALANCE SHEETS (unaudited)

(\$ in millions)	Successor December 31, 2021	Predecessor December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 905	\$ 279
Restricted cash	9	—
Accounts receivable, net	1,115	746
Short-term derivative assets	5	19
Other current assets	69	64
Total current assets	2,103	1,108
Property and equipment:		
Oil and natural gas properties, successful efforts method		
Proved oil and natural gas properties	7,682	25,734
Unproved properties	1,530	1,550
Other property and equipment	495	1,754
Total property and equipment	9,707	29,038
Less: accumulated depreciation, depletion and amortization	(908)	(23,806)
Property and equipment held for sale, net	3	10
Total property and equipment, net	8,802	5,242
Other long-term assets	104	234
Total assets	\$ 11,009	\$ 6,584
Liabilities and stockholders' equity (deficit)		
Current liabilities:		
Accounts payable	\$ 308	\$ 346
Current maturities of long-term debt, net	—	1,929
Accrued interest	38	3
Short-term derivative liabilities	899	93
Other current liabilities	1,202	723
Total current liabilities	2,447	3,094
Long-term debt, net	2,278	—
Long-term derivative liabilities	249	44
Asset retirement obligations, net of current portion	349	139
Other long-term liabilities	15	5
Liabilities subject to compromise	—	8,643
Total liabilities	5,338	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: 117,917,349 and 0 shares issued	1	—
Successor additional paid-in capital	4,845	—
Retained earnings (accumulated deficit)	825	(23,954)
Total stockholders' equity (deficit)	5,671	(5,341)
Total liabilities and stockholders' equity (deficit)	\$ 11,009	\$ 6,584

CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)

	Successor	Predecessor
	Three Months Ended December 31, 2021	Three Months Ended December 31, 2020
<i>(\$ in millions except per share data)</i>		
Revenues and other:		
Oil, natural gas and NGL	\$ 1,786	\$ 739
Marketing	820	457
Oil and natural gas derivatives	477	23
Gains on sales of assets	3	29
Total revenues and other	3,086	1,248
Operating expenses:		
Production	103	78
Gathering, processing and transportation	239	269
Severance and ad valorem taxes	52	33
Exploration	3	10
Marketing	817	451
General and administrative	28	38
Separation and other termination costs	—	1
Depreciation, depletion and amortization	340	166
Impairments	—	13
Other operating expense, net	83	13
Total operating expenses	1,665	1,072
Income from operations	1,421	176
Other income (expense):		
Interest expense	(26)	(24)
Other income	—	5
Reorganization items, net	—	(579)
Total other expense	(26)	(598)
Income (loss) before income taxes	1,395	(422)
Income tax benefit	(39)	(6)
Net income (loss)	1,434	(416)
Net loss attributable to noncontrolling interests	—	—
Net income (loss) available to common stockholders	\$ 1,434	\$ (416)
Earnings (loss) per common share:		
Basic	\$ 12.90	\$ (42.54)
Diluted	\$ 11.13	\$ (42.54)
Weighted average common shares outstanding (in thousands):		
Basic	111,160	9,780
Diluted	128,846	9,780

