

CHESAPEAKE ENERGY CORPORATION
RECONCILIATION OF ADJUSTED NET INCOME (LOSS) AVAILABLE TO COMMON STOCKHOLDERS
(\$ in millions)
(unaudited)

	Three Months Ended March 31, 2019		
	Under Full Cost	Successful Efforts Adjustments	As Reported
Net income (loss) available to common stockholders (GAAP)	\$ 156	\$ (200)	\$ (44)
Effect of dilutive securities	—	—	—
Diluted earnings (losses) available to common stockholders (GAAP)^(a)	\$ 156	\$ (200)	\$ (44)
Adjustments:			
Unrealized losses on oil, natural gas and NGL derivatives	281	—	281
Gains on sales of assets	—	(19)	(19)
Other operating expense ^(b)	51	10	61
Impairments	1	—	1
Losses on investments	1	—	1
Other revenue (VPP deferred revenue)	—	(15)	(15)
Other	(2)	—	(2)
Income tax benefit ^(c)	(314)	—	(314)
Adjusted net income (loss) available to common stockholders^(d) (Non-GAAP)	174	(224)	(50)
Preferred stock dividends	23	—	23
Earnings allocated to participating securities	—	—	—
Total adjusted net income (loss) attributable to Chesapeake^{(d)(a)} (Non-GAAP)	\$ 197	\$ (224)	\$ (27)

CHESAPEAKE ENERGY CORPORATION
RECONCILIATION OF ADJUSTED NET INCOME (LOSS) PER SHARE
AVAILABLE TO COMMON STOCKHOLDERS
(unaudited)

	Three Months Ended March 31, 2019		
	Under Full Cost	Successful Efforts Adjustments	As Reported
Net income (loss) per share available to common stockholders (GAAP)	\$ 0.11	\$ (0.14)	\$ (0.03)
Effect of dilutive securities	—	—	—
Diluted earnings (losses) per common stockholder (GAAP) ^(a)	\$ 0.11	\$ (0.14)	\$ (0.03)
Adjustments:			
Unrealized losses on oil, natural gas and NGL derivatives	0.20	—	0.20
Gains on sales of assets	—	(0.01)	(0.01)
Other operating expense ^(b)	0.04	—	0.04
Impairments	—	—	—
Losses on investments	—	—	—
Other revenue (VPP deferred revenue)	—	(0.01)	(0.01)
Other	—	—	—
Income tax benefit ^(c)	(0.23)	—	(0.23)
Adjusted net income (loss) per share available to common stockholders^(d) (Non-GAAP)	0.12	(0.16)	(0.04)
Preferred stock dividends	0.02	—	0.02
Earnings allocated to participating securities	—	—	—
Total adjusted net income (loss) per share attributable to Chesapeake^{(d)(a)} (Non-GAAP)	\$ 0.14	\$ (0.16)	\$ (0.02)

CHESAPEAKE ENERGY CORPORATION
RECONCILIATION OF ADJUSTED NET INCOME (LOSS) AVAILABLE TO COMMON STOCKHOLDERS
(\$ in millions)
(unaudited)

	Three Months Ended March 31, 2018		
	Under Full Cost	Successful Efforts Adjustments	As Reported
Net income (loss) available to common stockholders (GAAP)	\$ 268	\$ (274)	\$ (6)
Effect of dilutive securities	36	(36)	—
Diluted earnings (losses) available to common stockholders (GAAP) ^(a)	\$ 304	\$ (310)	\$ (6)
Adjustments:			
Unrealized losses on oil, natural gas and NGL derivatives	119	—	119
Restructuring and other termination costs	38	—	38
Provision for legal contingencies, net	5	—	5
Gains on sales of assets	—	(19)	(19)
Other operating expense	8	(8)	—
Impairments	—	10	10
Gains on investments	(139)	—	(139)
Other revenue (VPP deferred revenue)	—	(16)	(16)
Other	1	—	1
Income tax expense ^(e)	—	—	—
Adjusted net income (loss) available to common stockholders^(d) (Non-GAAP)	336	(343)	(7)
Preferred stock dividends	23	—	23
Earnings allocated to participating securities	2	(2)	—
Total adjusted net income (loss) attributable to Chesapeake^{(d)(a)} (Non-GAAP)	\$ 361	\$ (345)	\$ 16

