

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q**

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended June 30, 2024

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____

Commission File No. 001-13726



CHESAPEAKE ENERGY CORPORATION

(Exact name of registrant as specified in its charter)

Oklahoma

73-1395733

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

6100 North Western

Oklahoma

Avenue,

City,

Oklahoma

73118

(Address of principal executive offices)

(Zip Code)

(405)

848-8000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, \$0.01 par value per share	CHK	The Nasdaq Stock Market LLC
Class A Warrants to purchase Common Stock	CHKEW	The Nasdaq Stock Market LLC
Class B Warrants to purchase Common Stock	CHKEZ	The Nasdaq Stock Market LLC
Class C Warrants to purchase Common Stock	CHKEL	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☒ Accelerated Filer ☐ Non-accelerated Filer ☐

Smaller Reporting Company ☐ Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☒ No ☐

As of July 25, 2024, there were 131,275,152 shares of our \$0.01 par value common stock outstanding.

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES
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Definitions

Unless the context otherwise indicates, references to “us,” “we,” “our,” “ours,” “Chesapeake,” the “Company” and “Registrant” refer to Chesapeake Energy Corporation and its consolidated subsidiaries. All monetary values, other than per unit and per share amounts, are stated in millions of U.S. dollars unless otherwise specified. In addition, the following are other abbreviations and definitions of certain terms used within this Quarterly Report on Form 10-Q:

“ASU” means Accounting Standards Update.

“Bankruptcy Code” means Title 11 of the United States Code, 11 U.S.C. §§ 101–1532, as amended.

“Bankruptcy Court” means the United States Bankruptcy Court for the Southern District of Texas.

“Bbl” or “Bbls” means barrel or barrels.

“Bcf” means billion cubic feet.

“Chapter 11 Cases” means, when used with reference to a particular Debtor, the case pending for that Debtor under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court, and when used with reference to all the Debtors, the procedurally consolidated Chapter 11 cases pending for the Debtors in the Bankruptcy Court.

“Class A Warrants” means warrants to purchase 10 percent of the common stock (after giving effect to the Rights Offering, but subject to dilution by the Management Incentive Plan, the Class B Warrants, and the Class C Warrants), at an initial exercise price per share of \$27.63. The Class A Warrants are exercisable from the Effective Date until February 9, 2026.

“Class B Warrants” means warrants to purchase 10 percent of the common stock (after giving effect to the Rights Offering, but subject to dilution by the Management Incentive Plan and the Class C Warrants), at an initial exercise price per share of \$32.13. The Class B Warrants are exercisable from the Effective Date until February 9, 2026.

“Class C Warrants” means warrants to purchase 10 percent of the common stock (after giving effect to the Rights Offering, but subject to dilution by the Management Incentive Plan), at an initial exercise price per share of \$36.18. The Class C Warrants are exercisable from the Effective Date until February 9, 2026.

“Confirmation Order” means the order confirming the Fifth Amended Joint Chapter 11 Plan of Reorganization of Chesapeake Energy Corporation and its Debtor Affiliates, Docket No. 2915, entered by the Bankruptcy Court on January 16, 2021.

“Current Period” means the six months ended June 30, 2024.

“Current Quarter” means the three months ended June 30, 2024.

“DD&A” means depreciation, depletion and amortization.

“Debtors” means the Company, together with all of its direct and indirect subsidiaries that have filed the Chapter 11 Cases.

“Effective Date” means February 9, 2021.

“ESG” means environmental, social and governance.

“FASB” means Financial Accounting Standards Board.

“G&A” means general and administrative expenses.

“GAAP” means U.S. generally accepted accounting principles.

“General Unsecured Claim” means any Claim against any Debtor that is not otherwise paid in full during the Chapter 11 Cases pursuant to an order of the Bankruptcy Court and is not an Administrative Claim, a Priority Tax Claim, an Other Priority Claim, an Other Secured Claim, a Revolving Credit Facility Claim, a FLLO Term Loan

Facility Claim, a Second Lien Notes Claim, an Unsecured Notes Claim, an Intercompany Claim, or a Section 510(b) Claim.

“LNG” means liquefied natural gas.

“LTIP” means the Chesapeake Energy Corporation 2021 Long-Term Incentive Plan.

“MBbl” means thousand barrels.

“Mcf” means thousand cubic feet.

“Mcf” means one thousand cubic feet of natural gas equivalent, with one barrel of oil or NGL converted to an equivalent volume of natural gas using the ratio of one barrel of oil or NGL to six Mcf of natural gas.

“MMcf” means million cubic feet.

“MMcfe” means million cubic feet of natural gas equivalent.

“NGL” means natural gas liquids.

“NYMEX” means New York Mercantile Exchange.

“OPEC+” means Organization of the Petroleum Exporting Countries Plus.

“Petition Date” means June 28, 2020, the date on which the Debtors commenced the Chapter 11 Cases.

“Plan” means the Fifth Amended Joint Chapter 11 Plan of Reorganization of Chesapeake Energy Corporation and its Debtor Affiliates, attached as Exhibit A to the Confirmation Order.

“Prior Period” means the six months ended June 30, 2023.

“Prior Quarter” means the three months ended June 30, 2023.

“Rights Offering” means the common stock rights offering for the Rights Offering Amount consummated by the Debtors on the Effective Date.

“Southwestern” means Southwestern Energy Company.

“Southwestern Merger” means Chesapeake's planned merger with Southwestern, which, subject to satisfaction or waiver of certain closing conditions, including certain regulatory approvals, is targeted to close in the second half of 2024.

“SEC” means United States Securities and Exchange Commission.

“SOFR” means a rate equal to the secured overnight financing rate as administered by the SOFR Administrator, the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

“Warrants” means collectively, the Class A Warrants, Class B Warrants and Class C Warrants.

“/Bbl” means per barrel.

“/Mcf” means per Mcf.

“/Mcfe” means per Mcfe.

PART I. FINANCIAL INFORMATION

ITEM 1. Condensed Consolidated Financial Statements

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

(\$ in millions, except per share data)

	June 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,019	\$ 1,079
Restricted cash	76	74
Accounts receivable, net	350	593
Derivative assets	361	637
Other current assets	207	226
Total current assets	2,013	2,609
Property and equipment:		
Natural gas and oil properties, successful efforts method		
Proved natural gas and oil properties	12,105	11,468
Unproved properties	1,800	1,806
Other property and equipment	512	497
Total property and equipment	14,417	13,771
Less: accumulated depreciation, depletion and amortization	(4,413)	(3,674)
Total property and equipment, net	10,004	10,097
Long-term derivative assets	19	74
Deferred income tax assets	995	933
Other long-term assets	577	663
Total assets	\$ 13,608	\$ 14,376
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 274	\$ 425
Accrued interest	39	39
Derivative liabilities	7	3
Other current liabilities	611	847
Total current liabilities	931	1,314
Long-term debt, net	2,021	2,028
Long-term derivative liabilities	3	9
Asset retirement obligations, net of current portion	264	265
Other long-term liabilities	19	31
Total liabilities	3,238	3,647
Contingencies and commitments (Note 5)		
Stockholders' equity:		
Common stock, \$ 0.01 par value, 450,000,000 shares authorized: 131,252,107 and 130,789,936 shares issued	1	1
Additional paid-in capital	5,768	5,754
Retained earnings	4,601	4,974
Total stockholders' equity	10,370	10,729
Total liabilities and stockholders' equity	\$ 13,608	\$ 14,376

The accompanying notes are an integral part of these condensed consolidated financial statements.

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
(\$ in millions, except per share data)				
Revenues and other:				
Natural gas, oil and NGL	\$ 378	\$ 649	\$ 967	\$ 2,102
Marketing	136	611	448	1,263
Natural gas and oil derivatives	(11)	159	161	1,089
Gains on sales of assets	2	472	10	807
Total revenues and other	505	1,891	1,586	5,261
Operating expenses:				
Production	49	89	108	220
Gathering, processing and transportation	154	207	327	471
Severance and ad valorem taxes	18	40	47	109
Exploration	3	8	5	15
Marketing	141	611	464	1,262
General and administrative	47	31	94	66
Separation and other termination costs	23	3	23	3
Depreciation, depletion and amortization	348	376	747	766
Other operating expense, net	16	9	33	12
Total operating expenses	799	1,374	1,848	2,924
Income (loss) from operations	(294)	517	(262)	2,337
Other income (expense):				
Interest expense	(20)	(22)	(39)	(59)
Losses on purchases, exchanges or extinguishments of debt	(2)	—	(2)	—
Other income	21	23	41	33
Total other income (expense)	(1)	1	—	(26)
Income (loss) before income taxes	(295)	518	(262)	2,311
Income tax expense (benefit)	(68)	127	(61)	531
Net income (loss)	\$ (227)	\$ 391	\$ (201)	\$ 1,780
Earnings (loss) per common share:				
Basic	\$ (1.73)	\$ 2.93	\$ (1.53)	\$ 13.27
Diluted	\$ (1.73)	\$ 2.73	\$ (1.53)	\$ 12.36
Weighted average common shares outstanding (in thousands):				
Basic	131,168	133,514	131,030	134,125
Diluted	131,168	143,267	131,030	144,007

The accompanying notes are an integral part of these condensed consolidated financial statements.

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(\$ in millions)	Six Months Ended June 30,	
	2024	2023
Cash flows from operating activities:		
Net income (loss)	\$ (201)	\$ 1,780
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, depletion and amortization	747	766
Deferred income tax expense (benefit)	(61)	399
Derivative gains, net	(161)	(1,089)
Cash receipts (payments) on derivative settlements, net	488	(49)
Share-based compensation	19	16
Gains on sales of assets	(10)	(807)
Losses on purchases, exchanges or extinguishments of debt	2	—
Other	(7)	29
Changes in assets and liabilities	(55)	359
Net cash provided by operating activities	761	1,404
Cash flows from investing activities:		
Capital expenditures	(723)	(1,027)
Receipts of deferred consideration	116	—
Contributions to investments	(45)	(88)
Proceeds from divestitures of property and equipment	12	1,963
Net cash provided by (used in) investing activities	(640)	848
Cash flows from financing activities:		
Proceeds from Credit Facility	—	1,125
Payments on Credit Facility	—	(2,175)
Funds held for transition services	—	97
Proceeds from warrant exercise	1	—
Debt issuance and other financing costs	(4)	—
Cash paid to repurchase and retire common stock	—	(181)
Cash paid for common stock dividends	(176)	(335)
Net cash used in financing activities	(179)	(1,469)
Net increase (decrease) in cash, cash equivalents and restricted cash	(58)	783
Cash, cash equivalents and restricted cash, beginning of period	1,153	192
Cash, cash equivalents and restricted cash, end of period	\$ 1,095	\$ 975
Cash and cash equivalents	\$ 1,019	\$ 903
Restricted cash	76	72
Total cash, cash equivalents and restricted cash	\$ 1,095	\$ 975

The accompanying notes are an integral part of these condensed consolidated financial statements.

