

Chesapeake Energy Corporation Reports Financial and Operational Results for the 2014 Second Quarter

OKLAHOMA CITY, August 6, 2014 – Chesapeake Energy Corporation (NYSE:CHK) today reported financial and operational results for the 2014 second quarter. Key information related to the second quarter is as follows:

- ***Company reports adjusted net income of \$0.36 per fully diluted share and adjusted ebitda of \$1.277 billion***
- ***Average production of approximately 695,000 boe per day increases 13% year over year, adjusted for asset sales***
- ***Average oil production of approximately 113,400 bbls per day increases 12% year over year, adjusted for asset sales***
- ***Total capital expenditures of \$1.3 billion decrease 27% year over year***
- ***Company increases midpoint of 2014 production outlook by 10,000 boe per day, reiterates 2014 total capex of \$5.0 to \$5.4 billion***
- ***Spin-off of oilfield services business (NYSE:SSE) completed June 30, 2014***

For the 2014 second quarter, Chesapeake reported net income available to common stockholders of \$145 million, or \$0.22 per fully diluted share. Items typically excluded by securities analysts in their earnings estimates reduced net income available to common stockholders for the 2014 second quarter by approximately \$90 million on an after-tax basis and are presented on Page 13 of this release. The primary component of this reduction to net income was a loss on the repurchase of debt securities associated with our April 2014 debt refinancing, partially offset by net gains on sales of fixed assets. Adjusting for these items, 2014 second quarter net income available to common stockholders was \$235 million, or \$0.36 per fully diluted share, which compares to adjusted net income available to common stockholders of \$265 million, or \$0.51 per fully diluted share, in the 2013 second quarter.

Adjusted ebitda was \$1.277 billion in the 2014 second quarter, compared to \$1.424 billion in the 2013 second quarter. Operating cash flow, which is cash flow provided by operating activities before changes in assets and liabilities, was \$1.269 billion in the 2014 second quarter, compared to \$1.366 billion in the 2013 second quarter. The year-over-year decreases in adjusted ebitda and operating cash flow were primarily the result of higher production and lower per unit costs, which were more than offset by the effect of lower realized oil, natural gas and natural gas liquids (NGL) prices.

Adjusted net income available to common stockholders, operating cash flow, ebitda and adjusted ebitda are non-GAAP financial measures. Reconciliations of these measures to comparable financial measures calculated in accordance with generally accepted accounting principles are provided on pages 13 – 17 of this release.

Doug Lawler, Chesapeake's Chief Executive Officer, commented, "Chesapeake delivered solid organic production growth in the quarter while continuing to demonstrate capital discipline and efficiency. As a result, we are increasing our 2014

production outlook while leaving our capital budget unchanged. In the 2014 second half, we plan to connect approximately 35% more wells to sales than we connected in the first half of the year. As our pace of well connections accelerates, we expect our production growth trajectory will increase accordingly and we anticipate our year-end 2014 exit rate will exceed 730,000 boe per day."

2014 Second Quarter Average Daily Production of Approximately 695,000 Boe Increases 13% Year over Year, Adjusted for Asset Sales

Chesapeake's daily production for the 2014 second quarter averaged 694,650 barrels of oil equivalent (boe), a year-over-year increase of 13%, adjusted for asset sales. Average daily production consisted of approximately 113,400 barrels (bbls) of oil, 84,300 bbls of NGL and 3.0 billion cubic feet (bcf) of natural gas.

On an adjusted basis, 2014 second quarter average daily oil production increased 12% year over year, average daily NGL production increased 72% year over year and natural gas production increased 7% year over year.

Chesapeake is increasing the midpoint of its expected 2014 daily production rate outlook by 10,000 boe, or 1.5%, to between 685,000 and 705,000 boe per day. The increase in production is partially attributable to better production trends in the first half of 2014, coupled with an increase in forecasted well connections during the second half of 2014. A change in the timing of announced divestitures and the acreage swap with RKI Exploration & Production, LLC (RKI), as described below, also impacted the outlook increase.