CHESAPEAKE ENERGY CORPORATION
RECONCILIATION OF ADJUSTED NET INCOME (LOSS) PER SHARE
AVAILABLE TO COMMON STOCKHOLDERS
(unaudited)

	Three Months Ended March 31, 2018		
	Under Full Cost	Successful Efforts Adjustments	As Reported
Net income (loss) per share available to common stockholders (GAAP)	\$ 0.30	\$ (0.31)	\$ (0.01)
Effect of dilutive securities	(0.01)	0.01	—
Diluted earnings (losses) per common stockholder (GAAP) ^(a)	\$ 0.29	\$ (0.30)	\$ (0.01)
Adjustments:			
Unrealized losses on oil, natural gas and NGL derivatives	0.11	0.02	0.13
Restructuring and other termination costs	0.04	—	0.04
Provision for legal contingencies, net	—	0.01	0.01
Gains on sales of assets	—	(0.02)	(0.02)
Other operating expense	0.01	(0.01)	—
Impairments	—	0.01	0.01
Gains on investments	(0.13)	(0.02)	(0.15)
Other revenue (VPP deferred revenue)	—	(0.02)	(0.02)
Other	—	—	—
Income tax expense ^(e)	—	—	—
Adjusted net income (loss) per share available to common stockholders^(d) (Non-GAAP)	0.32	(0.33)	(0.01)
Preferred stock dividends	0.02	0.01	0.03
Earnings allocated to participating securities	—	—	—
Total adjusted net income (loss) per share attributable to Chesapeake^{(d)(a)} (Non-GAAP)	\$ 0.34	\$ (0.32)	\$ 0.02

- (a) Our presentation of diluted net income (loss) available to common stockholders and diluted adjusted net income (loss) per share excludes 206 million shares considered antidilutive for the three months ended March 31, 2019 and 2018. The number of shares used for the non-GAAP calculation was determined in a manner consistent with GAAP.
- (b) As a result of the merger with Chesapeake, most WildHorse Resource Development Corporation executives and employees were terminated. These executives and employees were entitled to severance benefits of approximately \$38 million in accordance with certain provisions of existing employment agreements that were triggered by the change in control.
- (c) For the three months ending March 31, 2019, we recorded a net deferred tax liability of \$314 million associated with the acquisition of WildHorse Resource Development Corporation. 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 \$314 million. The effective tax rate for the quarter ended March 31, 2019 was 93.7%. Further, no income tax expense or benefit is shown for the adjustments being made to arrive at adjusted net income (loss) available to common stockholders as a result of not recording an income tax expense or benefit on current period results due to maintaining a full valuation allowance against our net deferred tax asset position.
- (d) Adjusted net income (loss) available to common stockholders and total adjusted net income (loss) attributable to Chesapeake, both in the aggregate and per dilutive share, are not measures of financial performance under GAAP, and should not be considered as an alternative to, or more meaningful than, net income (loss) available to common stockholders or earnings (loss) per share. Adjusted net income (loss) available to common stockholders and adjusted earnings (loss) per share 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 (loss) 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 (loss) 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.

Because adjusted net income (loss) available to common stockholders and total adjusted net income (loss) attributable to Chesapeake exclude some, but not all, items that affect net income (loss) available to common stockholders and total adjusted net income (loss) attributable to Chesapeake may vary among companies, our calculation of adjusted net income (loss) available to common stockholders and total adjusted net income (loss) attributable to Chesapeake may not be comparable to similarly titled financial measures of other companies.

- (e) No income tax effect from the adjustments has been included in determining adjusted net income for the three months ended March 31, 2018. Our effective tax rate was 0% due to our valuation allowance position.

CHESAPEAKE ENERGY CORPORATION
RECONCILIATION OF CASH PROVIDED BY OPERATING ACTIVITIES TO ADJUSTED EBITDAX
(\$ in millions)
(unaudited)

	Three Months Ended March 31, 2019		
	Under	Successful	As
	Full Cost	Efforts Adjustments	Reported
CASH PROVIDED BY OPERATING ACTIVITIES (GAAP)	\$ 502	\$ (46)	\$ 456
Changes in assets and liabilities	78	15	93
Interest expense	135	26	161
Exploration expense	—	6	6
Stock-based compensation	(6)	—	(6)
Losses on investments	(1)	—	(1)
Net income attributable to noncontrolling interest	(1)	1	—
Other revenue (VPP deferred revenue)	—	(15)	(15)
Other items	(19)	1	(18)
Adjusted EBITDAX (Non-GAAP)^(a)	\$ 688	\$ (12)	\$ 676