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS – (Continued)
(Unaudited)

Supplemental disclosures to the condensed consolidated statements of cash flows are presented below:

(\$ in millions)	Six Months Ended June 30,	
	2024	2023
Supplemental cash flow information:		
Interest paid, net of capitalized interest	\$ 45	\$ 68
Income tax refunds received, net	\$ (2)	\$ (60)
Supplemental disclosure of significant non-cash investing and financing activities:		
Change in accrued drilling and completion costs	\$ (62)	\$ 31
Operating lease obligations recognized	\$ —	\$ 65

The accompanying notes are an integral part of these condensed consolidated financial statements.

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

	Common Stock				Total
(\$ in millions)	Shares	Amount	Additional Paid-in Capital	Retained Earnings	Stockholders' Equity
Balance as of December 31, 2022	134,715,094	\$ 1	\$ 5,724	\$ 3,399	\$ 9,124
Share-based compensation	92,048	—	5	—	5
Issuance of common stock for warrant exercise	4,654	—	—	—	—
Repurchase and retirement of common stock	(792,543)	—	—	(60)	(60)
Net income	—	—	—	1,389	1,389
Dividends on common stock	—	—	—	(175)	(175)
Balance as of March 31, 2023	134,019,253	\$ 1	\$ 5,729	\$ 4,553	\$ 10,283
Share-based compensation	109,012	—	7	—	7
Issuance of common stock for warrant exercise	878	—	—	—	—
Repurchase and retirement of common stock	(1,444,402)	—	(10)	(115)	(125)
Net income	—	—	—	391	391
Dividends on common stock	—	—	—	(160)	(160)
Balance as of June 30, 2023	132,684,741	\$ 1	\$ 5,726	\$ 4,669	\$ 10,396
Balance as of December 31, 2023	130,789,936	\$ 1	\$ 5,754	\$ 4,974	\$ 10,729
Share-based compensation	168,538	—	4	—	4
Issuance of common stock for warrant exercise	201	—	—	—	—
Net income	—	—	—	26	26
Dividends on common stock	—	—	—	(77)	(77)
Balance as of March 31, 2024	130,958,675	\$ 1	\$ 5,758	\$ 4,923	\$ 10,682
Share-based compensation	264,072	—	9	—	9
Issuance of common stock for warrant exercise	29,360	—	1	—	1
Net loss	—	—	—	(227)	(227)
Dividends on common stock	—	—	—	(95)	(95)
Balance as of June 30, 2024	131,252,107	\$ 1	\$ 5,768	\$ 4,601	\$ 10,370

The accompanying notes are an integral part of these condensed consolidated financial statements.

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation and Summary of Significant Accounting Policies

Description of Company

Chesapeake Energy Corporation ("Chesapeake," "we," "our," "us" or the "Company") is a natural gas and oil exploration and production company engaged in the acquisition, exploration and development of properties for the production of natural gas, oil and NGL from underground reservoirs. Our operations are located onshore in the United States.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of Chesapeake were prepared in accordance with GAAP and the rules and regulations of the SEC. Pursuant to such rules and regulations, certain disclosures have been condensed or omitted.

This Quarterly Report on Form 10-Q (this "Form 10-Q") relates to our financial position as of June 30, 2024 and December 31, 2023, and our results of operations for the three months ended June 30, 2024 ("Current Quarter"), the six months ended June 30, 2024 ("Current Period"), the three months ended June 30, 2023 ("Prior Quarter") and the six months ended June 30, 2023 ("Prior Period"). Our [annual report on Form 10-K](#) for the year ended December 31, 2023 ("2023 Form 10-K") should be read in conjunction with this Form 10-Q. The accompanying unaudited condensed consolidated financial statements reflect all normal recurring adjustments that, in the opinion of management, are necessary for a fair statement of our condensed consolidated financial statements and accompanying notes and include the accounts of our direct and indirect wholly owned subsidiaries and entities in which we have a controlling financial interest. Intercompany accounts and balances have been eliminated. For the time periods covered by this Form 10-Q, we did not have any changes or items impacting other comprehensive income.

Segments

Operating segments are defined as components of an enterprise that engage in activities from which it may earn revenues and incur expenses for which separate operational financial information is available and is regularly evaluated by the chief operating decision maker ("CODM"), who is our Chief Executive Officer, for the purpose of allocating an enterprise's resources and assessing its operating performance. We have concluded that we have only one reportable operating segment due to the similar nature of the exploration and production business across Chesapeake and its consolidated subsidiaries and the fact that our marketing activities are ancillary to our operations.

Restricted Cash

As of June 30, 2024, we had restricted cash of \$ 7.6 million. Our restricted cash represents funds legally restricted for payment of certain convenience class unsecured claims following our emergence from bankruptcy, as well as for future payment of certain royalties.

Recently Issued Accounting Standards Not Yet Adopted

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. ASU 2023-09 intends to provide investors with additional information about an entity's income taxes by requiring disclosure of items such as disaggregation of the effective tax rate reconciliation as well as information regarding income taxes paid. This ASU is effective for annual reporting periods beginning after December 15, 2024, with early adoption permitted for annual financial statements that have not yet been issued or made available for issuance. We are evaluating the impact this ASU will have on our disclosures and do not expect it to have a material impact on our consolidated financial statements.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segments Disclosures*. Under ASU 2023-07, the scope and frequency of segment disclosures is increased to provide investors with additional detail about information utilized by an entity's CODM, including information about significant segment expenses. This ASU is effective beginning with our 2024 annual reporting and

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

interim periods beginning in 2025, with early adoption permitted. We are evaluating the impact this ASU will have on our disclosures and do not expect it to have a material impact on our consolidated financial statements.

2. Natural Gas and Oil Property Transactions

Southwestern Merger Agreement

On January 10, 2024, Chesapeake and Southwestern entered into an all-stock agreement and plan of merger (the "Merger Agreement"). Southwestern is an independent energy company engaged in development, exploration and production activities, including related marketing activities, within its operating areas in the Appalachia and Haynesville shale plays. Pursuant to the terms of the Merger Agreement, at the effective time of the Southwestern Merger, each eligible share of Southwestern common stock issued and outstanding immediately prior to the effective time will be automatically converted into the right to receive 0.0867 of a share of Chesapeake's common stock. Our Board of Directors and the Board of Directors of Southwestern both approved the Merger Agreement. At separate special meetings each held on June 18, 2024, Chesapeake's stockholders approved the issuance of Chesapeake's common stock to the stockholders of Southwestern in connection with the Merger, and Southwestern's stockholders approved the Merger Agreement. Subject to obtaining certain regulatory approvals and the satisfaction or waiver of other customary closing conditions, the Southwestern Merger is targeted to close in the second half of 2024.

Eagle Ford Divestitures

In January 2023, we entered into an agreement to sell a portion of our Eagle Ford assets to WildFire Energy I LLC for approximately \$ 1.425 billion, subject to customary post-closing adjustments. Approximately \$ 225 million of the purchase price was recorded as deferred consideration and treated as a non-interest-bearing note to be paid in installments of \$ 60 million per year for the first three years following the transaction close date and \$ 45 million to be paid in the fourth year following the transaction close date. During the Current Period, we received the first installment payment related to this transaction. The deferred consideration is recorded at fair value with an imputed rate of interest as a Level 2 input, and approximately \$ 57 million and \$ 58 million of the deferred consideration is reflected within other current assets and approximately \$ 85 million and \$ 135 million is reflected within other long-term assets on the condensed consolidated balance sheets as of June 30, 2024 and December 31, 2023, respectively. The divestiture, which closed on March 20, 2023 (with an effective date of October 1, 2022), resulted in a gain of approximately \$ 337 million, inclusive of post-closing adjustments, based on the difference between the carrying value of the assets and consideration received.

In February 2023, we entered into an agreement to sell a portion of our remaining Eagle Ford assets to INEOS Upstream Holdings Limited ("INEOS Energy") for approximately \$ 1.4 billion, subject to customary post-closing adjustments. Approximately \$ 225 million of the purchase price was recorded as deferred consideration and treated as a non-interest-bearing note to be paid in installments of approximately \$ 56 million per year for four years following the transaction close date. During the Current Quarter, we received the first installment payment related to this transaction. The deferred consideration is recorded at fair value with an imputed rate of interest as a Level 2 input, and approximately \$ 53 million and \$ 55 million of the deferred consideration is reflected within other current assets and approximately \$ 95 million and \$ 144 million is reflected within other long-term assets on the condensed consolidated balance sheets as of June 30, 2024 and December 31, 2023, respectively. The divestiture, which closed on April 28, 2023 (with an effective date of October 1, 2022), resulted in a gain of approximately \$ 470 million, based on the difference between the carrying value of the assets and consideration received.

In August 2023, we entered into an agreement to sell the final portion of our Eagle Ford assets to SilverBow Resources, Inc. ("SilverBow") for approximately \$ 700 million, subject to customary post-closing adjustments. Approximately \$ 50 million of the purchase price was recorded as deferred consideration and treated as a non-interest-bearing note to be paid one year from the closing date. The deferred consideration is recorded at fair value with an imputed rate of interest as a Level 2 input, and approximately \$ 48 million and \$ 46 million of the deferred consideration is reflected within other current assets on the condensed consolidated balance sheets as of June 30, 2024 and December 31, 2023, respectively. Additionally, SilverBow agreed to pay Chesapeake an additional contingent payment of \$ 25 million should WTI NYMEX prices average between \$ 75 and \$ 80 per barrel or \$ 50 million should WTI NYMEX prices average above \$ 80 per barrel during the year following the close of the transaction. The fair value of the contingent consideration as of June 30, 2024 of \$ 33 million is reflected within

CHESAPEAKE ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

derivative assets within our condensed consolidated balance sheets. See [Note 11](#) for additional information. The divestiture, which closed on November 30, 2023 (with an effective date of February 1, 2023), resulted in a gain of approximately \$ 140 million, based on the difference between the carrying value of the assets and consideration received.

3. Earnings Per Share

Basic earnings (loss) per common share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period. Diluted earnings (loss) per common share is calculated in the same manner but includes the impact of potentially dilutive securities utilizing the treasury stock method. Potentially dilutive securities consists of issuable shares related to warrants, unvested restricted stock units ("RSUs"), and unvested performance share units ("PSUs").

