

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

THREE MONTHS ENDED:	June 30, 2015	March 31, 2015	June 30, 2014
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 314	\$ 423	\$ 1,352
Changes in assets and liabilities	292	487	(83)
OPERATING CASH FLOW^(a)	\$ 606	\$ 910	\$ 1,269

THREE MONTHS ENDED:	June 30, 2015	March 31, 2015	June 30, 2014
NET INCOME (LOSS)	\$ (4,090)	\$ (3,720)	\$ 230
Interest expense	71	51	27
Income tax expense (benefit)	(1,506)	(1,372)	141
Depreciation and amortization of other assets	34	35	79
Oil, natural gas and NGL depreciation, depletion and amortization	601	684	661
EBITDA^(b)	\$ (4,890)	\$ (4,322)	\$ 1,138

THREE MONTHS ENDED:	June 30, 2015	March 31, 2015	June 30, 2014
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 314	\$ 423	\$ 1,352
Changes in assets and liabilities	292	487	(83)
Interest expense, net of unrealized gains (losses) on derivatives	71	61	58
Gains (losses) on commodity derivatives, net	(48)	161	(213)
Gains on supply contract derivatives, net	220	—	—
Cash (receipts) payments on oil, natural gas and NGL derivative settlements, net	(223)	(413)	150
Stock-based compensation	(20)	(23)	(20)
Restructuring and other termination costs	4	10	(33)
Provision for legal contingencies	(334)	(25)	—
Impairment of oil and natural gas properties	(5,015)	(4,976)	—
Impairments of fixed assets and other	(79)	(2)	(39)
Net gains (losses) on sales of fixed assets	(1)	(3)	93
Losses on investments	(17)	(7)	(24)
Losses on purchases of debt	—	—	(61)
Other items	(54)	(15)	(42)
EBITDA^(b)	\$ (4,890)	\$ (4,322)	\$ 1,138

- (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)

SIX MONTHS ENDED:	June 30, 2015	June 30, 2014
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 737	\$ 2,643
Changes in assets and liabilities	779	240
OPERATING CASH FLOW^(a)	\$ 1,516	\$ 2,883

SIX MONTHS ENDED:	June 30, 2015	June 30, 2014
NET INCOME (LOSS)	\$ (7,810)	\$ 696
Interest expense	122	66
Income tax expense (benefit)	(2,878)	421
Depreciation and amortization of other assets	69	157
Oil, natural gas and NGL depreciation, depletion and amortization	1,285	1,288
EBITDA^(b)	\$ (9,212)	\$ 2,628

SIX MONTHS ENDED:	June 30, 2015	June 30, 2014
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CASH PROVIDED BY OPERATING ACTIVITIES	\$	737	\$	2,643	
Changes in assets and liabilities		779		240	
RECONCILIATION OF OPERATING CASH FLOW AND EBITDA					
Interest expense, net of unrealized gains (losses) on derivatives		132		113	
Gains (losses) on commodity derivatives, net (unaudited)		113		(595)	
Gains on supply contract derivatives, net		220		—	
Cash (receipts) payments on oil, natural gas and NGL derivative settlements, net		(636)		318	
Stock-based compensation		(43)		(40)	
Restructuring and other termination costs		14		(24)	
Provision for legal contingencies		(359)		—	
Impairment of oil and natural gas properties		(9,991)		—	
Impairments of fixed assets and other		(81)		(51)	
Net gains (losses) on sales of fixed assets		(4)		115	
Losses on investments		(24)		(45)	
Net gain on sales of investments		—		67	
Losses on purchases of debt		—		(61)	
Other items		(69)		(52)	
EBITDA^(b)		<u>\$</u>	<u>(9,212)</u>	<u>\$</u>	<u>2,628</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.
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CHESAPEAKE ENERGY CORPORATION
RECONCILIATION OF ADJUSTED NET INCOME AVAILABLE TO COMMON STOCKHOLDERS
(\$ in millions, except per share data)
(unaudited)