	Three Months Ended March 31, 2018		
	Under	Successful	As
	Full Cost	Efforts Adjustments	Reported
CASH PROVIDED BY OPERATING ACTIVITIES (GAAP)	\$ 656	\$ (68)	\$ 588
Changes in assets and liabilities	(104)	16	(88)
Interest expense	123	39	162
Exploration expense	—	13	13
Stock-based compensation	(9)	—	(9)
Restructuring and other termination costs	38	—	38
Provision for legal contingencies, net	5	—	5
Net income attributable to noncontrolling interest	(1)	—	(1)
Other revenue (VPP deferred revenue)	—	(16)	(16)
Other items	25	—	25
Adjusted EBITDAX (Non-GAAP)^(a)	\$ 733	\$ (16)	\$ 717

(a) Adjusted EBITDAX is not a measure of financial performance under GAAP, and should not be considered as an alternative to, or more meaningful than, cash flow provided by operations prepared in accordance with GAAP. Adjusted EBITDAX excludes certain items that management believes affect the comparability of operating results. The company believes this non-GAAP financial measure is a useful adjunct to cash flow provided by operations because:

- (i) Management uses adjusted EBITDAX to evaluate the company's operational trends and performance relative to other oil and natural gas producing companies.
- (ii) Adjusted EBITDAX 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.

Because adjusted EBITDAX excludes some, but not all, items that affect net income, our calculations of adjusted EBITDAX may not be comparable to similarly titled measures of other companies.

CHESAPEAKE ENERGY CORPORATION
RECONCILIATION OF NET INCOME (LOSS) TO ADJUSTED EBITDAX
(\$ in millions)
(unaudited)

	Three Months Ended March 31, 2019		
	Under	Successful	As
	Full Cost	Efforts Adjustments	Reported
NET INCOME (LOSS) (GAAP)	\$ 180	\$ (201)	\$ (21)
Adjustments:			
Interest expense	135	26	161
Income tax benefit	(314)	—	(314)
Depreciation, depletion and amortization	357	162	519
Exploration expense	—	24	24
Unrealized losses on oil, natural gas and NGL derivatives	281	—	281
Gains on sales of assets	—	(19)	(19)
Other operating expense	51	10	61
Impairments	1	—	1
Losses on investments	1	—	1
Net income attributable to noncontrolling interests	(1)	1	—
Other revenue (VPP deferred revenue)	—	(15)	(15)
Other	(3)	—	(3)
Adjusted EBITDAX (Non-GAAP)^(a)	\$ 688	\$ (12)	\$ 676

	Three Months Ended March 31, 2018		
	Under	Successful	As
	Full Cost	Efforts Adjustments	Reported
NET INCOME (GAAP)	\$ 294	\$ (276)	\$ 18
Adjustments:			
Interest expense	123	39	162
Depreciation, depletion and amortization	286	173	459
Exploration expense	—	81	81
Unrealized losses on oil, natural gas and NGL derivatives	119	—	119
Restructuring and other termination costs	38	—	38
Provision for legal contingencies, net	5	—	5
Gains on sales of assets	—	(19)	(19)
Other operating expense	8	(8)	—
Impairments	—	10	10
Gains on investments	(139)	—	(139)
Net income attributable to noncontrolling interests	(1)	—	(1)
Other revenue (VPP deferred revenue)	—	(16)	(16)
Adjusted EBITDAX (Non-GAAP)^(a)	\$ 733	\$ (16)	\$ 717

- (a) Adjusted EBITDAX is not a measure of financial performance under GAAP, and should not be considered as an alternative to, or more meaningful than, net income (loss) prepared in accordance with GAAP. Adjusted EBITDAX excludes certain items that management believes affect the comparability of operating results. The company believes this non-GAAP financial measure is a useful adjunct to net income (loss) because:
- (i) Management uses adjusted EBITDAX to evaluate the company's operational trends and performance relative to other oil and natural gas producing companies.
 - (ii) Adjusted EBITDAX 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.

Because adjusted EBITDAX excludes some, but not all, items that affect net income (loss), our calculations of adjusted EBITDAX may not be comparable to similarly titled measures of other companies.