The reconciliations between basic and diluted earnings (loss) per share are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Numerator				
Net income (loss), basic and diluted	\$ (227)	\$ 391	\$ (201)	\$ 1,780
Denominator (in thousands)				
Weighted average common shares outstanding, basic	131,168	133,514	131,030	134,125
Effect of potentially dilutive securities				
Warrants	—	9,497	—	9,529
Restricted stock units	—	208	—	306
Performance share units	—	48	—	47
Weighted average common shares outstanding, diluted	131,168	143,267	131,030	144,007
Earnings (loss) per common share:				
Basic	\$ (1.73)	\$ 2.93	\$ (1.53)	\$ 13.27
Diluted	\$ (1.73)	\$ 2.73	\$ (1.53)	\$ 12.36

During the Current Quarter and Current Period, the diluted loss per share calculation excludes the effect of 777,369 reserved shares of common stock and 1,466,502 reserved Class C Warrants related to the settlement of General Unsecured Claims associated with the Chapter 11 Cases, as all necessary conditions had not been met for such shares to be considered dilutive shares. Additionally, the diluted loss per share calculations during the Current Quarter and Current Period excludes the antidilutive effect of 10,803,037 and 10,570,473 Warrants, 220,935 and 306,195 RSUs and 120,171 and 146,570 PSUs, respectively.

During the Prior Quarter and Prior Period, the diluted earnings per share calculation excludes the effect of 789,458 reserved shares of common stock and 1,489,337 reserved Class C Warrants related to the settlement of General Unsecured Claims associated with the Chapter 11 Cases, as all necessary conditions had not been met for such shares to be considered dilutive shares.

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4. Debt

Our long-term debt consisted of the following as of June 30, 2024 and December 31, 2023:

	June 30, 2024		December 31, 2023	
	Carrying Amount	Fair Value ^(a)	Carrying Amount	Fair Value ^(a)
Credit Facility	\$ —	\$ —	\$ —	\$ —
5.50 % senior notes due 2026	500	495	500	496
5.875 % senior notes due 2029	500	494	500	489
6.75 % senior notes due 2029	950	952	950	958
Premiums on senior notes	76	—	83	—
Debt issuance costs	(5)	—	(5)	—
Total long-term debt, net	\$ 2,021	\$ 1,941	\$ 2,028	\$ 1,943

- (a) The carrying value of borrowings under our Credit Facility approximates fair value as the interest rates are based on prevailing market rates; therefore, they are a Level 1 fair value measurement. For all other debt, a market approach, based upon quotes from major financial institutions, which are Level 2 inputs, is used to measure the fair value.

Credit Facility. In December 2022, we entered into a senior secured reserve-based credit agreement, as amended pursuant to the Amendment No. 1 and Borrowing Base Agreement, dated April 29, 2024 (the “2024 Credit Agreement Amendment”) with the lenders and issuing banks party thereto from time to time (the “Lenders”), and JPMorgan Chase Bank, N.A., as administrative agent and collateral agent (in such capacity, the “Administrative Agent”), providing for a reserve-based credit facility (as amended pursuant to the 2024 Credit Agreement Amendment, the “Credit Facility”) maturing in December 2027 (as amended, the “Credit Agreement”). The 2024 Credit Agreement Amendment, among other things, increased the aggregate commitments under the Credit Facility from \$ 2.0 billion to \$ 2.5 billion and increased the sublimit available for the issuance of letters of credit from \$ 200 million to \$ 500 million. The Credit Facility provides for a \$ 50 million sublimit available for swingline loans. The borrowing base under the Credit Facility is \$ 3.5 billion. As of June 30, 2024, we have approximately \$ 2.5 billion available for borrowings under the Credit Facility.

The obligations under the Credit Facility are guaranteed by certain of Chesapeake's subsidiaries (the “Guarantors”), and the Credit Facility is secured by substantially all of the assets owned by the Company and the Guarantors (subject to customary exceptions), including mortgages on not less than 85 % of the total PV-9 of the borrowing base properties evaluated in the most recent reserve report (where PV-9 is the net present value, discounted at 9 % per annum, of the estimated future net revenues). The borrowing base will be redetermined semi-annually in or around April and October of each year, with one interim “wildcard” redetermination available to each of the Company and the Administrative Agent, the latter at the direction of the Required Lenders (as defined in the Credit Agreement), between scheduled redeterminations. Our borrowing base was reaffirmed in April 2024, and the next scheduled redetermination will be in or around October 2024. The Credit Agreement contains restrictive covenants that limit Chesapeake and its subsidiaries' ability to, among other things but subject to exceptions customary to reserve-based credit facilities: (i) incur additional indebtedness; (ii) make investments; (iii) enter into mergers; (iv) make or declare dividends; (v) repurchase or redeem certain indebtedness; (vi) enter into certain hedges; (vii) incur liens; (viii) sell assets; and (ix) engage in certain transactions with affiliates. The Credit Agreement requires Chesapeake to maintain compliance with the following financial ratios: (A) a current ratio, which is the ratio of Chesapeake's and its restricted subsidiaries' consolidated current assets (including unused commitments under the Credit Facility but excluding certain non-cash assets) to their consolidated current liabilities (excluding the current portion of long-term debt and certain non-cash liabilities), of not less than 1.00 to 1.00; (B) a net leverage ratio, which is the ratio of total indebtedness (less unrestricted cash up to a specified threshold) to Consolidated EBITDAX (as defined in the Credit Agreement) for the prior four fiscal quarters, of not greater than 3.50 to 1.00 and (C) a PV-9 coverage ratio of the net present value, discounted at 9 % per annum, of the estimated

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future net revenues expected in the proved reserves to Chesapeake's and its restricted subsidiaries' total indebtedness of not less than 1.50 to 1.00.

Borrowings under the Credit Agreement may be alternate base rate loans or term SOFR loans, at our election. Interest is payable quarterly for alternate base rate loans and at the end of the applicable interest period for term SOFR loans. Term SOFR loans bear interest at term SOFR plus an applicable rate ranging from 175 to 275 basis points per annum, depending on the percentage of the commitments utilized, plus an additional 10 basis points per annum credit spread adjustment. Alternate base rate loans bear interest at a rate per annum equal to the greatest of: (i) the prime rate; (ii) the federal funds effective rate plus 50 basis points; and (iii) the adjusted term SOFR rate for a one-month interest period plus 100 basis points, plus an applicable margin ranging from 75 to 175 basis points per annum, depending on the percentage of the commitments utilized. Chesapeake also pays a commitment fee on unused commitment amounts under the Credit Facility ranging from 37.5 to 50 basis points per annum, depending on the percentage of the commitments utilized.

The Credit Facility is subject to customary events of default, remedies, and cure rights for credit facilities of this nature. The Company has no additional secured debt as of June 30, 2024.

5. Contingencies and Commitments

Contingencies

Business Operations and Litigation and Regulatory Proceedings

We are involved in, and expect to continue to be involved in, various lawsuits and disputes incidental to our business operations, including commercial disputes, personal injury claims, royalty claims, property damage claims and contract actions.

Our total accrued liability in respect of litigation and regulatory proceedings is determined on a case-by-case basis and represents an estimate of probable losses after considering, among other factors, the progress of each case or proceeding, our experience and the experience of others in similar cases or proceedings, and the opinions and views of legal counsel. Significant judgment is required in making these estimates, and our final liabilities may ultimately be materially different.

The majority of the Company's pre-petition legal proceedings were settled during the Chapter 11 Cases or will be resolved in connection with the claims reconciliation process before the Bankruptcy Court, together with actions seeking to collect pre-petition indebtedness or to exercise control over the property of the Company's bankruptcy estates. Any allowed claim related to such litigation will be treated in accordance with the Plan. The Plan in the Chapter 11 Cases, which became effective on February 9, 2021, provided for the treatment of claims against the Company's bankruptcy estates, including pre-petition liabilities that had not been satisfied or addressed during the Chapter 11 Cases. Many of these proceedings were in early stages, and many of them sought damages and penalties, the amount of which is indeterminate.

Environmental Contingencies

The nature of the natural gas and oil business carries with it certain environmental risks for us and our subsidiaries. We have implemented various policies, programs, procedures, training and audits to reduce and mitigate such environmental risks. We conduct periodic reviews, on a company-wide basis, to assess changes in our environmental risk profile. Environmental reserves are established for environmental liabilities for which economic losses are probable and reasonably estimable. We manage our exposure to environmental liabilities in acquisitions by using an evaluation process that seeks to identify pre-existing contamination or compliance concerns and address the potential liability. Depending on the extent of an identified environmental concern, we may, among other things, exclude a property from the transaction, require the seller to remediate the property to our satisfaction in an acquisition or agree to assume liability for the remediation of the property.

Other Matters

In connection with the Southwestern Merger, two lawsuits have been filed by purported stockholders of the Company or Southwestern against the Company and/or the members of the Company's board of directors: *Gerald Joseph Lovoi v. Chesapeake Energy Corp., et al.*, No. 1:24-cv-01896 (S.D.N.Y. Mar. 13, 2024); *Jeffrey Schantz v. Gass et al.*, No. 155009/2024 (N.Y. Sup. Ct. May 30, 2024). Included in one or both of the complaints were allegations that the defendants violated Sections 14(a) and 20(a) of the Exchange Act and were negligent in misrepresenting or omitting material facts under Florida common law, because the registration statement filed in connection with the Southwestern Merger allegedly omitted or misstated material information. On June 10, 2024, the complaint in the Supreme Court of the State of New York was dismissed. On June 24, 2024, the complaint in the United States District Court for the Southern District of New York was dismissed.

Based on management's current assessment, we are of the opinion that no pending or threatened lawsuit or dispute relating to our business operations is likely to have a material adverse effect on our future consolidated financial position, results of operations or cash flows. The final resolution of such matters could exceed amounts accrued, however, and actual results could differ materially from management's estimates.

Commitments

Gathering, Processing and Transportation Agreements

We have contractual commitments with midstream service companies and pipeline carriers for future gathering, processing and transportation of natural gas, oil and NGL to move certain of our production to market. Working interest owners and royalty interest owners, where appropriate, will be responsible for their proportionate share of these costs. Commitments related to gathering, processing and transportation agreements are not recorded as obligations in the accompanying condensed consolidated balance sheets.