	Successor	Predecessor	
	Period from February 10, 2021 through December 31, 2021	Period from January 1, 2021 through February 9, 2021	Year Ended December 31, 2020
<i>(\$ in millions except per share data)</i>			
Revenues and other:			
Oil, natural gas and NGL	\$ 4,401	\$ 398	\$ 2,745
Marketing	2,263	239	1,869
Oil and natural gas derivatives	(1,127)	(382)	596
Gains on sales of assets	12	5	30
Total revenues and other	5,549	260	5,240
Operating expenses:			
Production	297	32	373
Gathering, processing and transportation	780	102	1,082
Severance and ad valorem taxes	158	18	149
Exploration	7	2	427
Marketing	2,257	237	1,889
General and administrative	97	21	267
Separation and other termination costs	11	22	44
Depreciation, depletion and amortization	919	72	1,097
Impairments	1	—	8,535
Other operating expense (income), net	84	(12)	80
Total operating expenses	4,611	494	13,943
Income (loss) from operations	938	(234)	(8,703)
Other income (expense):			
Interest expense	(73)	(11)	(331)
Gains on purchases or exchanges of debt	—	—	65
Other income (expense)	31	2	(4)
Reorganization items, net	—	5,569	(796)
Total other income (expense)	(42)	5,560	(1,066)
Income (loss) before income taxes	896	5,326	(9,769)
Income tax benefit	(49)	(57)	(19)
Net income (loss)	945	5,383	(9,750)
Net loss attributable to noncontrolling interests	—	—	16
Net income (loss) attributable to Chesapeake	945	5,383	(9,734)
Preferred stock dividends	—	—	(22)
Net income (loss) available to common stockholders	\$ 945	\$ 5,383	\$ (9,756)
Earnings (loss) per common share:			
Basic	\$ 9.29	\$ 550.35	\$ (998.26)
Diluted	\$ 8.12	\$ 534.51	\$ (998.26)
Weighted average common shares outstanding (in thousands):			
Basic	101,754	9,781	9,773
Diluted	116,341	10,071	9,773

CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

	Successor	Predecessor
	Three Months Ended December 31, 2021	Three Months Ended December 31, 2020
<i>(\$ in millions)</i>		
Cash flows from operating activities:		
Net income (loss)	\$ 1,434	\$ (416)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, depletion and amortization	340	166
Deferred income tax benefit	(49)	—
Derivative losses, net	(477)	(23)
Cash payments on derivative settlements, net	(705)	(6)
Share-based compensation	4	5
Gains on sales of assets	(3)	(29)
Impairments	—	13
Non-cash reorganization items, net	—	87
Exploration	1	8
Other	36	(18)
Changes in assets and liabilities	(18)	222
Net cash provided by operating activities	<u>563</u>	<u>9</u>
Cash flows from investing activities:		
Capital expenditures	(265)	(169)
Business combination, net	(194)	—
Proceeds from divestitures of property and equipment	4	135
Net cash used in investing activities	<u>(455)</u>	<u>(34)</u>
Cash flows from financing activities:		
Cash paid for common stock dividends	(52)	—
Other	—	(2)
Net cash used in financing activities	<u>(52)</u>	<u>(2)</u>
Net increase in cash, cash equivalents and restricted cash	56	(27)
Cash, cash equivalents and restricted cash, beginning of period	858	306
Cash, cash equivalents and restricted cash, end of period	<u>\$ 914</u>	<u>\$ 279</u>
Cash and cash equivalents	\$ 905	\$ 279
Restricted cash	9	—
Total cash, cash equivalents and restricted cash	<u>\$ 914</u>	<u>\$ 279</u>

	Successor	Predecessor	
	Period from February 10, 2021 through December 31, 2021	Period from January 1, 2021 through February 9, 2021	Year Ended December 31, 2020
<i>(\$ in millions)</i>			
Cash flows from operating activities:			
Net income (loss)	\$ 945	\$ 5,383	\$ (9,750)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation, depletion and amortization	919	72	1,097
Deferred income tax benefit	(49)	(57)	(10)
Derivative (gains) losses, net	1,127	382	(596)
Cash receipts (payments) on derivative settlements, net	(1,142)	(17)	884
Share-based compensation	9	3	21
Gains on sales of assets	(12)	(5)	(30)
Impairments	1	—	8,535
Non-cash reorganization items, net	—	(6,680)	(213)
Exploration	2	2	417
Gains on purchases or exchanges of debt	—	—	(65)
Other	46	45	(41)
Changes in assets and liabilities	(37)	851	915
Net cash provided by (used in) operating activities	1,809	(21)	1,164
Cash flows from investing activities:			
Capital expenditures	(669)	(66)	(1,142)
Business combination, net	(194)	—	—
Proceeds from divestitures of property and equipment	13	—	150
Net cash used in investing activities	(850)	(66)	(992)
Cash flows from financing activities:			
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	—	—	3,656
Payments on pre-petition revolving credit facility borrowings	—	—	(3,317)
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	—	—	(94)
Cash paid for common stock dividends	(119)	—	—
Cash paid for preferred stock dividends	—	—	(22)
Other	(1)	—	(13)
Net cash provided by (used in) financing activities	(171)	(66)	101
Net increase (decrease) in cash, cash equivalents and restricted cash	788	(153)	273
Cash, cash equivalents and restricted cash, beginning of period	126	279	6
Cash, cash equivalents and restricted cash, end of period	\$ 914	\$ 126	\$ 279
Cash and cash equivalents	\$ 905	\$ 40	\$ 279
Restricted cash	9	86	—
Total cash, cash equivalents and restricted cash	\$ 914	\$ 126	\$ 279

