

CHESAPEAKE ENERGY CORPORATION
RECONCILIATION OF ADJUSTED NET INCOME AVAILABLE TO COMMON STOCKHOLDERS
(\$ in millions, except per share data)
(unaudited)

THREE MONTHS ENDED:	December 31, 2015	September 30, 2015	December 30, 2014
Net income (loss) available to common stockholders	\$ (2,228)	\$ (4,695)	\$ 586
Adjustments, net of tax:			
Unrealized (gains) losses on commodity derivatives	41	58	(663)
Unrealized gains on supply contract derivatives	(4)	(58)	(2)
Restructuring and other termination costs	(2)	44	(3)
Provision for legal contingencies	(5)	—	94
Impairment of oil and natural gas properties	2,183	4,506	—
Impairments of fixed assets and other	21	66	10
Net (gains) losses on sales of fixed assets	1	(1)	2
Impairment of investments	41	—	—
(Gains) losses on purchases or exchanges of debt	(215)	—	2
Other	(1)	(3)	8
Adjusted net income (loss) available to common stockholders^(a)	<u>\$ (168)</u>	<u>\$ (83)</u>	<u>\$ 34</u>
Preferred stock dividends	43	43	43
Earnings allocated to participating securities	—	—	10
Total adjusted net income (loss) attributable to Chesapeake	<u>\$ (125)</u>	<u>\$ (40)</u>	<u>\$ 87</u>
Weighted average fully diluted shares outstanding (in millions)^(b)	777	777	775
Adjusted earnings (loss) per share assuming dilution^(a)	\$ (0.16)	\$ (0.05)	\$ 0.11

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

- (i) Management uses adjusted net income available to common stockholders to evaluate the company's operational trends and performance relative to other oil and natural gas producing companies.
- (ii) Adjusted net income available to common stockholders is more comparable to earnings estimates provided by securities analysts.
- (iii) Items excluded generally are one-time items or items whose timing or amount cannot be reasonably estimated. Accordingly, any guidance provided by the company generally excludes information regarding these types of items.

(b) Weighted average fully diluted shares outstanding include shares that were considered antidilutive for calculating earnings per share in accordance with GAAP.

CHESAPEAKE ENERGY CORPORATION
RECONCILIATION OF ADJUSTED NET INCOME AVAILABLE TO COMMON STOCKHOLDERS
(\$ in millions, except per share data)
(unaudited)

YEAR ENDED:	December 31, 2015	December 30, 2014
Net income (loss) available to common stockholders	\$ (14,856)	\$ 1,273
Adjustments, net of tax:		
Unrealized (gains) losses on commodity derivatives	527	(941)
Unrealized gains on supply contract derivatives	(226)	(2)
Restructuring and other termination costs	28	4
Provision for legal contingencies	270	150
Impairment of oil and natural gas properties	13,976	—
Impairments of fixed assets and other	148	57
Net (gains) losses on sales of fixed assets	3	(128)
Impairments of investments	41	3
Net gain on sales of investments	—	(43)
(Gains) losses on purchases or exchanges of debt	(214)	126
Repurchase of preferred shares of CHK Utica	—	447
Tax rate adjustment	(17)	—
Other	(9)	11
Adjusted net income (loss) available to common stockholders^(a)	<u>\$ (329)</u>	<u>\$ 957</u>
Preferred stock dividends	171	171
Earnings allocated to participating securities	—	26
Total adjusted net income (loss) attributable to Chesapeake	<u>\$ (158)</u>	<u>\$ 1,154</u>
Weighted average fully diluted shares outstanding (in millions)^(b)	777	776
Adjusted earnings (loss) per share assuming dilution^(a)	\$ (0.20)	\$ 1.49

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

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(b) Weighted average fully diluted shares outstanding include shares that were considered antidilutive for calculating earnings per share in accordance with GAAP.

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

THREE MONTHS ENDED:	December 31, 2015	September 30, 2015	December 30, 2014
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 179	\$ 318	\$ 829
Changes in assets and liabilities	207	158	164
OPERATING CASH FLOW^(a)	<u>\$ 386</u>	<u>\$ 476</u>	<u>\$ 993</u>

THREE MONTHS ENDED:	December 31, 2015	September 30, 2015	December 30, 2014
NET INCOME (LOSS)	\$ (2,185)	\$ (4,639)	\$ 668
Interest expense	107	88	7
Income tax expense (benefit)	(649)	(937)	286
Depreciation and amortization of other assets	30	31	38
Oil, natural gas and NGL depreciation, depletion and amortization	326	488	706
EBITDA^(b)	<u>\$ (2,371)</u>	<u>\$ (4,969)</u>	<u>\$ 1,705</u>