The aggregate undiscounted commitments under our gathering, processing and transportation agreements, excluding any reimbursement from working interest and royalty interest owners, credits for third-party volumes or future costs under cost-of-service agreements, are presented below:

	June 30, 2024
Remainder of 2024	\$ 142
2025	278
2026	245
2027	214
2028	198
2029-2036	946
Total	<u>\$ 2,023</u>

In addition, we have long-term agreements for certain natural gas gathering and related services within specified acreage dedication areas in exchange for cost-of-service based fees redetermined annually, or tiered fees based on volumes delivered relative to scheduled volumes. Future gathering fees may vary with the applicable agreement.

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Other Commitments

As part of our normal course of business, we enter into various agreements providing, or otherwise arranging for, financial or performance assurances to third parties on behalf of our wholly owned guarantor subsidiaries. These agreements may include future payment obligations or commitments regarding operational performance that effectively guarantee our subsidiaries' future performance.

In connection with acquisitions and divestitures, our purchase and sale agreements generally provide indemnification to the counterparty for liabilities incurred as a result of a breach of a representation or warranty by the indemnifying party and/or other specified matters. These indemnifications generally have a discrete term and are intended to protect the parties against risks that are difficult to predict or cannot be quantified at the time of entering into or consummating a particular transaction. For divestitures of natural gas and oil properties, our purchase and sale agreements may require the return of a portion of the proceeds we receive as a result of uncured title or environmental defects.

While executing our strategic priorities, we have incurred certain cash charges, including contract termination charges, financing extinguishment costs and charges for unused natural gas transportation and gathering capacity.

6. Other Current Liabilities

Other current liabilities as of June 30, 2024 and December 31, 2023 are detailed below:

	June 30, 2024	December 31, 2023
Revenues and royalties due to others	\$ 265	\$ 360
Accrued drilling and production costs	140	211
Accrued hedging costs	—	2
Accrued compensation and benefits	45	64
Taxes payable	54	84
Operating leases	48	84
Joint interest prepayments received	4	8
Other	55	34
Total other current liabilities	<u>\$ 611</u>	<u>\$ 847</u>

7. Revenue

The following tables show revenue disaggregated by operating area and product type:

	Three Months Ended June 30, 2024			
	Natural Gas	Oil	NGL	Total
Marcellus	\$ 192	\$ —	\$ —	\$ 192
Haynesville	186	—	—	186
Natural gas, oil and NGL revenue	<u>\$ 378</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 378</u>
Marketing revenue	<u>\$ 136</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 136</u>

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Three Months Ended June 30, 2023				
	Natural Gas	Oil	NGL	Total
Marcellus	\$ 250	\$ —	\$ —	\$ 250
Haynesville	256	—	—	256
Eagle Ford	18	104	21	143
Natural gas, oil and NGL revenue	<u>\$ 524</u>	<u>\$ 104</u>	<u>\$ 21</u>	<u>\$ 649</u>
Marketing revenue	<u>\$ 188</u>	<u>\$ 382</u>	<u>\$ 41</u>	<u>\$ 611</u>

Six Months Ended June 30, 2024				
	Natural Gas	Oil	NGL	Total
Marcellus	\$ 509	\$ —	\$ —	\$ 509
Haynesville	458	—	—	458
Natural gas, oil and NGL revenue	<u>\$ 967</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 967</u>
Marketing revenue	<u>\$ 333</u>	<u>\$ 82</u>	<u>\$ 33</u>	<u>\$ 448</u>

Six Months Ended June 30, 2023				
	Natural Gas	Oil	NGL	Total
Marcellus	\$ 867	\$ —	\$ —	\$ 867
Haynesville	658	—	—	658
Eagle Ford	41	477	59	577
Natural gas, oil and NGL revenue	<u>\$ 1,566</u>	<u>\$ 477</u>	<u>\$ 59</u>	<u>\$ 2,102</u>
Marketing revenue	<u>\$ 516</u>	<u>\$ 669</u>	<u>\$ 78</u>	<u>\$ 1,263</u>

Accounts Receivable

Our accounts receivable are primarily from purchasers of natural gas, oil and NGL and from exploration and production companies that own interests in properties we operate. This industry concentration could affect our overall exposure to credit risk, either positively or negatively, because our purchasers and joint working interest owners may be similarly affected by changes in economic, industry or other conditions. We monitor the creditworthiness of all our counterparties, and we generally require letters of credit or parent guarantees for receivables from parties deemed to have sub-standard credit, unless the credit risk can otherwise be mitigated. We utilize an allowance method in accounting for bad debt based on historical trends in addition to specifically identifying receivables that we believe may be uncollectible.

Accounts receivable as of June 30, 2024 and December 31, 2023 are detailed below:

	June 30, 2024	December 31, 2023
Natural gas, oil and NGL sales	\$ 226	\$ 406
Joint interest	122	180
Other	6	8
Allowance for doubtful accounts	(4)	(1)
Total accounts receivable, net	<u>\$ 350</u>	<u>\$ 593</u>

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8. Income Taxes

The table below presents a comparison of the Current Period and Prior Period's income tax expense (benefit) and actual year-to-date effective tax rates.

	Six Months Ended June 30,			
	2024		2023	
Income (loss) before income taxes	\$	(262)	\$	2,311
Current tax expense	—	— %	132	5.7 %
Deferred tax expense (benefit)	(61)	23.3 %	399	17.3 %
Income tax expense (benefit)	\$	(61)	\$	531
		23.3 %		23.0 %

An estimated annual effective tax rate ("EAETR") is used in recording our interim year-to-date income tax provision. The EAETR is determined based on analysis of year-to-date and projected financial results of our operations. Our EAETR during the Current Period was 22.4 %, compared to 23.0 % in the Prior Period. The actual year-to-date effective tax rate and EAETR can differ as a result of certain discrete items, which are recorded in the period. Such items include, but are not limited to, certain equity-based compensation, true-ups resulting from differences between tax returns filed and estimated accruals, and tax effects of enacted laws.

There was no current tax expense recorded in the Current Period. The Prior Period recorded \$ 132 million of current tax expense, primarily as a result of tax gains on the Eagle Ford divestitures which closed in the Prior Period.

In the Current Period, we made \$ 12 million in income tax payments, which were offset by \$ 14 million in income tax refunds.

As of December 31, 2023, we were in a net deferred tax asset position and anticipate being in a net deferred tax asset position as of December 31, 2024. Based on all available positive and negative evidence, including projections of future taxable income, we believe it is more likely than not that some of our deferred tax assets will not be realized. As such, a partial valuation allowance was recorded against our net deferred tax asset position for federal and state purposes as of June 30, 2024 and December 31, 2023.

On August 16, 2022, the President of the United States signed into law the Inflation Reduction Act of 2022, which includes provisions for a 15% corporate alternative minimum tax ("CAMT") on book income for companies whose average book income exceeds \$1 billion for any three consecutive years preceding the tax year. Based upon our book income in the past three years, we believe we are subject to the CAMT beginning in the current year. The CAMT will result in incremental taxes to the extent that 15% of our adjusted book earnings exceeds our regular federal tax liability. We do not currently project any material impact due to the CAMT in 2024.

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9. Equity

Dividends

The table below presents the dividends paid during the Current Period and Prior Period:

	Base	Variable	Rate Per Share	Total
2024:				
First Quarter	\$ 0.575	\$ —	\$ 0.575	\$ 77
Second Quarter	\$ 0.575	\$ 0.14	\$ 0.715	\$ 95
2023:				
First Quarter	\$ 0.55	\$ 0.74	\$ 1.29	\$ 175
Second Quarter	\$ 0.55	\$ 0.63	\$ 1.18	\$ 160

On July 29, 2024, we declared a base quarterly dividend payable of \$ 0.575 per share, which will be paid on September 5, 2024 to stockholders of record at the close of business on August 15, 2024.

Share Repurchases

We did not repurchase any shares during the Current Period, and during the Prior Period, we repurchased 2.2 million shares of common stock for an aggregate price of \$ 175 million. The repurchased shares of common stock were retired and recorded as a reduction to common stock and retained earnings and were made pursuant to the share repurchase program that expired on December 31, 2023. All share repurchases made after January 1, 2023 are subject to a 1% excise tax on share repurchases, as enacted under the Inflation Reduction Act of 2022. We are able to net this 1% excise tax on share repurchases against the issuance of shares of our common stock. The impact of this 1% excise tax was immaterial during the Prior Period.

Warrants

	Class A Warrants	Class B Warrants	Class C Warrants ^(a)
Outstanding as of December 31, 2023	4,247,615	4,403,064	4,023,483
Converted into common stock ^(b)	—	—	(168)
Outstanding as of March 31, 2024	4,247,615	4,403,064	4,023,315
Converted into common stock ^(b)	—	(13,122)	(13,325)
Outstanding as of June 30, 2024	4,247,615	4,389,942	4,009,990

(a) As of June 30, 2024, we had 1,466,502 of reserved Class C Warrants.

(b) During the Current Period, we issued 29,561 shares of common stock as a result of Warrant exercises.

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10. Share-Based Compensation

As of the Effective Date, the Board of Directors adopted the LTIP with a share reserve equal to 6,800,000 shares of common stock. The LTIP provides for the grant of RSUs, restricted stock awards, stock options, stock appreciation rights, performance awards and other stock awards to the Company's employees and non-employee directors.

Restricted Stock Units. During the Current Period, we granted RSUs to employees and non-employee directors under the LTIP, which will vest over a three-year period and one-year period, respectively. The fair value of RSUs is based on the closing sales price of our common stock on the date of grant, and compensation expense is recognized ratably over the requisite service period. A summary of the changes in unvested RSUs is presented below:

	Unvested Restricted Stock Units	Weighted Average Grant Date Fair Value Per Share
	(in thousands)	
Unvested as of December 31, 2023	940	\$ 73.08
Granted	429	\$ 83.65
Vested ^(a)	(469)	\$ 66.25
Forfeited	(10)	\$ 72.61
Unvested as of June 30, 2024	890	\$ 81.78

(a) Approximately 71 thousand RSUs were accelerated related to one-time termination benefits for certain employees.

The aggregate intrinsic value of RSUs that vested during the Current Period was approximately \$ 39 million based on the stock price at the time of vesting.

As of June 30, 2024, there was approximately \$ 56 million of total unrecognized compensation expense related to unvested RSUs. The expense is expected to be recognized over a weighted average period of approximately 2.31 years.

Performance Share Units. During the Current Period, we granted PSUs to senior management under the LTIP, which will generally vest over a three-year period and will be settled in shares. The performance criteria include total shareholder return ("TSR") and relative TSR ("rTSR") and could result in a total payout between 0 % - 200 % of the target units. The fair value of the PSUs was measured on the grant date using a Monte Carlo simulation, and compensation expense is recognized ratably over the requisite service period because these awards depend on a combination of service and market criteria.