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

Successor								
Three Months Ended December 31, 2021								
	Oil		Natural Gas		NGL		Total	
	MBbl per day	\$/Bbl	MMcf per day	\$/Mcf	MBbl per day	\$/Bbl	MBoe per day	\$/Boe
Marcellus	—	—	1,315	4.94	—	—	219	29.66
Haynesville	—	—	1,249	5.20	—	—	208	31.18
Eagle Ford	54	77.67	125	4.59	18	36.16	92	58.31
Powder River Basin	8	76.41	48	5.48	3	47.91	20	53.71
Total	62	77.50	2,737	5.05	21	38.06	539	36.02
Average Realized Price (including realized derivatives)		50.93		2.92		38.06		22.18

Predecessor								
Three Months Ended December 31, 2020								
	Oil		Natural Gas		NGL		Total	
	MBbl per day	\$/Bbl	MMcf per day	\$/Mcf	MBbl per day	\$/Bbl	MBoe per day	\$/Boe
Marcellus	—	—	1,113	1.82	—	—	186	10.92
Haynesville	—	—	559	2.28	—	—	92	13.68
Eagle Ford	125	41.27	172	2.60	21	15.26	125	31.13
Powder River Basin	10	40.39	51	2.69	3	20.78	22	27.81
Mid-Continent	3	39.99	25	2.56	3	15.11	10	22.60
Total	138	41.15	1,920	2.06	27	15.97	435	18.44
Average Realized Price (including realized derivatives)		40.77		1.95		15.97		17.90

Successor								
Period from February 10, 2021 through December 31, 2021								
Oil		Natural Gas		NGL		Total		
MBbl per day	\$/Bbl	MMcf per day	\$/Mcf	MBbl per day	\$/Bbl	MBoe per day	\$/Boe	
Marcellus	—	—	1,296	3.25	—	—	216	19.52
Haynesville	—	—	750	4.10	—	—	125	24.57
Eagle Ford	60	69.25	137	4.02	19	29.76	101	51.91
Powder River Basin	9	67.90	53	4.33	3	40.00	21	46.09
Total	69	69.07	2,236	3.61	22	31.37	463	29.19
Average Realized Price (including realized derivatives)		46.85		2.52		25.55		21.72

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	
Marcellus	—	—	1,233	2.42	—	—	206	14.49
Haynesville	—	—	543	2.44	—	—	90	14.62
Eagle Ford	74	53.37	165	2.57	18	23.94	120	40.27
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
Average Realized Price (including realized derivatives)		49.06		2.62		31.42		21.46

Non-GAAP Combined								
Year Ended December 31, 2021								
Oil		Natural Gas		NGL		Total		
MBbl per day	\$/Bbl	MMcf per day	\$/Mcf	MBbl per day	\$/Bbl	MBoe per day	\$/Boe	
Marcellus	—	—	1,289	3.16	—	—	215	18.99
Haynesville	—	—	727	3.96	—	—	121	23.76
Eagle Ford	62	67.14	140	3.84	18	29.14	104	50.42
Powder River Basin	9	66.08	54	4.16	4	39.26	22	44.66
Total	71	67.01	2,210	3.49	22	30.77	462	28.51
Average Realized Price (including realized derivatives)		48.77		2.61		30.77		21.49