Recent Strategic Transactions

On June 30, 2014, Chesapeake completed the spin-off of its oilfield services business into an independent publicly traded company, Seventy Seven Energy Inc. (NYSE:SSE). After the close of business on June 30, 2014, Chesapeake distributed to its shareholders one share of SSE common stock for every 14 shares of Chesapeake common stock held as of June 19, 2014, the record date. In conjunction with the spin-off, Chesapeake removed \$1.1 billion of debt associated with SSE from its balance sheet, the effect of which was reflected as of June 30, 2014.

On July 29, 2014, Chesapeake repurchased all of the outstanding preferred shares of its unrestricted subsidiary CHK Utica, L.L.C. (CHK Utica) from third-party preferred shareholders. Chesapeake paid approximately \$1.26 billion to repurchase 1,060,000 preferred shares of CHK Utica. The transaction retired Chesapeake's highest cost leverage instrument and eliminated approximately \$75 million in annual cash dividend payments to third-party preferred shareholders.

On July 29, 2014, Chesapeake announced that it had entered into an agreement with RKI to exchange Chesapeake's nonoperated northern Powder River Basin (PRB) acreage for RKI's southern PRB acreage that is operated by Chesapeake. The transaction is expected to increase Chesapeake's PRB holdings by 66,000 net acres and average working interest from 38% to 79%. In addition to the exchange of acreage, Chesapeake will pay RKI \$450 million in cash. The transaction, which is subject to certain closing conditions including the receipt of third-party consents, is expected to close in August 2014.

Asset Sales Update

During the 2014 second quarter, the company received total proceeds of approximately \$675 million from the sale of noncore assets, including \$362 million of net proceeds from the sale of compression assets to Exterran Partners, L.P. (NASDAQ:EXLP).

In the 2014 second half, Chesapeake expects to receive more than \$700 million in proceeds from various asset sales that have closed, or are underway. These transactions are expected to include noncore E&P assets in southwestern Pennsylvania, South Central Oklahoma, East Texas and South Texas, as well as additional compression assets and other miscellaneous real estate and equipment.

Chesapeake continues to pursue opportunities to high-grade its portfolio while focusing on assets that best align with its strategy of profitable growth from captured resources. The company believes its targeted asset dispositions will be value-accretive and enable it to further reduce financial complexity and lower overall leverage.

Capital Spending and Cost Overview

Chesapeake's total capital expenditures in the 2014 second quarter were approximately \$1.315 billion, of which drilling and completion capital expenditures were approximately \$1.131 billion. This level of expenditures represents an increase of approximately \$402 million, or 55%, compared to the 2014 first quarter. The sequential increase is primarily the result of higher drilling and completion activity during the 2014 second quarter, including a significant increase in nonoperated drilling and completion activity.

In the 2014 second quarter, net expenditures for the acquisition of unproved properties and geological and geophysical costs were approximately \$54 million. Other capital expenditures were approximately \$130 million, of which \$79 million was attributable to capital spending in its former oilfield services business prior to the June 30, 2014 spin-off. In addition, the company purchased rigs and compressors previously sold under long-term lease arrangements for approximately \$82 million as part of its strategic initiative to reduce complexity and future commitments as well as to facilitate asset sales and the SSE spin-off.

Chesapeake spud a total of 324 gross wells and connected 275 gross wells to sales during the 2014 second quarter, compared to 299 gross wells spud and 249 gross wells connected to sales during the 2014 first quarter. In the second half of 2014, the company plans to connect to sales approximately 35% more wells than were connected in the first half of 2014, and anticipates investing approximately 40% more capital on drilling and completions. The company reiterates its 2014 full-year total capital expenditure guidance of \$5.0 – \$5.4 billion, excluding capitalized interest.

Chesapeake's focus on cost discipline continued to generate reductions in production and general and administrative (G&A) expenses. Average production expenses during the 2014 second quarter were \$4.46 per boe, a decrease of 5% from the 2013 second quarter. G&A expenses (including share-based compensation) during the 2014 second quarter were \$1.43 per boe, a decrease of 17% from the 2013 second quarter. Interest expense (excluding unrealized gains or losses on interest rate derivatives) during the 2014 second quarter was \$0.92 per boe, an 8% increase from the 2013 second quarter, as the company capitalized a smaller percentage of its interest cost due to a decrease in unevaluated natural gas and oil properties.

