

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

THREE MONTHS ENDED:	December 31, 2014	September 30, 2014	December 31, 2013
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 829	\$ 1,184	\$ 1,028
Changes in assets and liabilities	44	109	(33)
OPERATING CASH FLOW^(a)	<u>\$ 873</u>	<u>\$ 1,293</u>	<u>\$ 995</u>

THREE MONTHS ENDED:	December 31, 2014	September 30, 2014	December 31, 2013
NET INCOME	\$ 668	\$ 692	\$ (74)
Interest expense	7	17	63
Income tax expense (benefit)	286	437	(45)
Depreciation and amortization of other assets	38	37	80
Oil, natural gas and NGL depreciation, depletion and amortization	706	688	644
EBITDA^(b)	<u>\$ 1,705</u>	<u>\$ 1,871</u>	<u>\$ 668</u>

THREE MONTHS ENDED:	December 31, 2014	September 30, 2014	December 31, 2013
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 829	\$ 1,184	\$ 1,028
Changes in assets and liabilities	44	109	(33)
Interest expense, net of unrealized gains (losses) on derivatives	38	11	53
Oil, natural gas and NGL derivative gains (losses), net	1,049	564	(13)
Cash receipts (payments) on oil, natural gas and NGL derivative settlements, net	(88)	34	30
Stock-based compensation	—	(19)	(20)
Restructuring and other termination costs	(3)	42	(11)
Impairments of fixed assets and other	(14)	(15)	(166)
Net gains (losses) on sales of fixed assets	(2)	86	12
Losses on investments	(7)	(27)	(189)
Provision for legal contingencies	(134)	(100)	—
Losses on purchases of debt and extinguishment of other financing	(2)	—	(3)
Other items	(5)	2	(20)
EBITDA^(b)	<u>\$ 1,705</u>	<u>\$ 1,871</u>	<u>\$ 668</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)

TWELVE MONTHS ENDED:	December 31, 2014	December 31, 2013
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 4,634	\$ 4,614
Changes in assets and liabilities	392	344
OPERATING CASH FLOW^(a)	<u>\$ 5,026</u>	<u>\$ 4,958</u>

TWELVE MONTHS ENDED:	December 31, 2014	December 31, 2013
NET INCOME	\$ 2,056	\$ 894
Interest expense	89	227
Income tax expense	1,144	548
Depreciation and amortization of other assets	232	314
Oil, natural gas and NGL depreciation, depletion and amortization	2,683	2,589
EBITDA^(b)	<u>\$ 6,204</u>	<u>\$ 4,572</u>

TWELVE MONTHS ENDED:	December 31, 2014	December 31, 2013
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 4,634	\$ 4,614
Changes in assets and liabilities	392	344
Interest expense, net of unrealized gains (losses) on derivatives	161	159
Oil, natural gas and NGL derivative gains (losses), net	1,018	129
Cash receipts on oil, natural gas and NGL derivative settlements, net	264	91
Stock-based compensation	(59)	(98)
Restructuring and other termination costs	15	(175)
Impairments of fixed assets and other	(58)	(483)
Net gains on sales of fixed assets	199	302
Provision for legal contingencies	(234)	—
Losses on investments	(80)	(229)
Net gain (loss) on sales of investments	67	(7)
Losses on purchases of debt and extinguishment of other financing	(63)	(40)
Other items	(52)	(35)
EBITDA^(b)	<u>\$ 6,204</u>	<u>\$ 4,572</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 which 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 NET INCOME AVAILABLE TO COMMON STOCKHOLDERS
(\$ in millions, except per share data)
(unaudited)