Predecessor								
Year Ended December 31, 2020								
Oil		Natural Gas		NGL		Total		
MBbl per day	\$/Bbl	MMcf per day	\$/Mcf	MBbl per day	\$/Bbl	MBoe per day	\$/Boe	
Marcellus	—	—	1,052	1.64	—	—	175	9.82
Haynesville	—	—	543	1.83	—	—	90	10.99
Eagle Ford	86	38.38	185	1.90	24	10.93	141	27.72
Powder River Basin	13	36.64	58	1.92	4	14.94	26	24.22
Mid-Continent	4	38.17	34	1.98	3	12.36	13	20.18
Total	103	38.16	1,872	1.73	31	11.55	445	16.84
Average Realized Price (including realized derivatives)		56.74		1.97		11.55		22.09

GROSS MARGIN (unaudited)

	Successor		Predecessor			
	Three Months Ended December 31,		Three Months Ended December 31,			
	2021		2020			
	\$/Boe		\$/Boe			
<i>(\$ in millions, except per unit)</i>						
Marcellus						
Oil, natural gas and NGL sales	\$	598	29.66	\$	186	10.92
Production expenses		11	0.55		8	0.52
Gathering, processing and transportation expenses		83	4.13		75	4.40
Severance and ad valorem taxes		3	0.12		2	0.09
Gross margin	\$	<u>501</u>	24.86	\$	<u>101</u>	5.91
Haynesville						
Oil, natural gas and NGL sales	\$	597	31.18	\$	117	13.68
Production expenses		29	1.51		9	1.23
Gathering, processing and transportation expenses		54	2.83		51	5.97
Severance and ad valorem taxes		10	0.55		8	0.94
Gross margin	\$	<u>504</u>	26.29	\$	<u>49</u>	5.54
Eagle Ford						
Oil, natural gas and NGL sales	\$	495	58.31	\$	359	31.13
Production expenses		53	6.25		45	3.88
Gathering, processing and transportation expenses		79	9.29		117	10.19
Severance and ad valorem taxes		29	3.44		17	1.49
Gross margin	\$	<u>334</u>	39.33	\$	<u>(179)</u>	15.57
Powder River Basin						
Oil, natural gas and NGL sales	\$	96	53.71	\$	56	27.81
Production expenses		10	5.54		8	3.60
Gathering, processing and transportation expenses		23	12.80		21	10.71
Severance and ad valorem taxes		10	5.43		5	2.55
Gross margin	\$	<u>53</u>	29.94	\$	<u>(34)</u>	10.95
Mid-Continent						
Oil, natural gas and NGL sales	\$	—	—	\$	21	22.60
Production expenses		—	—		8	9.23
Gathering, processing and transportation expenses		—	—		5	5.49
Severance and ad valorem taxes		—	—		1	1.49
Gross margin	\$	<u>—</u>	—	\$	<u>(14)</u>	6.39