A summary of the company's guidance for 2014 is provided in the Outlook dated August 6, 2014, attached to this release as Schedule "A" beginning on Page 18.

Operational Update - Southern Division

Eagle Ford Shale (South Texas): Eagle Ford net production averaged approximately 91,000 boe per day (200,000 gross operated boe per day) during the 2014 second quarter. Adjusted for asset sales, this represents an increase of 15% year over year and 4% sequentially. Approximately 64% of the company's Eagle Ford production in the

2014 second quarter was oil, 14% was NGL and 22% was natural gas. Current field estimated production rates for the Eagle Ford are more than 101,000 boe per day during the final week of July as increased activity continues to drive higher production.

Chesapeake operated an average of 22 rigs (two of which were spudder rigs) and connected 104 gross wells to sales during the 2014 second quarter in the Eagle Ford, compared to 18 average operated rigs and 81 gross wells connected to sales during the 2014 first quarter. The average peak production rate of the 104 wells that commenced first production in the Eagle Ford during the 2014 second quarter was approximately 825 boe per day.

Mid-Continent (Oklahoma, Texas Panhandle, southern Kansas): Chesapeake's net production in the Mid-Continent during the 2014 second quarter averaged 98,000 boe per day (180,000 gross operated boe per day). Approximately 33% of the company's Mid-Continent production during the 2014 second quarter was oil, 20% was NGL and 47% was natural gas.

During the 2014 second quarter, Chesapeake operated an average of 18 rigs (one of which was a spudder rig) and connected 56 gross wells to sales in the Mid-Continent, compared to 17 average operated rigs and 52 gross wells connected to sales during the 2014 first quarter. The average peak production rate of the 56 wells that commenced first production in the Mid-Continent during the 2014 second quarter was approximately 710 boe per day.

Haynesville Shale (Northwest Louisiana, East Texas): Chesapeake's 2014 second quarter average net production in the Haynesville was approximately 508 million cubic feet of natural gas equivalent (mmcf) per day (785 gross operated mmcf per day). Adjusted for 2013 asset sales, this represents a decrease of 26% year over year and a 3% increase sequentially. All of the company's production in the Haynesville consists of natural gas.

During the 2014 second quarter, Chesapeake operated an average of eight rigs and connected 13 gross wells to sales in the Haynesville, compared to seven average operated rigs and seven gross wells connected to sales during the 2014 first quarter. The average peak production rate of the 13 wells that commenced first production in the Haynesville during the 2014 second quarter was approximately 12.6 mmcf per day.

During the 2014 second quarter, Chesapeake brought on to production nine cross unit lateral tests, which enabled the company to increase lateral length by approximately 17% and access incremental resources that would have otherwise been left undeveloped. The company is encouraged by the initial results of these cross unit laterals and will continue to monitor performance.

Operational Update - Northern Division

Utica Shale (Ohio, Pennsylvania, West Virginia): Utica net production averaged approximately 67,000 boe per day (125,000 gross operated boe per day) during the 2014 second quarter, an increase of 373% year over year and 34% sequentially. Approximately 10% of the company's Utica production during the 2014 second quarter was oil, 30% was NGL and 60% was natural gas.

During the 2014 second quarter, Chesapeake operated an average of eight rigs and connected 48 gross wells to sales in the Utica, compared to an average of nine operated rigs and 47 gross wells connected to sales during the 2014 first quarter. The average peak production rate of the 48 wells that commenced first production in the Utica during the 2014 second quarter was approximately 1,200 boe per day.

As of June 30, 2014, the company had 210 wells awaiting pipeline connection or in various stages of completion in the Utica. In June 2014, the third phase of the Kensington gas processing plant, located in Columbiana County, Ohio, was placed into service. This incremental capacity will enable the company to connect more Utica wells to sales during the 2014 second half and begin to reduce its inventory of nonproducing wells to a more normalized working level.

Northern Marcellus Shale (Pennsylvania): Average net production in the northern Marcellus was approximately 878 mmcf per day (2,145 gross operated mmcf per day), an increase of 12% year over year and a decrease of 3% sequentially. The sequential decrease was primarily the result of significant downtime at a large pipeline compressor station in June. All of the company's production in the northern Marcellus consists of natural gas.