The following table presents the assumptions used in the valuation of the PSUs granted in 2024.

Assumption	TSR, rTSR
Risk-free interest rate	4.55 %
Volatility	39.36 %

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A summary of the changes in unvested PSUs is presented below:

	Unvested Performance Share Units	Weighted Average Grant Date Fair Value Per Share
	(in thousands)	
Unvested as of December 31, 2023	394	\$ 85.78
Granted	134	\$ 95.33
Vested	(126)	\$ 68.72
Forfeited	—	\$ —
Unvested as of June 30, 2024	<u>402</u>	<u>\$ 94.34</u>

The aggregate intrinsic value of PSUs that vested during the Current Period was approximately \$ 17 million based on the stock price at the time of vesting.

As of June 30, 2024, there was approximately \$ 20 million of total unrecognized compensation expense related to unvested PSUs. The expense is expected to be recognized over a weighted average period of approximately 2.14 years.

RSU and PSU Compensation.

We recognized the following compensation costs, net of actual forfeitures, related to RSUs and PSUs for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
General and administrative expenses	\$ 9	\$ 8	\$ 17	\$ 14
Natural gas and oil properties	2	2	4	3
Production expense	1	1	2	2
Separation and other termination costs	9	—	9	—
Total RSU and PSU compensation	<u>\$ 21</u>	<u>\$ 11</u>	<u>\$ 32</u>	<u>\$ 19</u>
Related income tax benefit	\$ 7	\$ 3	9	4

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11. Derivative and Hedging Activities

We use derivative instruments to reduce our exposure to fluctuations in future commodity prices and to protect our expected operating cash flow against significant market movements or volatility. These commodity contract derivative financial instruments include financial price swaps, collars and basis protection swaps. All of our commodity contract derivative instruments are net settled based on the difference between the fixed-price payment and the floating-price payment, resulting in a net amount due to or from the counterparty. We do not intend to hold or issue derivative financial instruments for speculative trading purposes and have elected not to designate any of our derivative instruments for hedge accounting treatment.

Contingent Consideration Arrangement

In November 2023, we sold the final portion of our Eagle Ford assets to SilverBow. As part of the divestiture agreement, SilverBow agreed to pay Chesapeake an additional contingent payment of \$ 25 million should WTI NYMEX prices average between \$ 75 and \$ 80 per barrel or \$ 50 million should WTI NYMEX prices average above \$ 80 per barrel during the year following the close of the transaction. All changes in fair value are recognized as a gain or loss in earnings in the period they occur within natural gas and oil derivatives in our condensed consolidated statements of operations. During the Current Period, we recorded \$ 21 million of unrealized gains related to the contingent consideration arrangement.

The estimated fair values of our natural gas and oil derivative instrument assets (liabilities) as of June 30, 2024 and December 31, 2023 are provided below:

	June 30, 2024		December 31, 2023	
	Notional Volume	Fair Value	Notional Volume	Fair Value
Natural gas (Bcf):				
Fixed-price swaps	259	\$ 60	343	\$ 188
Collars	518	256	558	497
Basis protection swaps	425	21	578	2
Total natural gas	1,202	337	1,479	687
Contingent Consideration:				
Eagle Ford divestiture		33		12
Total estimated fair value		<u>\$ 370</u>		<u>\$ 699</u>

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The following table presents the fair value and location of each classification of derivative instrument included in the condensed consolidated balance sheets as of June 30, 2024 and December 31, 2023 on a gross basis and after same-counterparty netting:

	Gross Fair Value ^(a)	Amounts Netted in the Condensed Consolidated Balance Sheets	Net Fair Value Presented in the Condensed Consolidated Balance Sheets
As of June 30, 2024			
Commodity Contracts:			
Short-term derivative asset	\$ 360	\$ (32)	\$ 328
Long-term derivative asset	33	(14)	19
Short-term derivative liability	(39)	32	(7)
Long-term derivative liability	(17)	14	(3)
Contingent Consideration:			
Short-term derivative asset	33	—	33
Total derivatives	<u>\$ 370</u>	<u>\$ —</u>	<u>\$ 370</u>
As of December 31, 2023			
Commodity Contracts:			
Short-term derivative asset	\$ 661	\$ (36)	\$ 625
Long-term derivative asset	101	(27)	74
Short-term derivative liability	(39)	36	(3)
Long-term derivative liability	(36)	27	(9)
Contingent Consideration:			
Short-term derivative asset	12	—	12
Total derivatives	<u>\$ 699</u>	<u>\$ —</u>	<u>\$ 699</u>

(a) These financial assets (liabilities) are measured at fair value on a recurring basis utilizing significant other observable inputs; see further discussion on fair value measurements below.

Fair Value

The fair value of our commodity derivatives is based on third-party pricing models, which utilize inputs that are either readily available in the public market, such as natural gas, oil and NGL forward curves and discount rates, or can be corroborated from active markets or broker quotes, and, as such, are classified as Level 2. These values are compared to the values given by our counterparties for reasonableness. Derivatives are also subject to the risk that either party to a contract will be unable to meet its obligations. We factor non-performance risk into the valuation of our derivatives using current published credit default swap rates. To date, this has not had a material impact on the values of our derivatives. The valuation of the contingent consideration is based on an option pricing model using significant Level 2 inputs that include quoted future commodity prices based on active markets.

Credit Risk Considerations

Our derivative instruments expose us to our counterparties' credit risk. To mitigate this risk, we only enter into commodity contracts derivatives with counterparties that are highly rated or deemed by us to have acceptable credit strength and deemed by management to be competent and competitive market-makers, and we attempt to limit our exposure to non-performance by any single counterparty. As of June 30, 2024, our commodity contract derivative instruments were spread among 17 counterparties.

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Hedging Arrangements

Certain of our hedging arrangements are with counterparties that were also Lenders (or affiliates of Lenders) under our Credit Facility. The contracts entered into with these counterparties are secured by the same collateral that secures the Credit Facility. The counterparties' obligations must be secured by cash or letters of credit to the extent that any mark-to-market amounts owed to us exceed defined thresholds. As of June 30, 2024, we did not have any cash or letters of credit posted as collateral for our commodity derivatives.

12. Investments

Momentum Sustainable Ventures LLC. During the fourth quarter of 2022, Chesapeake entered into an agreement with Momentum Sustainable Ventures LLC to build a new natural gas gathering pipeline and carbon capture and sequestration project ("CCUS"), which will gather natural gas produced in the Haynesville Shale for re-delivery to Gulf Coast markets, including LNG export. The pipeline is expected to have an initial capacity of 1.7 Bcf/d expandable to 2.2 Bcf/d. The carbon capture portion of the project anticipates capturing and permanently sequestering up to 2.0 million tons per annum of CO₂. The natural gas gathering pipeline is projected for a potential in-service date in 2025, and the carbon sequestration portion of the project is subject to regulatory approvals. We have a 35 % interest in the project and estimate approximately \$ 75 million remaining in our commitment to the project. We have accounted for this investment as an equity method investment, and its carrying value, which is reflected within other long-term assets on the condensed consolidated balance sheets, was \$ 280 million and \$ 238 million as of June 30, 2024 and December 31, 2023, respectively. As of June 30, 2024, the carrying value of our investment in Momentum Sustainable Ventures LLC included approximately \$ 8 million of capitalized interest related to the project.

ITEM 2. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

Introduction

This Management's Discussion and Analysis of Financial Condition and Results of Operations is intended to provide a reader of our financial statements with management's perspective on our financial condition, liquidity, results of operations and certain other factors that may affect our future results. The following discussion should be read together with the condensed consolidated financial statements included in [Item 1 of Part I](#) of this report and the consolidated financial statements included in Item 8 of our [2023 Form 10-K](#).

We are an independent exploration and production company engaged in the acquisition, exploration and development of properties to produce natural gas, oil and NGL from underground reservoirs. We own a large portfolio of onshore U.S. unconventional natural gas assets, including interests in approximately 5,100 natural gas wells as of June 30, 2024. Our natural gas resource plays are the Marcellus Shale in the northern Appalachian Basin in Pennsylvania ("Marcellus") and the Haynesville/Bossier Shales in northwestern Louisiana ("Haynesville"). Our liquids-rich resource play was in the Eagle Ford Shale in South Texas ("Eagle Ford"). During 2023, we completed our exit from Eagle Ford through three separate divestiture transactions, with aggregate proceeds from these three transactions exceeding \$3.5 billion, subject to customary post-closing adjustments.

Our strategy is to create shareholder value through the responsible development of our significant resource plays while continuing to be a leading provider of affordable, reliable, lower carbon energy to markets in need. We continue to focus on improving margins through operating efficiencies and financial discipline and improving our ESG performance. To accomplish these goals, we intend to allocate our human resources and capital expenditures to projects we believe offer the highest cash return on capital invested, to deploy leading drilling and completion technology throughout our portfolio, and to take advantage of acquisition and divestiture opportunities to strengthen our portfolio. We also intend to continue to dedicate capital to projects that reduce the environmental impact of our production activities. We continue to seek opportunities to reduce cash costs (production, gathering, processing and transportation and general and administrative), through operational efficiencies and improving our production volumes from existing wells.

Leading a responsible energy future is foundational to Chesapeake's success. Our core values and culture demand we continuously evaluate the environmental impact of our operations and work diligently to improve our ESG performance across all facets of our Company. Our path to answering the call for affordable, reliable, lower carbon energy begins with our goal to achieve net zero GHG emissions (Scope 1 and 2) by 2035. To meet this challenge, we have set meaningful goals including:

- Reduce our methane intensity to 0.02% by 2025 (achieved approximately 0.02% in 2023 for our natural gas assets); and
- Reduce our GHG intensity to 3.0 metric tons CO₂ equivalent per thousand barrel of oil equivalent by 2025 (achieved approximately 2.1 in 2023 for our natural gas assets).

In conjunction with the goals set above, we have received independent certification of our operated natural gas production under the MiQ methane standard and EO100™ Standard for Responsible Energy Development as responsibly sourced gas, and we intend on maintaining certifications. The independent certification of our production as responsibly sourced provides a verified approach to tracking our progress towards our commitment to reduce our methane intensity, as well as supporting our overall objective of achieving net-zero GHG emissions (Scope 1 and 2) by 2035.