THREE MONTHS ENDED:	June 30, 2015	March 31, 2015	June 30, 2014
Net income (loss) available to common stockholders	\$ (4,151)	\$ (3,782)	\$ 145
Adjustments, net of tax:			
Unrealized (gains) losses on commodity derivatives	220	192	(19)
Unrealized gains on supply contract derivatives	(161)	—	—
Restructuring and other termination costs	(3)	(7)	20
Provision for legal contingencies	244	18	—
Impairment of oil and natural gas properties	3,666	3,635	—
Impairments of fixed assets and other	61	3	25
Net (gains) losses on sales of fixed assets	1	2	(57)
Impairments of investments	—	—	3
Losses on purchases of debt	—	—	120
Tax rate adjustment	—	(17)	—
Other	(3)	(2)	(2)
Adjusted net income (loss) available to common stockholders^(a)	\$ (126)	\$ 42	\$ 235
Preferred stock dividends	43	43	43
Earnings allocated to participating securities	—	—	3
Total adjusted net income (loss) attributable to Chesapeake	\$ (83)	\$ 85	\$ 281
Weighted average fully diluted shares outstanding (in millions)^(b)	777	776	776
Adjusted earnings (loss) per share assuming dilution^(a)	\$ (0.11)	\$ 0.11	\$ 0.36

(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)

SIX MONTHS ENDED:	June 30, 2015	June 30, 2014
Net income (loss) available to common stockholders	\$ (7,933)	\$ 518
Adjustments, net of tax:		
Unrealized losses on commodity derivatives	412	61
Unrealized gains on supply contract derivatives	(161)	—
Restructuring and other termination costs	(10)	16
Provision for legal contingencies	262	—
Impairment of oil and natural gas properties	7,301	—
Impairments of fixed assets and other	64	37
Net (gains) losses on sales of fixed assets	3	(72)
Impairments of investments	—	3
Net gain on sales of investments	—	(42)
Losses on purchases of debt	—	121
Tax rate adjustment	(17)	—
Other	(5)	(3)
Adjusted net income (loss) available to common stockholders^(a)	\$ (84)	\$ 639
Preferred stock dividends	86	86
Earnings allocated to participating securities	—	12
Total adjusted net income attributable to Chesapeake	\$ 2	\$ 737
Weighted average fully diluted shares outstanding (in millions)^(b)	777	776
Adjusted earnings per share assuming dilution^(a)	\$ 0.00	\$ 0.95

- (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 EBITDA
(\$ in millions)
(unaudited)

THREE MONTHS ENDED:	June 30, 2015	March 31, 2015	June 30, 2014
EBITDA	\$ (4,890)	\$ (4,322)	\$ 1,138
Adjustments:			
Unrealized losses on oil, natural gas and NGL derivatives	301	274	—
Unrealized gains on supply contract derivatives	(220)	—	—
Restructuring and other termination costs	(4)	(10)	33
Provision for legal contingencies	334	25	—
Impairment of oil and natural gas properties	5,015	4,976	—
Impairments of fixed assets and other	84	4	40
Net (gains) losses on sales of fixed assets	1	3	(93)
Impairments of investments	—	—	5
Losses on purchases of debt	—	—	195
Net income attributable to noncontrolling interests	(18)	(19)	(39)
Other	(3)	(3)	(2)
Adjusted EBITDA^(a)	<u>\$ 600</u>	<u>\$ 928</u>	<u>\$ 1,277</u>

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

SIX MONTHS ENDED:	June 30, 2015	June 30, 2014
EBITDA	\$ (9,212)	\$ 2,628
Adjustments:		
Unrealized losses on oil, natural gas and NGL derivatives	575	144
Unrealized gains on supply contract derivatives	(220)	—
Restructuring and other termination costs	(14)	26
Provision for legal contingencies	359	—
Impairment of oil and natural gas properties	9,991	—
Impairments of fixed assets and other	88	60
Net (gains) losses on sales of fixed assets	4	(115)
Impairments of investments	—	5
Net gains on sales of investments	—	(67)
Losses on purchases of debt	—	195
Net income attributable to noncontrolling interests	(37)	(80)
Other	(6)	(4)
Adjusted EBITDA^(a)	<u>\$ 1,528</u>	<u>\$ 2,792</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.

(0.23)