During the 2014 second quarter, Chesapeake operated an average of six rigs and connected 21 gross wells to sales in the northern Marcellus, compared to five average operated rigs and 22 gross wells connected to sales during the 2014 first quarter. The average peak production rate of the 21 wells that commenced first production in the northern Marcellus during the 2014 second quarter was approximately 13.6 mmcf per day.

As of June 30, 2014, the company had 120 wells awaiting pipeline connection or in various stages of completion in the northern Marcellus.

Southern Marcellus Shale (Pennsylvania, West Virginia): Average net production in the southern Marcellus was approximately 58,000 boe per day (95,400 gross operated boe per day), an increase of 67% year over year and an increase of 5% sequentially. Approximately 9% of the company's southern Marcellus production during the 2014 second quarter was oil, 34% was NGL and 57% was natural gas.

During the 2014 second quarter, Chesapeake operated an average of one rig and connected nine gross wells to sales in the southern Marcellus, compared to two average operated rigs and 11 gross wells connected to sales during the 2014 first quarter. The average peak production rate of the nine wells that commenced first production in the southern Marcellus during the 2014 second quarter was approximately 1,875 boe per day. Chesapeake recently added a second rig in the southern Marcellus where its primary objective will be to delineate the dry Utica formation in the West Virginia Panhandle.

Powder River Basin (Wyoming): Average net production in the PRB was approximately 11,000 boe per day (19,150 gross operated boe per day), an increase of 479% year over year and an increase of 17% sequentially. Approximately 51% of the company's Powder River Basin production during the 2014 second quarter was oil, 16% was NGL and 33% was natural gas.

During the 2014 second quarter, Chesapeake operated an average of three rigs and connected 11 gross wells to sales in the Powder River Basin, compared to four average operated rigs and 13 gross wells connected to sales during the 2014 first quarter. The average peak production rate of the 11 wells that commenced first production in the Powder River Basin during the 2014 second quarter was approximately 1,765 boe per day.

Chesapeake intends to begin adding more rigs in the Powder River Basin during the 2015 first quarter, and expects to average approximately seven to nine rigs drilling throughout 2015. The company expects that its production from the Powder River Basin will be relatively constrained until the Buckinghorse gas processing plant is placed into service during the 2014 fourth quarter.

As of June 30, 2014, the company had 47 wells awaiting pipeline connection or in various stages of completion in the Powder River Basin.

Key Financial and Operational Results

The table below summarizes Chesapeake's key financial and operational results during the 2014 second quarter and compares them to results in prior periods.

2014 Second Quarter Financial and Operational Results Conference Call Information

A conference call to discuss this release has been scheduled for Wednesday, August 6, 2014, at 9:00 am EDT. The telephone number to access the conference call is **913-312-1469** or toll-free **888-778-8903**. The passcode for the call is **3038618**. We encourage those who would like to participate in the call to place calls between 8:50 and 9:00 am EDT. For those unable to participate in the conference call, a replay will be available for audio playback at 2:00 pm EDT on Wednesday, August 6, 2014, and will run through 2:00 pm EDT on Wednesday, August 20, 2014. The number to access the conference call replay is **719-457-0820** or toll-free **888-203-1112**. The passcode for the replay is **3038618**. The conference call will also be webcast live on Chesapeake's website at www.chk.com in the "Events" subsection of the "Investors" section of the website.

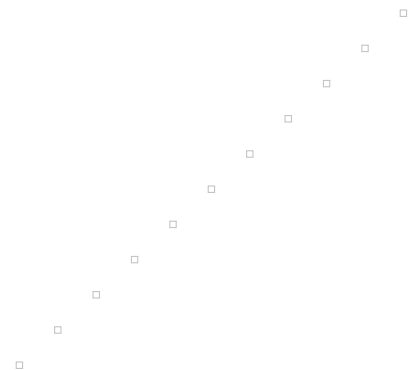
Chesapeake Energy Corporation (NYSE:CHK) is the second-largest producer of natural gas and the 10th largest producer of oil and natural gas liquids in the U.S. Headquartered in Oklahoma City, the company's operations are focused on discovering and developing its large and geographically diverse resource base of unconventional natural gas and oil assets onshore in the U.S. The company also owns substantial marketing and compression businesses. Further information is available at www.chk.com where Chesapeake routinely posts announcements, updates, events, investor information, presentations and news releases.