Recent Developments

Southwestern Merger Agreement

On January 10, 2024, Chesapeake and Southwestern entered into an all-stock agreement and plan of merger (the “Merger Agreement”). Southwestern is an independent energy company engaged in development, exploration and production activities, including related marketing activities, within its operating areas in the Appalachia and Haynesville shale plays. Pursuant to the terms of the Merger Agreement, at the effective time of the Southwestern Merger, each eligible share of Southwestern common stock issued and outstanding immediately prior to the effective time will be automatically converted into the right to receive 0.0867 of a share of Chesapeake's common stock. Our Board of Directors and the Board of Directors of Southwestern both approved the Merger Agreement. At separate special meetings each held on June 18, 2024, Chesapeake's stockholders approved the issuance of Chesapeake's common stock to the stockholders of Southwestern in connection with the Merger, and Southwestern's stockholders approved the Merger Agreement. Subject to the obtaining of certain regulatory approvals and the satisfaction or waiver of other customary closing conditions, the Southwestern Merger is targeted to close in the second half of 2024.

Divestitures

On January 17, 2023, we entered into an agreement to sell a portion of our Eagle Ford assets to WildFire Energy I LLC for approximately \$1.425 billion, subject to post-closing adjustments. This transaction closed on March 20, 2023 (with an effective date of October 1, 2022) and resulted in the recognition of a gain of approximately \$337 million.

On February 17, 2023, we entered into an agreement to sell a portion of our remaining Eagle Ford assets to INEOS Energy for approximately \$1.4 billion, subject to post-closing adjustments. This transaction closed on April 28, 2023 (with an effective date of October 1, 2022) and resulted in the recognition of a gain of approximately \$470 million.

On August 11, 2023, we entered into an agreement to sell the final portion of our remaining Eagle Ford assets to SilverBow Resources, Inc. (“SilverBow”) for approximately \$700 million, subject to post-closing adjustments. Subject to the satisfaction of certain commodity price triggers, we may receive up to an additional \$50 million cash consideration shortly following the first anniversary of the transaction close date. This transaction closed on November 30, 2023 (with an effective date of February 1, 2023) and resulted in the recognition of a gain of approximately \$140 million.

LNG Agreement

On February 13, 2024, we announced our entrance into an LNG export deal that includes executed Sales and Purchase Agreements (“SPA”) for long-term liquefaction offtake. Under the SPAs, we will purchase approximately 0.5 million tonnes of LNG per annum from Delfin LNG LLC at a Henry Hub price with a contract targeted start date in 2028, then deliver to Gunvor Group Ltd., on a free on board basis with the sales price linked to the Japan Korea Market for a period of 20 years.

Investments - Momentum Sustainable Ventures LLC

During the fourth quarter of 2022, we entered into an agreement with Momentum Sustainable Ventures LLC to build a new natural gas gathering pipeline and carbon capture and sequestration project, which will gather natural gas produced in the Haynesville Shale for re-delivery to Gulf Coast markets, including LNG export. The pipeline is expected to have an initial capacity of 1.7 Bcf/d expandable to 2.2 Bcf/d. The carbon capture portion of the project anticipates capturing and permanently sequestering up to 2.0 million tons per annum of CO₂. The natural gas gathering pipeline is projected for a potential in-service date in 2025, and the carbon sequestration portion of the project is subject to regulatory approvals. Through the end of the Current Period, we have made total capital contributions of \$275 million to the project.

Economic and Market Conditions

Instability and conflict in Europe and the Middle East has caused, and could intensify, volatility in natural gas, oil and NGL prices, and may further impact on global growth prospects, which could in turn affect supply and demand for natural gas and oil. In addition, a mild winter in 2023 and historically higher inventory levels have resulted in an observed decline in natural gas pricing in 2023 and into 2024. Our 2024 estimated cash flow is partially protected from commodity price volatility due to our current hedge positions that cover approximately 60% of our projected natural gas volumes for 2024. We believe our cost structure and liquidity position will enable us to successfully navigate continued price volatility.

During early 2023, our industry experienced inflationary pressures, including increased demand for oilfield service equipment, rising fuel costs, and labor shortages, which resulted in observed increases to our operating and capital costs that were not fixed. Reductions in rig activity in the lower 48 states of the United States allowed service costs to stabilize and then decline in the second half of 2023, which has continued into 2024. We continue to monitor these situations and assess their impact on our business, including business partners and customers. For additional discussion regarding risks associated with price volatility and economic deterioration, see Part I, Item 1A "Risk Factors" in our [2023 Form 10-K](#).

Liquidity and Capital Resources

Liquidity Overview

Our primary sources of capital resources and liquidity are internally generated cash flows from operations and borrowings under our Credit Facility, and our primary uses of cash are for the development of our natural gas and oil properties, acquisitions of additional natural gas properties and return of value to stockholders through dividends and equity repurchases. We believe our cash flow from operations, proceeds from our recent Eagle Ford divestitures, cash on hand and borrowing capacity under the Credit Facility, as discussed below, will provide sufficient liquidity during the next 12 months and the foreseeable future. As of June 30, 2024, we had \$3.5 billion of liquidity available, including \$1.0 billion of cash on hand and \$2.5 billion of aggregate unused borrowing capacity available under the Credit Facility. As of June 30, 2024, we had no outstanding borrowings under our Credit Facility. In April 2024, the aggregate commitments under the Credit Facility were increased by \$500 million to \$2.5 billion, bringing our total unused borrowing capacity under the Credit Facility to \$2.5 billion. See [Note 4](#) of the notes to our condensed consolidated financial statements included in Item 1 of Part I of this report for further discussion of our debt obligations, including the carrying and fair value of our senior notes.

Dividends

On July 29, 2024, we declared a base quarterly dividend payable of \$0.575 per share, which will be paid on September 5, 2024 to stockholders of record at the close of business on August 15, 2024.

The declaration and payment of any future dividend, whether fixed or variable, will remain at the full discretion of the Board and will depend on the Company's financial results, cash requirements, future prospects and other relevant factors. The Company's ability to pay dividends to its stockholders is restricted by (i) Oklahoma corporate law, (ii) its Certificate of Incorporation, (iii) the terms and provisions of the Credit Agreement governing the Credit Facility and (iv) the terms and provisions of the indentures governing its 5.50% Senior Notes due 2026, 5.875% Senior Notes due 2029 and 6.75% Senior Notes due 2029.

Derivative and Hedging Activities

Our results of operations and cash flows are impacted by changes in market prices for the commodities we produce. We enter into various derivative instruments to mitigate a portion of our exposure to commodity price declines, but these transactions may also limit our cash flows in periods of rising commodity prices. Our natural gas, oil and NGL derivative activities, when combined with our sales of natural gas, oil and NGL, allow us to better predict the total revenue we expect to receive. See [Item 3](#). Quantitative and Qualitative Disclosures About Market Risk included in Part I of this report for further discussion on the impact of commodity price risk on our financial position.

Contractual Obligations and Off-Balance Sheet Arrangements

As of June 30, 2024, our material contractual obligations include repayment of senior notes, derivative obligations, asset retirement obligations, lease obligations, capital commitments relating to our investments, undrawn letters of credit and various other commitments we enter into in the ordinary course of business that could result in future cash obligations. In addition, we have contractual commitments with midstream companies and pipeline carriers for future gathering, processing and transportation of natural gas to move certain of our production to market. The estimated gross undiscounted future commitments under these agreements were approximately \$2.0 billion as of June 30, 2024. As discussed above, we believe our existing sources of liquidity will be sufficient to fund our near and long-term contractual obligations. See [Notes 4, 5, 11 and 12](#) of the notes to our condensed consolidated financial statements included in Item 1 of Part I of this report for further discussion.

Credit Facility

On April 29, 2024, we amended our Credit Agreement to, among other things, increase the aggregate commitments under the Credit Facility from \$2.0 billion to \$2.5 billion and increase the sublimit available for the issuance of letters of credit from \$200 million to \$500 million. Our Credit Facility matures in December 2027. The Credit Facility provides for a \$50 million sublimit available for swingline loans. The borrowing base under the Credit Facility is \$3.5 billion. Subject to certain exceptions, the borrowing base will be redetermined semi-annually in or around April and October of each year. As of June 30, 2024, we have approximately \$2.5 billion available for borrowings under the Credit Facility.

Borrowings under the Credit Agreement may be alternate base rate loans or term SOFR loans, at the Company's election. The Credit Facility contains certain features that, upon receipt and maintenance of investment grade ratings from S&P, Moody's and/or Fitch and the satisfaction of certain other conditions, result in the removal or relaxation of specified negative and financial covenants, among other favorable adjustments.

See [Note 4](#) of the notes to our condensed consolidated financial statements included in Item 1 of Part I of this report for further discussion.

Capital Expenditures

For the year ending December 31, 2024, we currently expect to drill approximately 95 to 115 gross wells across 7 to 9 rigs and plan to invest between approximately \$1.2 – \$1.3 billion in capital expenditures. We currently plan to fund our 2024 capital program through cash on hand, expected cash flow from our operations and borrowings under our Credit Facility. We may alter or change our plans with respect to our capital program and expected capital expenditures based on developments in our business, our financial position, our industry or any of the markets in which we operate.

Sources and (Uses) of Cash and Cash Equivalents

The following table presents the sources and uses of our cash and cash equivalents for the periods presented:

	Six Months Ended June 30,	
	2024	2023
Cash provided by operating activities	\$ 761	\$ 1,404
Proceeds from divestitures of property and equipment	12	1,963
Receipts of deferred consideration	116	—
Funds held for transition services	—	97
Proceeds from warrant exercise	1	—
Capital expenditures	(723)	(1,027)
Contributions to investments	(45)	(88)
Payments on Credit Facility, net	—	(1,050)
Cash paid to repurchase and retire common stock	—	(181)
Cash paid for common stock dividends	(176)	(335)
Debt issuance and other financing costs	(4)	—
Net increase (decrease) in cash, cash equivalents and restricted cash	\$ (58)	\$ 783

Cash Flow from Operating Activities

Cash provided by operating activities was \$761 million and \$1,404 million during the Current Period and Prior Period, respectively. The decrease during the Current Period is primarily due to lower prices for the natural gas we sold, as well as decreased sales volumes related to our Eagle Ford divestitures and planned production curtailments and activity deferrals. Cash flows from operations are largely affected by the same factors that affect our net income (loss), excluding various non-cash items, such as depreciation, depletion and amortization, certain impairments, gains or losses on sales of assets, deferred income taxes and mark-to-market changes in our open derivative instruments. See further discussion below under *Results of Operations*.