THREE MONTHS ENDED:	December 31, 2015	September 30, 2015	December 30, 2014
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 179	\$ 318	\$ 829
Changes in assets and liabilities	207	158	164
Interest expense, net of unrealized gains (losses) on derivatives	104	86	38
Gains on commodity derivatives, net	284	227	1,049
Gains on supply contract derivatives, net	5	70	3
Cash receipts on oil, natural gas and NGL derivative settlements, net	(273)	(223)	(88)
Stock-based compensation	(17)	(18)	—
Restructuring and other termination costs	3	(53)	(3)
Provision for legal contingencies	19	—	(134)
Impairment of oil and natural gas properties	(2,831)	(5,416)	—
Impairments of fixed assets and other	(16)	(78)	(14)
Net gains (losses) on sales of fixed assets	(1)	1	(2)
Losses on investments	(39)	(33)	(7)
Impairment of investments	(53)	—	—
Gains (losses) on purchases or exchanges of debt	304	—	(2)
Other items	(246)	(8)	(128)
EBITDA^(b)	<u>\$ (2,371)</u>	<u>\$ (4,969)</u>	<u>\$ 1,705</u>

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

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

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

YEAR ENDED:	December 31, 2015	December 30, 2014
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,234	\$ 4,634
Changes in assets and liabilities	1,034	512
OPERATING CASH FLOW^(a)	<u>\$ 2,268</u>	<u>\$ 5,146</u>

YEAR ENDED:	December 31, 2015	December 30, 2014
NET INCOME (LOSS)	\$ (14,635)	\$ 2,056
Interest expense	317	89
Income tax expense (benefit)	(4,463)	1,144
Depreciation and amortization of other assets	130	232
Oil, natural gas and NGL depreciation, depletion and amortization	2,099	2,683
EBITDA^(b)	<u>\$ (16,552)</u>	<u>\$ 6,204</u>

YEAR ENDED:	December 31, 2015	December 30, 2014
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,234	\$ 4,634
Changes in assets and liabilities	1,034	512
Interest expense, net of unrealized gains (losses) on derivatives	321	161
Gains on commodity derivatives, net	624	1,018
Gains on supply contract derivatives, net	295	3
Cash (receipts) payments on oil, natural gas and NGL derivative settlements, net	(1,132)	264
Stock-based compensation	(78)	(59)
Restructuring and other termination benefits	14	15
Provision for legal contingencies	(340)	(234)
Impairment of oil and natural gas properties	(18,238)	—
Impairments of fixed assets and other	(175)	(58)
Net gains (losses) on sales of fixed assets	(4)	199
Losses on investments	(96)	(75)
Impairments of investments	(53)	(5)
Net gain on sales of investments	—	67
Gains (losses) on purchases or exchanges of debt	304	(63)
Other items	(262)	(175)
EBITDA^(b)	<u>\$ (16,552)</u>	<u>\$ 6,204</u>

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

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

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

THREE MONTHS ENDED:	December 31, 2015	September 30, 2015	December 30, 2014
EBITDA	\$ (2,371)	\$ (4,969)	\$ 1,705
Adjustments:			
Unrealized (gains) losses on oil, natural gas and NGL derivatives	51	67	(916)
Unrealized gains on supply contract derivatives	(5)	(70)	(3)
Restructuring and other termination costs	(3)	53	(5)
Provision for legal contingencies	(6)	—	134
Impairment of oil and natural gas properties	2,831	5,416	—
Impairments of fixed assets and other	27	79	14
Net (gains) losses on sales of fixed assets	1	(1)	3
Impairment of investments	53	—	—
(Gains) losses on purchases or exchanges of debt	(279)	—	2
Net income attributable to noncontrolling interests	—	(13)	(29)
Other	(1)	(2)	11
Adjusted EBITDA^(a)	<u>\$ 298</u>	<u>\$ 560</u>	<u>\$ 916</u>

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

YEAR ENDED:	December 31, 2015	December 30, 2014
EBITDA	\$ (16,552)	\$ 6,204
Adjustments:		
Unrealized (gains) losses on oil, natural gas and NGL derivatives	693	(1,394)
Unrealized gains on supply contract derivatives	(295)	(3)
Restructuring and other termination costs	36	7
Provision for legal contingencies	353	234
Impairment of oil and natural gas properties	18,238	—
Impairments of fixed assets and other	194	88
Net (gains) losses on sales of fixed assets	4	(199)
Impairments of investments	53	5
Net gains on sales of investments	—	(67)
(Gains) losses on purchases or exchanges of debt	(279)	197
Net income attributable to noncontrolling interests	(50)	(139)
Other	(10)	12
Adjusted EBITDA^(a)	<u>\$ 2,385</u>	<u>\$ 4,945</u>

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

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