	Successor		Predecessor		Non-GAAP Combined		Predecessor					
	Period from February 10, 2021 through December 31,		Period from January 1, 2021 through February 9,		Year Ended December 31,		Year Ended December 31,					
	2021		2021		2021		2020					
	\$/Boe		\$/Boe		\$/Boe		\$/Boe					
<i>(\$ in millions, except per unit)</i>												
Marcellus												
Oil, natural gas and NGL sales	\$	1,370	19.52	\$	119	14.49	\$	1,489	18.99	\$	631	9.82
Production expenses		34	0.49		4	0.50		38	0.49		32	0.50
Gathering, processing and transportation expenses		287	4.09		34	4.17		321	4.10		292	4.55
Severance and ad valorem taxes		9	0.12		1	0.07		10	0.12		6	0.09
Gross margin	\$	<u>1,040</u>	14.82	\$	<u>80</u>	9.75	\$	<u>1,120</u>	14.28	\$	<u>301</u>	4.68
Haynesville												
Oil, natural gas and NGL sales	\$	998	24.57	\$	53	14.62	\$	1,051	23.76	\$	362	10.99
Production expenses		59	1.44		4	1.12		63	1.42		41	1.28
Gathering, processing and transportation expenses		118	2.91		11	2.93		129	2.91		188	5.69
Severance and ad valorem taxes		22	0.55		2	0.54		24	0.55		23	0.69
Gross margin	\$	<u>799</u>	19.67	\$	<u>36</u>	10.03	\$	<u>835</u>	18.88	\$	<u>110</u>	3.33
Eagle Ford												
Oil, natural gas and NGL sales	\$	1,712	51.91	\$	193	40.27	\$	1,905	50.42	\$	1,428	27.72
Production expenses		173	5.25		21	4.24		194	5.13		201	3.89
Gathering, processing and transportation expenses		290	8.79		45	9.32		335	8.85		475	9.23
Severance and ad valorem taxes		96	2.91		13	2.69		109	2.88		92	1.79
Gross margin	\$	<u>1,153</u>	34.96	\$	<u>114</u>	24.02	\$	<u>1,267</u>	33.56	\$	<u>660</u>	12.81
Powder River Basin												
Oil, natural gas and NGL sales	\$	321	46.09	\$	33	34.25	\$	354	44.66	\$	231	24.22
Production expenses		31	4.45		3	3.37		34	4.32		42	4.41
Gathering, processing and transportation expenses		85	12.20		12	12.53		97	12.24		100	10.52
Severance and ad valorem taxes		31	4.48		2	2.88		33	4.29		23	2.41
Gross margin	\$	<u>174</u>	24.96	\$	<u>16</u>	15.47	\$	<u>190</u>	23.81	\$	<u>66</u>	6.88
Mid-Continent												
Oil, natural gas and NGL sales	\$	—	—	\$	—	—	\$	—	—	\$	93	20.18

Production expenses	—	—	—	—	—	—	57	12.56
Gathering, processing and transportation expenses	—	—	—	—	—	—	27	5.76
Severance and ad valorem taxes	—	—	—	—	—	—	5	1.16
Gross margin	<u>\$ —</u>	—	<u>\$ —</u>	—	<u>\$ —</u>	—	<u>\$ 4</u>	0.70

CAPITAL EXPENDITURES ACCRUED (unaudited)

	<u>Successor</u> <u>Three Months Ended</u> <u>December 31, 2021</u>	<u>Predecessor</u> <u>Three Months Ended</u> <u>December 31, 2020</u>
<i>(\$ in millions)</i>		
Drilling and completion capital expenditures:		
Marcellus	\$ 72	\$ 71
Haynesville	131	39
Eagle Ford	32	45
Powder River Basin	21	4
Total drilling and completion capital expenditures	256	159
Leasehold and additions to other PP&E	7	4
Capitalized interest	5	2
Total capital expenditures	<u>\$ 268</u>	<u>\$ 165</u>

	<u>Successor</u> <u>Period from February 10,</u> <u>2021 through</u> <u>December 31, 2021</u>	<u>Predecessor</u> <u>Period from</u> <u>January 1, 2021 through</u> <u>February 9, 2021</u>	<u>Non-GAAP Combined</u> <u>Year Ended</u> <u>December 31, 2021</u>	<u>Predecessor</u> <u>Year Ended</u> <u>December 31, 2020</u>
<i>(\$ in millions)</i>				
Drilling and completion capital expenditures:				
Marcellus	\$ 239	\$ 30	\$ 269	\$ 263
Haynesville	278	22	300	141
Eagle Ford	109	9	118	378
Powder River Basin	35	—	35	95
Mid-Continent	—	—	—	2
Total drilling and completion capital expenditures	661	61	722	879
Leasehold and additions to other PP&E	12	—	12	26
Capitalized interest	11	1	12	15
Total capital expenditures	<u>\$ 684</u>	<u>\$ 62</u>	<u>\$ 746</u>	<u>\$ 920</u>

OIL AND NATURAL GAS HEDGING POSITIONS AS OF FEBRUARY 21, 2022 ^(a)