Proceeds from Divestitures of Property and Equipment

During the Prior Period, we sold a portion of our Eagle Ford assets to WildFire Energy I LLC and also sold a portion of our remaining Eagle Ford assets to INEOS Energy (each transaction with an effective date of October 1, 2022). See [Note 2](#) of the notes to our condensed consolidated financial statements included in Item 1 of Part I of this report for further discussion.

Receipts of Deferred Consideration

During the Current Period, we received \$116 million in deferred consideration associated with our Eagle Ford divestiture transactions. See [Note 2](#) of the notes to our condensed consolidated financial statements included in Item 1 of Part I of this report for further discussion.

Funds Held for Transition Services

During the Prior Period, we held \$97 million of funds relating to transition services associated with our Eagle Ford divestitures.

Capital Expenditures

Our capital expenditures decreased during the Current Period compared to the Prior Period, primarily as a result of decreased drilling and completion activity within our Marcellus and Haynesville operating areas, as well as reduced activity in Eagle Ford due to our Eagle Ford divestitures. See [Note 2](#) of the notes to our condensed consolidated financial statements included in Item 1 of Part I of this report for further discussion.

Contributions to Investments

During the Current Period and Prior Period, contributions to investments primarily consisted of contributions to our investment with Momentum Sustainable Ventures LLC to build a new natural gas gathering pipeline and carbon capture project. See [Note 12](#) of the notes to our condensed consolidated financial statements included in Item 1 of Part I of this report for further discussion.

Payments on Credit Facility, net

During the Prior Period, we made net repayments of \$1,050 million on the Credit Facility, utilizing a portion of the divestiture proceeds from the Eagle Ford divestitures and also from internally generated cash provided by operating activities.

Cash Paid to Repurchase and Retire Common Stock

We did not repurchase any shares during the Current Period, and during the Prior Period, we repurchased 2.2 million shares of common stock for an aggregate price of \$181 million, which is inclusive of shares for which cash settlement occurred in early July 2023. The repurchased shares of common stock were retired and recorded as a reduction to common stock and retained earnings.

Cash Paid for Common Stock Dividends

As part of our dividend program, we paid common stock dividends of \$176 million and \$335 million during the Current Period and Prior Period, respectively. See [Note 9](#) of the notes to our condensed consolidated financial statements included in Item 1 of Part I of this report for further discussion.

Results of Operations

Natural Gas, Oil and NGL Production and Average Sales Prices

	Three Months Ended June 30, 2024							
	Natural Gas		Oil		NGL		Total	
	MMcf per day	\$/Mcf	MBbl per day	\$/Bbl	MBbl per day	\$/Bbl	MMcfe per day	\$/Mcfe
Marcellus	1,554	1.35	—	—	—	—	1,554	1.35
Haynesville	1,191	1.70	—	—	—	—	1,191	1.70
Total	2,745	1.51	—	—	—	—	2,745	1.51
Average NYMEX Price		1.89		—				
Average Realized Price (including realized derivatives)		2.51		—		—		2.51
	Three Months Ended June 30, 2023							
	Natural Gas		Oil		NGL		Total	
	MMcf per day	\$/Mcf	MBbl per day	\$/Bbl	MBbl per day	\$/Bbl	MMcfe per day	\$/Mcfe
Marcellus	1,830	1.51	—	—	—	—	1,830	1.51
Haynesville	1,590	1.77	—	—	—	—	1,590	1.77
Eagle Ford	85	2.32	15	76.39	10	23.67	233	6.73
Total	3,505	1.65	15	76.39	10	23.67	3,653	1.97
Average NYMEX Price		2.10		73.78				
Average Realized Price (including realized derivatives)		2.36		84.58		23.67		2.67
	Six Months Ended June 30, 2024							
	Natural Gas		Oil		NGL		Total	
	MMcf per day	\$/Mcf	MBbl per day	\$/Bbl	MBbl per day	\$/Bbl	MMcfe per day	\$/Mcfe
Marcellus	1,637	1.71	—	—	—	—	1,637	1.71
Haynesville	1,334	1.88	—	—	—	—	1,334	1.88
Total	2,971	1.79	—	—	—	—	2,971	1.79
Average NYMEX Price		2.07		—				
Average Realized Price (including realized derivatives)		2.69		—		—		2.69
	Six Months Ended June 30, 2023							
	Natural Gas		Oil		NGL		Total	
	MMcf per day	\$/Mcf	MBbl per day	\$/Bbl	MBbl per day	\$/Bbl	MMcfe per day	\$/Mcfe
Marcellus	1,901	2.52	—	—	—	—	1,901	2.52
Haynesville	1,570	2.32	—	—	—	—	1,570	2.32
Eagle Ford	106	2.11	34	76.72	13	25.54	389	8.19
Total	3,577	2.42	34	76.72	13	25.54	3,860	3.01
Average NYMEX Price		2.76		74.96				
Average Realized Price (including realized derivatives)		2.55		70.67		25.54		3.08

Natural Gas, Oil and NGL Sales

	Three Months Ended June 30, 2024			
	Natural Gas	Oil	NGL	Total
Marcellus	\$ 192	\$ —	\$ —	\$ 192
Haynesville	186	—	—	186
Total natural gas, oil and NGL sales	\$ 378	\$ —	\$ —	\$ 378

	Three Months Ended June 30, 2023			
	Natural Gas	Oil	NGL	Total
Marcellus	\$ 250	\$ —	\$ —	\$ 250
Haynesville	256	—	—	256
Eagle Ford	18	104	21	143
Total natural gas, oil and NGL sales	\$ 524	\$ 104	\$ 21	\$ 649

	Six Months Ended June 30, 2024			
	Natural Gas	Oil	NGL	Total
Marcellus	\$ 509	\$ —	\$ —	\$ 509
Haynesville	458	—	—	458
Total natural gas, oil and NGL sales	\$ 967	\$ —	\$ —	\$ 967

	Six Months Ended June 30, 2023			
	Natural Gas	Oil	NGL	Total
Marcellus	\$ 867	\$ —	\$ —	\$ 867
Haynesville	658	—	—	658
Eagle Ford	41	477	59	577
Total natural gas, oil and NGL sales	\$ 1,566	\$ 477	\$ 59	\$ 2,102

Natural gas, oil and NGL sales during the Current Quarter decreased \$271 million compared to the Prior Quarter. Lower average prices, which were consistent with the downward trend in index prices for all products, drove a \$33 million decrease during the Current Quarter. The Eagle Ford divestitures resulted in a \$143 million decrease. Additionally, planned curtailments and activity deferrals during the Current Quarter led to lower sales volumes in Marcellus and Haynesville, resulting in an aggregate decrease of \$95 million.

Natural gas, oil and NGL sales during the Current Period decreased \$1,135 million compared to the Prior Period. Lower average prices, which were consistent with the downward trend in index prices for all products, drove a \$402 million decrease during the Current Period. The Eagle Ford divestitures resulted in a \$577 million decrease. Additionally, planned curtailments and activity deferrals led to lower sales volumes in Marcellus and Haynesville, resulting in an aggregate decrease of \$156 million.

Production Expenses

	Three Months Ended June 30,				Six Months Ended June 30,			
	2024		2023		2024		2023	
		\$/Mcfe		\$/Mcfe		\$/Mcfe		\$/Mcfe
Marcellus	\$ 19	0.14	\$ 19	0.12	\$ 40	0.14	\$ 43	0.13
Haynesville	30	0.28	52	0.36	68	0.28	99	0.35
Eagle Ford	—	—	18	0.82	—	—	78	1.11
Total production expenses	\$ 49	0.20	\$ 89	0.27	\$ 108	0.20	\$ 220	0.31

Production expenses during the Current Quarter decreased \$40 million compared to the Prior Quarter. The decrease was due to a \$22 million decrease in Haynesville primarily related to decreased workover activity and lower saltwater disposal expenses, as well as an \$18 million decrease due to the Eagle Ford divestitures.

Production expenses during the Current Period decreased \$112 million compared to the Prior Period. The decrease was primarily due to a \$78 million decrease due to the Eagle Ford divestitures, as well as a \$31 million decrease in Haynesville as a result of decreased workover activity and lower saltwater disposal expenses.

Gathering, Processing and Transportation Expenses

	Three Months Ended June 30,				Six Months Ended June 30,			
	2024		2023		2024		2023	
		\$/Mcf		\$/Mcf		\$/Mcf		\$/Mcf
Marcellus	\$ 102	0.72	\$ 108	0.65	\$ 211	0.71	\$ 219	0.64
Haynesville	52	0.48	65	0.45	116	0.48	133	0.47
Eagle Ford	—	—	34	1.58	—	—	119	1.69
Total GP&T	<u>\$ 154</u>	0.62	<u>\$ 207</u>	0.62	<u>\$ 327</u>	0.60	<u>\$ 471</u>	0.67

Gathering, processing and transportation expenses during the Current Quarter decreased \$53 million compared to the Prior Quarter. The decrease was primarily related to a \$34 million decrease due to the Eagle Ford divestitures. Additionally, decreased volumes resulted in a \$13 million decrease in Haynesville.

Gathering, processing and transportation expenses during the Current Period decreased \$144 million compared to the Prior Period. The decrease was primarily related to a \$119 million decrease due to the Eagle Ford divestitures. Additionally, decreased volumes resulted in a \$17 million decrease in Haynesville.

Severance and Ad Valorem Taxes

	Three Months Ended June 30,				Six Months Ended June 30,			
	2024		2023		2024		2023	
		\$/Mcf		\$/Mcf		\$/Mcf		\$/Mcf
Marcellus	\$ 3	0.02	\$ 2	0.01	\$ 7	0.02	\$ 7	0.02
Haynesville	15	0.14	29	0.21	40	0.17	63	0.22
Eagle Ford	—	—	9	0.42	—	—	39	0.55
Total severance and ad valorem taxes	<u>\$ 18</u>	0.07	<u>\$ 40</u>	0.12	<u>\$ 47</u>	0.09	<u>\$ 109</u>	0.16

Severance and ad valorem taxes during the Current Quarter decreased \$22 million compared to the Prior Quarter. The decrease was primarily related to a \$10 million decrease due to ad valorem taxable value decreasing based on lower commodity prices and a \$9 million decrease due to the Eagle Ford divestitures. Additionally, Haynesville severance taxes decreased as a result of decreased volumes.

Severance and ad valorem taxes during the Current Period decreased \$62 million compared to the Prior Period. The decrease was primarily related to a \$39 million decrease due to the Eagle Ford divestitures and a \$15 million decrease due to ad valorem taxable value decreasing based on lower commodity prices. Additionally, Haynesville severance taxes decreased as a result of decreased volumes.