THREE MONTHS ENDED:	December 31, 2014	September 30, 2014	December 31, 2013
Net income available to common stockholders	\$ 586	\$ 169	\$ (159)
Adjustments, net of tax^(a):			
Unrealized (gains) losses on derivatives	(663)	(378)	13
Restructuring and other termination costs	(3)	(9)	28
Impairments of fixed assets and other	10	9	126
Net (gains) losses on sales of fixed assets	2	(53)	(7)
Losses on purchases of debt and extinguishment of other financing	2	—	76
Losses on investments	—	—	84
Provision for legal contingencies	94	61	—
Other	6	5	—
Redemption of preferred shares of a subsidiary ^(a)	—	447	—
Adjusted net income available to common stockholders^(b)	\$ 34	\$ 251	\$ 161
Preferred stock dividends	43	43	43
Earnings allocated to participating securities	10	3	—
Total adjusted net income attributable to Chesapeake	\$ 87	\$ 297	\$ 204
Weighted average fully diluted shares outstanding (in millions)^(c)	775	776	767
Adjusted earnings per share assuming dilution^(b)	\$ 0.11	\$ 0.38	\$ 0.27

(a) All adjustments to net income available to common stockholders reflected net of tax other than the redemption of preferred shares of a subsidiary.

(b) Adjusted net income and adjusted earnings per share assuming dilution are not measures of financial performance under 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 accounting principles generally accepted in the United States (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.

(c) 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)

TWELVE MONTHS ENDED:	December 31, 2014	December 31, 2013
Net income available to common stockholders	\$ 1,273	\$ 474
Adjustments, net of tax^(a):		
Unrealized gains on derivatives	(941)	(100)
Restructuring and other termination costs	4	154
Impairments of fixed assets and other	57	341
Net gains on sales of fixed assets	(128)	(187)
Impairments of investments	3	6
Net (gain) loss on sales of investments	(43)	5
Losses on purchases of debt and extinguishment of other financing	126	120
Losses on investments	—	84
Provision for legal contingencies	150	—
Other	9	(1)
Redemption of preferred shares of a subsidiary ^(a)	447	69
Adjusted net income available to common stockholders^(b)	\$ 957	\$ 965
Preferred stock dividends	171	171
Earnings allocated to participating securities	26	10
Total adjusted net income attributable to Chesapeake	\$ 1,154	\$ 1,146
Weighted average fully diluted shares outstanding (in millions)^(c)	776	765
Adjusted earnings per share assuming dilution^(b)	\$ 1.49	\$ 1.50

- (a) All adjustments to net income available to common stockholders reflected net of tax other than the redemption of preferred shares of a subsidiary.
- (b) 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 accounting principles generally accepted in the United States (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.
- (c) 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:	December 31, 2014	September 30, 2014	December 31, 2013
EBITDA	\$ 1,705	\$ 1,871	\$ 668
Adjustments:			
Unrealized (gains) losses on oil, natural gas and NGL derivatives	(916)	(622)	11
Restructuring and other termination costs	(5)	(14)	45
Impairments of fixed assets and other	14	15	203
Net (gains) losses on sales of fixed assets	3	(86)	(12)
Net loss on sales of investments	—	—	136
Losses on purchases of debt and extinguishment of other financing	2	—	123
Provision for legal contingencies	134	100	—
Net income attributable to noncontrolling interests	(29)	(30)	(42)
Other	8	2	—
Adjusted EBITDA^(a)	\$ 916	\$ 1,236	\$ 1,132

TWELVE MONTHS ENDED:	December 31, 2014	December 31, 2013
EBITDA	\$ 6,204	\$ 4,572
Adjustments:		
Unrealized gains on oil, natural gas and NGL derivatives	(1,394)	(228)
Restructuring and other termination costs	7	248
Impairments of fixed assets and other	88	550
Net gains on sales of fixed assets	(199)	(302)
Losses on investments	5	146
Net (gain) loss on sales of investments	(67)	7
Losses on purchases of debt and extinguishment of other financing	197	193
Provision for legal contingencies	234	—
Net income attributable to noncontrolling interests	(139)	(170)
Other	9	—
Adjusted EBITDA^(a)	\$ 4,945	\$ 5,016

(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.