Crude Oil Swaps

	Volume (MMBbls)		Avg. NYMEX Price of Swaps
Q1 2022 ^(b)	3.1	\$	43.57
Q2 2022	2.8	\$	43.12
Q3 2022	2.7	\$	44.85
Q4 2022	2.6	\$	45.92
Total 2022	11.2	\$	44.30
Total 2023	1.9	\$	47.17

Crude Oil Two-Way Collars

	Volume (Bcf)	Avg. NYMEX Bought Put Price	Avg. NYMEX Sold Call Price
Total 2023	4.4	\$ 65.00	\$ 79.09

Oil Basis Protection Swaps

	Volume (MMBbls)		Avg. NYMEX plus/(minus)
Q1 2022 ^(b)	3.2	\$	0.53
Q2 2022	3.6	\$	0.60
Q3 2022	3.5	\$	0.89
Q4 2022	3.5	\$	0.89
Total 2022	13.8	\$	0.73
Total 2023	6.2	\$	0.96

Natural Gas Swaps

	Volume (Bcf)		Avg. NYMEX Price of Swaps
Q1 2022 ^(b)	177	\$	2.88
Q2 2022	130	\$	2.60
Q3 2022	134	\$	2.63
Q4 2022	117	\$	2.60
Total 2022	558	\$	2.69
Total 2023	229	\$	2.69
Total 2024	103	\$	2.67
Total 2025	27	\$	2.65

Natural Gas Two-Way Collars

	Volume (Bcf)		Avg. NYMEX Bought Put Price		Avg. NYMEX Sold Call Price
Q1 2022 ^(b)	18	\$	2.50	\$	2.86
Q2 2022	90	\$	3.33	\$	4.41
Q3 2022	94	\$	3.41	\$	4.56
Q4 2022	120	\$	3.12	\$	4.27
Total 2022	<u>322</u>	\$	3.23	\$	4.31
Total 2023	<u>234</u>	\$	3.02	\$	4.03

Natural Gas Three-Way Collars

	Volume (Bcf)		Avg. NYMEX Sold Put Price		Avg. NYMEX Bought Put Price		Avg. NYMEX Sold Call Price
Q2 2022	7	\$	2.41	\$	2.90	\$	3.43
Q3 2022	6	\$	2.41	\$	2.90	\$	3.43
Q4 2022	6	\$	2.41	\$	2.90	\$	3.43
Total 2022	<u>19</u>	\$	2.41	\$	2.90	\$	3.43
Total 2023	<u>4</u>	\$	2.50	\$	3.40	\$	3.79

Natural Gas Written Call Options

	Volume (Bcf)		Avg. NYMEX strike price
Total 2023	<u>18</u>	\$	3.29

Natural Gas Basis Protection Swaps

	Volume (Bcf)		Avg. NYMEX plus/(minus)
Q1 2022 ^(b)	92	\$	(0.07)
Q2 2022	56	\$	(0.14)
Q3 2022	56	\$	(0.14)
Q4 2022	49	\$	0.05
Total 2022	<u>253</u>	\$	(0.08)
Total 2023	<u>97</u>	\$	0.05
Total 2024	<u>30</u>	\$	(0.19)
Total 2025	<u>5</u>	\$	(0.21)

(a) Assumes closing of the Chief transaction prior to April 2022.

(b) Includes amounts settled in January and February 2022.

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, Adjusted 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 December 31, 2021		Three Months Ended December 31, 2020	
	\$	\$/Share	\$	\$/Share
<i>(\$ in millions, except per share data)</i>				
Net income (loss) available to common stockholders (GAAP)	\$ 1,434	\$ 12.90	\$ (416)	\$ (42.54)
Effect of dilutive securities	—	(1.77)	—	—
Diluted income (loss) available to common stockholders (GAAP)	\$ 1,434	\$ 11.13	\$ (416)	\$ (42.54)
Adjustments:				
Unrealized gains on oil and natural gas derivatives	(1,163)	(9.03)	(45)	(4.59)
Separation and other termination costs	—	—	1	0.10
Gains on sales of assets	(3)	(0.02)	(29)	(2.97)
Other operating expense, net	89	0.69	11	1.12
Impairments	—	—	13	1.33
Reorganization items, net	—	—	579	59.21
Other	—	—	(4)	(0.41)
Income tax benefit ^(a)	(49)	(0.38)	—	—
Adjusted net income attributable to common stockholders (Non-GAAP)	<u>\$ 308</u>	<u>\$ 2.39</u>	<u>\$ 110</u>	<u>\$ 11.25</u>