This news release and the accompanying Outlook include "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are statements other than statements of historical fact. They include statements that give our current expectations or forecasts of future events, production, production growth and well connection forecasts, estimates of operating costs, planned development drilling and expected drilling cost reductions, capital expenditures, expected efficiency gains, anticipated asset sales and proceeds to be received therefrom, projected cash flow and liquidity, business strategy and other plans and objectives for future operations, and the assumptions on which such statements are based. Although we believe the expectations and forecasts reflected in the forward-looking statements are reasonable, we can give no assurance they will prove to have been correct. They can be affected by inaccurate or changed assumptions or by known or unknown risks and uncertainties.

Factors that could cause actual results to differ materially from expected results include those described under "Risk Factors" in Item 1A of our 2013 annual report on Form 10-K filed with the U.S. Securities and Exchange Commission on February 27, 2014. These risk factors include the volatility of natural gas, oil and NGL prices; the limitations our level of indebtedness may have on our financial flexibility; declines in the prices of natural gas and oil potentially resulting in a write-down of our asset carrying values; the availability of capital on an economic basis, including through planned asset sales, to fund reserve replacement costs; our ability to replace reserves and sustain production; uncertainties inherent in estimating quantities of natural gas, oil and NGL

reserves and projecting future rates of production and the amount and timing of development expenditures; our ability to generate profits or achieve targeted results in drilling and well operations; leasehold terms expiring before production can be established; hedging activities resulting in lower prices realized on natural gas, oil and NGL sales; the need to secure hedging liabilities and the inability of hedging counterparties to satisfy their obligations; drilling and operating risks, including potential environmental liabilities; legislative and regulatory changes adversely affecting our industry and our business, including initiatives related to hydraulic fracturing, air emissions and endangered species; a deterioration in general economic, business or industry conditions having a material adverse effect on our results of operations, liquidity and financial condition; oilfield services shortages, gathering system and transportation capacity constraints and various transportation interruptions that could adversely affect our revenues and cash flow; adverse developments and losses in connection with pending or future litigation and regulatory investigations; cyber attacks adversely impacting our operations; and an interruption at our headquarters that adversely affects our business.

In addition, disclosures concerning the estimated contribution of derivative contracts to our future results of operations are based upon market information as of a specific date. These market prices are subject to significant volatility. Our production forecasts are also dependent upon many assumptions, including estimates of production decline rates from existing wells and the outcome of future drilling activity. Further, the timing of and amount of proceeds from future asset sales, which are subject to changes in market conditions and other factors beyond our control, will affect our ability to further reduce financial leverage and complexity. The transaction with RKI is subject to closing conditions, including third-party consents, and it may not be completed in the time frame anticipated or at all. Chesapeake's interest in the properties acquired in the RKI exchange will be reduced if applicable participation rights are exercised and other conditions, including payment to Chesapeake of consideration for such participation, are fulfilled. We caution you not to place undue reliance on our forward-looking statements, which speak only as of the date of this news release, and we undertake no obligation to update any of the information provided in this release or the accompanying Outlook, except as required by applicable law.



Natural Gas, Oil and NGL Hedging Activities

Chesapeake enters into natural gas, oil and NGL derivative transactions in order to mitigate a portion of its exposure to adverse changes in market prices. Please see the quarterly reports on Form 10-Q and annual reports on Form 10-K filed by Chesapeake with the SEC for detailed information about derivative instruments the company uses, its quarter-end and year-end derivative positions and accounting for natural gas, oil and NGL derivatives.

As of July 31, 2014, the company had downside protection on approximately 69% of its remaining projected 2014 natural gas production at an average price of \$4.12 per

thousand cubic feet of natural gas. Approximately 65% of the company's remaining projected 2014 oil production had downside protection at an average price of \$94.25 per bbl.

The company's natural gas hedging positions as of July 31, 2014 were as follows:

Source: Chesapeake Energy Corporation

Chesapeake Energy Corporation

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