

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

THREE MONTHS ENDED:	September 30, 2014	June 30, 2014	September 30, 2013
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,184	\$ 1,352	\$ 1,381
Changes in assets and liabilities	109	(83)	31
OPERATING CASH FLOW^(a)	<u>\$ 1,293</u>	<u>\$ 1,269</u>	<u>\$ 1,412</u>

THREE MONTHS ENDED:	September 30, 2014	June 30, 2014	September 30, 2013
NET INCOME	\$ 692	\$ 230	\$ 240
Interest expense	17	27	40
Income tax expense	437	141	147
Depreciation and amortization of other assets	37	79	79
Natural gas, oil and NGL depreciation, depletion and amortization	688	661	652
EBITDA^(b)	<u>\$ 1,871</u>	<u>\$ 1,138</u>	<u>\$ 1,158</u>

THREE MONTHS ENDED:	September 30, 2014	June 30, 2014	September 30, 2013
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,184	\$ 1,352	\$ 1,381
Changes in assets and liabilities	109	(83)	31
Interest expense, net of unrealized gains (losses) on derivatives	11	58	40
Natural gas, oil and NGL derivative gains (losses), net	564	(213)	(247)
Cash payments on natural gas, oil and NGL derivative settlements, net	34	150	20
Share-based compensation	(19)	(20)	(22)
Restructuring and other termination costs	42	(33)	(60)
Impairments of fixed assets and other	(15)	(39)	(59)
Net gains on sales of fixed assets	86	93	132
Earnings (losses) on investments	(27)	(24)	(30)
Provision for legal contingencies	(100)	—	—
Losses on purchases of debt and extinguishment of other financing	—	(61)	(20)
Other items	2	(42)	(8)
EBITDA^(b)	<u>\$ 1,871</u>	<u>\$ 1,138</u>	<u>\$ 1,158</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 a natural gas and oil 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 natural gas and oil 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)

NINE MONTHS ENDED:	September 30, 2014	September 30, 2013
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 3,805	\$ 3,586
Changes in assets and liabilities	348	372
OPERATING CASH FLOW^(a)	<u>\$ 4,153</u>	<u>\$ 3,958</u>

NINE MONTHS ENDED:	September 30, 2014	September 30, 2013
NET INCOME	\$ 1,387	\$ 967
Interest expense	82	164
Income tax expense	859	594
Depreciation and amortization of other assets	194	234
Natural gas, oil and NGL depreciation, depletion and amortization	1,977	1,945
EBITDA^(b)	<u>\$ 4,499</u>	<u>\$ 3,904</u>

NINE MONTHS ENDED:	September 30, 2014	September 30, 2013
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 3,805	\$ 3,586
Changes in assets and liabilities	348	372
Interest expense, net of unrealized gains (losses) on derivatives	123	107
Natural gas, oil and NGL derivative gains (losses), net	(30)	141
Cash payments on natural gas, oil and NGL derivative settlements, net	352	61
Share-based compensation	(59)	(78)
Restructuring and other termination costs	18	(164)
Impairments of fixed assets and other	(44)	(317)
Net gains on sales of fixed assets	201	290
Provision for legal contingencies	(100)	—
Losses on investments	(72)	(40)
Net gains (losses) on sales of investments	67	(7)
Losses on purchases of debt and extinguishment of other financing	(61)	(37)
Other items	(49)	(10)
EBITDA^(b)	<u>\$ 4,499</u>	<u>\$ 3,904</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 a natural gas and oil 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 natural gas and oil 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:	September 30, 2014	June 30, 2014	September 30, 2013
Net income available to common stockholders	\$ 169	\$ 145	\$ 156
Adjustments, net of tax^(a):			
Unrealized (gains) losses on derivatives	(384)	(19)	118
Restructuring and other termination costs	(9)	20	39
Impairments of fixed assets and other	9	25	55
Net gains on sales of fixed assets	(54)	(57)	(82)
Impairments of investments	—	3	—
Net gains on sales of investments	—	—	(2)
Losses on purchases of debt and extinguishment of other financing	—	120	—
Provision for legal contingencies	62	—	—
Other	11	(2)	(2)
Redemption of preferred shares of a subsidiary ^(a)	447	—	—
Adjusted net income available to common stockholders^(b)	\$ 251	\$ 235	\$ 282
Preferred stock dividends	43	43	43
Earnings allocated to participating securities	3	3	3
Total adjusted net income attributable to Chesapeake	\$ 297	\$ 281	\$ 328
Weighted average fully diluted shares outstanding (in millions)^(c)	776	776	765
Adjusted earnings per share assuming dilution^(b)	\$ 0.38	\$ 0.36	\$ 0.43

(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 natural gas and oil 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)

NINE MONTHS ENDED:	September 30, 2014	September 30, 2013
Net income available to common stockholders	\$ 687	\$ 629
Adjustments, net of tax^(a):		
Unrealized gains on derivatives	(324)	(112)
Restructuring and other termination costs	7	126
Impairments of fixed assets and other	46	215
Net gains on sales of fixed assets	(125)	(180)
Impairments of investments	3	6
Net (gains) losses on sales of investments	(42)	4
Losses on purchases of debt and extinguishment of other financing	121	44
Provision for legal contingencies	62	—
Other	5	(2)
Redemption of preferred shares of a subsidiary ^(a)	447	69
Adjusted net income available to common stockholders^(b)	\$ 887	\$ 799
Preferred stock dividends	128	128
Earnings allocated to participating securities	15	14
Total adjusted net income attributable to Chesapeake	\$ 1,030	\$ 941
Weighted average fully diluted shares outstanding (in millions)^(c)	776	763
Adjusted earnings per share assuming dilution^(b)	\$ 1.33	\$ 1.23

(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 natural gas and oil 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:	September 30, 2014	June 30, 2014	September 30, 2013
EBITDA	\$ 1,871	\$ 1,138	\$ 1,158
Adjustments:			
Unrealized (gains) losses on natural gas, oil and NGL derivatives	(622)	—	191
Restructuring and other termination costs	(14)	33	63
Impairments of fixed assets and other	15	40	89
Net gains on sales of fixed assets	(86)	(93)	(132)
Impairments of investments	—	5	—
Net gains on sales of investments	—	—	(3)
Losses on purchases of debt and extinguishment of other financing	—	195	—
Provision for legal contingencies	100	—	—
Net income attributable to noncontrolling interests	(30)	(39)	(38)
Other	2	(2)	(3)
Adjusted EBITDA^(a)	<u>\$ 1,236</u>	<u>\$ 1,277</u>	<u>\$ 1,325</u>

NINE MONTHS ENDED:	September 30, 2014	September 30, 2013
EBITDA	\$ 4,499	\$ 3,904
Adjustments:		
Unrealized gains on natural gas, oil and NGL derivatives	(479)	(238)
Restructuring and other termination costs	12	203
Impairments of fixed assets and other	75	347
Net gains on sales of fixed assets	(201)	(290)
Impairment of investments	5	10
Net (gains) losses on sales of investments	(67)	7
Losses on purchases of debt and extinguishment of other financing	195	70
Provision for legal contingencies	100	—
Net income attributable to noncontrolling interests	(110)	(127)
Other	—	(3)
Adjusted EBITDA^(a)	<u>\$ 4,029</u>	<u>\$ 3,883</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 natural gas and oil 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.