	Successor		Predecessor			
	Period from February 10, 2021 through December 31, 2021		Period from January 1, 2021 through February 9, 2021		Year Ended December 31, 2020	
	\$	\$/Share	\$	\$/Share	\$	\$/Share
<i>(\$ in millions, except per share data)</i>						
Net income (loss) available to common stockholders (GAAP)	\$ 945	9.29	\$ 5,383	550.35	\$ (9,756)	(998.26)
Effect of dilutive securities	—	(1.17)	—	(14.84)	—	—
Diluted income (loss) available to common stockholders (GAAP)	\$ 945	8.12	\$ 5,383	\$ 534.51	\$ (9,756)	(998.26)
Adjustments:						
Unrealized (gains) losses on oil and natural gas derivatives	(41)	(0.35)	369	36.64	259	26.50
Separation and other termination costs	11	0.09	22	2.18	44	4.50
Gains on sales of assets	(12)	(0.10)	(5)	(0.50)	(30)	(3.07)
Other operating expense (income), net	93	0.79	(12)	(1.19)	79	8.08
Impairments	1	0.01	—	—	8,535	873.33
Exploration expense - impairment of unproved properties	—	—	—	—	272	27.83
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)	796	81.46
Other	(18)	(0.15)	—	—	17	1.74
Income tax benefit ^(a)	(49)	(0.42)	—	—	—	—
Tax effect of adjustments ^(b)	(13)	(0.11)	(57)	(5.66)	(11)	(1.13)
Adjusted net income available to common stockholders (Non-GAAP)	917	7.88	131	13.01	167	17.09
Preferred stock dividends	—	—	—	—	22	2.25
Adjusted net income attributable to Chesapeake (Non-GAAP)	\$ 917	\$ 7.88	\$ 131	\$ 13.01	\$ 189	19.34

(a) In the 2021 Successor Period and 2021 Successor Quarter, we recorded a net deferred tax liability of \$49 million associated with the acquisition of Vine Energy, Inc. As a result of recording this net deferred tax liability through business combination accounting, we released a corresponding amount of the valuation allowance that we maintain against our net deferred tax asset position. This release resulted in an income tax benefit of \$49 million.

(b) The 2021 Successor Period includes a tax effect attributed to the 2021 Successor Third 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 2020 Predecessor First Quarter reconciling adjustments using an estimated 0.14% annual effective tax rate.

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

	Successor Three Months Ended December 31, 2021	Predecessor Three Months Ended December 31, 2020
<i>(\$ in millions)</i>		
Net income (loss) (GAAP)	\$ 1,434	\$ (416)
Adjustments:		
Interest expense	26	24
Income tax benefit	(39)	(6)
Depreciation, depletion and amortization	340	166
Exploration	3	10
Unrealized gains on oil and natural gas derivatives	(1,163)	(45)
Separation and other termination costs	—	1
Gains on sales of assets	(3)	(29)
Other operating expense, net	89	11
Impairments	—	13
Reorganization items, net	—	579
Other	—	(4)
Adjusted EBITDAX (Non-GAAP)	\$ 687	\$ 304

	Successor Period from February 10, 2021 through December 31, 2021	Predecessor Period from January 1, 2021 through February 9, 2021	Non-GAAP Combined Year Ended December 31, 2021	Predecessor Year Ended December 31, 2020
<i>(\$ in millions)</i>				
Net income (loss) (GAAP)	\$ 945	\$ 5,383	\$ 6,328	\$ (9,750)
Adjustments:				
Interest expense	73	11	84	331
Income tax benefit	(49)	(57)	(106)	(19)
Depreciation, depletion and amortization	919	72	991	1,097
Exploration	7	2	9	427
Unrealized (gains) losses on oil and natural gas derivatives	(41)	369	328	259
Separation and other termination costs	11	22	33	44
Gains on sales of assets	(12)	(5)	(17)	(30)
Other operating expense (income), net	93	(12)	81	79
Impairments	1	—	1	8,535
Gains on purchases or exchanges of debt	—	—	—	(65)
G&A reorganization expenses	—	—	—	43
Reorganization items, net	—	(5,569)	(5,569)	796
Other	(18)	—	(18)	17
Adjusted EBITDAX (Non-GAAP)	\$ 1,929	\$ 216	\$ 2,145	\$ 1,764

ADJUSTED FREE CASH FLOW

	Successor Three Months Ended December 31, 2021	Predecessor Three Months Ended December 31, 2020
<i>(\$ in millions)</i>		
Net cash provided by operating activities (GAAP)	\$ 563	\$ 9
Cash paid for reorganization items, net	—	22
Cash paid for acquisition costs	74	—
Capital expenditures	(265)	(169)
Adjusted free cash flow (Non-GAAP)	\$ 372	\$ (138)

	Successor Period from February 10, 2021 through December 31, 2021	Predecessor Period from January 1, 2021 through February 9, 2021	Non-GAAP Combined Year Ended December 31, 2021	Predecessor Year Ended December 31, 2020
<i>(\$ in millions)</i>				
Net cash provided by (used in) operating activities (GAAP)	\$ 1,809	\$ (21)	\$ 1,788	\$ 1,164
Cash paid for reorganization items, net	65	66	131	140
Cash paid for acquisition costs	74	—	74	—
Capital expenditures	(669)	(66)	(735)	(1,142)
Adjusted free cash flow (Non-GAAP)	\$ 1,279	\$ (21)	\$ 1,258	\$ 162

NET DEBT

	Successor December 31, 2021
<i>(\$ in millions)</i>	
Total debt (GAAP)	\$ 2,278
Premiums and issuance costs on debt	(107)
Principal amount of debt	2,171
Cash and cash equivalents	905
Net debt (Non-GAAP)	\$ 1,266

CHESAPEAKE ENERGY CORPORATION - MANAGEMENT'S OUTLOOK AS OF FEBRUARY 23, 2022

Chesapeake periodically provides guidance on certain factors that affect the company's future financial performance. New information or changes from the company's preliminary January 25, 2022 outlook are italicized bold below.

	2022E CHK Pro Forma^(a)
Total production:	
<i>Oil - mmbbls</i>	<i>18.5 - 20.5</i>
NGL - mmbbls	6.5 - 7.5
Natural gas - bcf	1,315 - 1,345
<i>Total daily rate - mboe per day</i>	<i>670 - 690</i>
Estimated basis to NYMEX prices, based on 2/18/22 strip prices:	
Oil - \$/bbl	\$0.50 - \$0.90
Natural gas - \$/mcf	(\$0.45) - (\$0.55)
NGL - realizations as a % of WTI	40% - 45%
Operating costs per boe of projected production:	
<i>Production expense</i>	<i>\$1.60 - \$1.90</i>
Gathering, processing and transportation expenses	\$3.75 - \$4.25
Oil - \$/bbl	\$2.70 - \$2.90
Natural Gas - \$/mcf	\$0.65 - \$0.75
Severance and ad valorem taxes	\$0.75 - \$0.85
General and administrative ^(b)	\$0.45 - \$0.65
Depreciation, depletion and amortization expense	\$7.00 - \$8.00
Marketing net margin and other (\$ in millions)	\$10 - \$20
Interest expense (\$ in millions)	\$125 - \$135
<i>Cash taxes (\$ in millions)</i>	<i>\$115 - \$175</i>
<i>Adjusted EBITDAX, based on 2/18/22 strip prices (\$ in millions)^(c)</i>	<i>\$3,800 - \$4,000</i>
Total capital expenditures (\$ in millions)	\$1,500 - \$1,800

(a) Assumes closing of the Chief and Powder River Basin transactions effective April 1, 2022.

(b) 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.

(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.