Natural Gas and Oil Derivatives

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Natural gas derivatives - realized gains	\$ 251	\$ 226	\$ 490	\$ 86
Natural gas derivatives - unrealized gains (losses)	(262)	(68)	(350)	953
Total gains (losses) on natural gas derivatives	\$ (11)	\$ 158	\$ 140	\$ 1,039
Oil derivatives - realized gains (losses)	\$ —	\$ 11	\$ —	\$ (38)
Oil derivatives - unrealized gains (losses)	—	(10)	—	88
Total gains on oil derivatives	\$ —	\$ 1	\$ —	\$ 50
Contingent consideration unrealized gains	\$ —	\$ —	\$ 21	\$ —
Total gains (losses) on natural gas and oil derivatives	\$ (11)	\$ 159	\$ 161	\$ 1,089

See [Note 11](#) of the notes to our condensed consolidated financial statements included in Item 1 of Part I of this report for a discussion of our derivative activity.

General and Administrative Expenses

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Total G&A, net	\$ 47	\$ 31	\$ 94	\$ 66
G&A, net per Mcfe	\$ 0.19	\$ 0.09	\$ 0.17	\$ 0.09

The absolute and per unit increase in total general and administrative expenses, net during the Current Quarter and Current Period is primarily due to a decrease in our producing well count following the Eagle Ford divestitures, which reduced our allocations and reimbursements of G&A.

Separation and Other Termination Costs

During the Current Period, we recognized \$23 million of separation and other termination costs related to one-time termination benefits for certain employees.

Depreciation, Depletion and Amortization

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
DD&A	\$ 348	\$ 376	\$ 747	\$ 766
DD&A per Mcfe	\$ 1.39	\$ 1.14	\$ 1.38	\$ 1.09

The per unit increase in depreciation, depletion and amortization for the Current Quarter and Current Period compared to the Prior Quarter and Prior Period, respectively, is primarily the result of a higher depletion rate. The increase in our depletion rate is due to a decrease in prices used in the evaluation of our reserves. The decrease in absolute depreciation, depletion and amortization for the Current Quarter and Current Period compared to the Prior Quarter and Prior Period is due to decreased volumes.

Other Operating Expense, Net

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Other operating expense, net	\$ 16	\$ 9	\$ 33	\$ 12

During the Current Quarter and Current Period, we recognized approximately \$15 million and \$26 million, respectively, of costs related to the pending Southwestern Merger, which included legal fees, consulting fees and financial advisory fees.

Interest Expense

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Interest expense on debt	\$ 32	\$ 32	\$ 64	\$ 78
Amortization of premium, issuance costs and other	(3)	(3)	(5)	(5)
Capitalized interest	(9)	(7)	(20)	(14)
Total interest expense	\$ 20	\$ 22	\$ 39	\$ 59

The decrease in total interest expense during the Current Quarter and Current Period compared to the Prior Quarter and Prior Period was due to lower average debt outstanding between periods as well as increased capitalized interest, primarily related to our investment in Momentum Sustainable Ventures LLC.

Other Income

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Other income	\$ 21	\$ 23	\$ 41	\$ 33

Other income during the time periods presented above primarily consists of interest income and deferred consideration amortization. The increase during the Current Period was primarily due to increased interest income related to our higher average cash balance compared to the Prior Period.

Income Taxes

An income tax benefit of \$61 million was recorded for the Current Period. This amount was entirely related to projections of deferred federal and state income taxes. Income tax expense was \$531 million for the Prior Period. Of this amount, \$132 million was the result of projecting current federal and state income taxes, predominately as a result of taxable gains on closed divestitures, and the remainder was related to projections of deferred federal and state income taxes. Our effective income tax rate was 23.3% and 23.0% during the Current Period and the Prior Period, respectively. Our effective tax rate can fluctuate due to the impact of discrete items, state income taxes and permanent differences. See [Note 8](#) of the notes to our condensed consolidated financial statements included in Item 1 of Part I of this report for a discussion of income taxes.

Forward-Looking Statements

This report includes “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 (the “Exchange Act”). Forward-looking statements include our current expectations or forecasts of future events, including matters relating to the pending Southwestern Merger, armed conflict and instability in Europe and the Middle East, along with the effects of the current global economic environment, and the impact of each on our business, financial condition, results of operations and cash flows, the potential effects of the Plan on our operations, management, and employees, actions by, or disputes among or between, members of OPEC+ and other foreign oil-exporting countries, market factors, market prices, our ability to meet debt service requirements, our ability to continue to pay cash dividends, the amount and timing of any cash dividends, and our ESG initiatives. Forward-looking and other statements in this Form 10-Q regarding our environmental, social and other sustainability plans and goals are not an indication that these statements are necessarily material to investors or required to be disclosed in our filings with the SEC. In addition, historical, current, and forward-looking environmental, social and sustainability-related statements may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future. Forward-looking statements often address our expected future business, financial performance and financial condition, and often contain words such as “expect,” “could,” “may,” “anticipate,” “intend,” “plan,” “ability,” “believe,” “seek,” “see,” “will,” “would,” “estimate,” “forecast,” “target,” “guidance,” “outlook,” “opportunity” or “strategy.”

Although we believe the expectations and forecasts reflected in our forward-looking statements are reasonable, they are inherently subject to numerous risks and uncertainties, most of which are difficult to predict and many of which are beyond our control. No assurance can be given that such forward-looking statements will be correct or achieved or that the assumptions are accurate or will not change over time. Particular uncertainties that could cause our actual results to be materially different than those expressed in our forward-looking statements include:

- conservation measures and technological advances could reduce demand for natural gas and oil;
- negative public perceptions of our industry;
- competition in the natural gas and oil exploration and production industry;
- the volatility of natural gas, oil and NGL prices, which are affected by general economic and business conditions, as well as increased demand for (and availability of) alternative fuels and electric vehicles;
- risks from regional epidemics or pandemics and related economic turmoil, including supply chain constraints;
- write-downs of our natural gas and oil asset carrying values due to low commodity prices;
- significant capital expenditures are required to replace our reserves and conduct our business;
- 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;
- drilling and operating risks and resulting liabilities;
- our ability to generate profits or achieve targeted results in drilling and well operations;
- leasehold terms expiring before production can be established;
- risks from our commodity price risk management activities;
- uncertainties, risks and costs associated with natural gas and oil operations;
- our need to secure adequate supplies of water for our drilling operations and to dispose of or recycle the water used;
- pipeline and gathering system capacity constraints and transportation interruptions;
- our plans to participate in the LNG export industry;

- terrorist activities and/or cyber-attacks adversely impacting our operations;
- risks from failure to protect personal information and data and compliance with data privacy and security laws and regulations;
- disruption of our business by natural or human causes beyond our control;
- a deterioration in general economic, business or industry conditions;
- the impact of inflation and commodity price volatility, including as a result of armed conflict and instability in Europe and the Middle East, along with the effects of the current global economic environment, on our business, financial condition, employees, contractors, vendors and the global demand for natural gas and oil and on U.S. and global financial markets;
- our inability to access the capital markets on favorable terms;
- the limitations on our financial flexibility due to our level of indebtedness and restrictive covenants from our indebtedness;
- our actual financial results after emergence from bankruptcy may not be comparable to our historical financial information;
- risks related to acquisitions or dispositions, or potential acquisitions or dispositions, including risks related to the pending Southwestern Merger, such as the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement for the Southwestern Merger; the risk that we or Southwestern may be unable to obtain governmental and regulatory approvals required for the proposed transaction, or required governmental and regulatory approvals may delay the Southwestern Merger or result in the imposition of conditions that could cause the parties to abandon the Southwestern Merger; the risk that the parties may not be able to satisfy the conditions to the proposed transaction in a timely manner or at all; risks related to limitation on our ability to pursue alternatives to the Southwestern Merger; risks related to change in control or other provisions in certain agreements that may be triggered upon completion of the Southwestern Merger; risks related to the merger agreement's restrictions on business activities prior to the effective time of the Southwestern Merger; risks related to loss of management personnel, other key employees, customers, suppliers, vendors, landlords, joint venture partners and other business partners following the Southwestern Merger; risks related to disruption of management time from ongoing business operations due to the proposed transaction; the risk that any announcements relating to the proposed transaction could have adverse effects on the market price of our common stock or Southwestern's common stock; the risk of any unexpected costs or expenses resulting from the proposed transaction; the risk of any litigation relating to the proposed transaction; the risk that problems may arise in successfully integrating the businesses of the companies, which may result in the combined company not operating as effectively and efficiently as expected; and the risk that the combined company may be unable to achieve synergies or other anticipated benefits of the proposed transaction or it may take longer than expected to achieve those synergies or benefits;
- our ability to achieve and maintain ESG certifications, goals and commitments;
- legislative, regulatory and ESG initiatives, addressing environmental concerns, including initiatives addressing the impact of global climate change or further regulating hydraulic fracturing, methane emissions, flaring or water disposal;
- federal and state tax proposals affecting our industry;
- risks related to an annual limitation on the utilization of our tax attributes, which is expected to be triggered upon the completion of the Southwestern Merger, as well as trading in our common stock, additional issuance of common stock, and certain other stock transactions, which could lead to an additional, potentially more restrictive, annual limitation; and

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- other factors that are described under *Risk Factors* in Item 1A of our [2023 Form 10-K](#).

We caution you not to place undue reliance on the forward-looking statements contained in this report, which speak only as of the filing date, and we undertake no obligation to update this information. We urge you to carefully review and consider the disclosures in this report and our other filings with the SEC that attempt to advise interested parties of the risks and factors that may affect our business.

[Information About Us](#)

Investors should note that we make available, free of charge on our website at chk.com, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. We also post announcements, updates, events, investor information and presentations on our website in addition to copies of all recent news releases. We may use the Investors section of our website to communicate with investors. It is possible that the financial and other information posted on the Investors section of our website could be deemed to be material information. Documents and information on our website are not incorporated by reference herein.

The SEC maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers, including Chesapeake, that file electronically with the SEC.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

The primary objective of the following information is to provide forward-looking quantitative and qualitative information about our exposure to market risk. The term market risk relates to our risk of loss arising from adverse changes in natural gas, oil and NGL prices and interest rates. These disclosures are not meant to be precise indicators of expected future losses, but rather indicators of reasonably possible losses. The forward-looking information provides indicators of how we view and manage our ongoing market risk exposures.

Commodity Price Risk

Our results of operations and cash flows are impacted by changes in market prices for natural gas, oil and NGL, which have historically been volatile. To mitigate a portion of our exposure to adverse price changes, we enter into various derivative instruments. Our natural gas, oil and NGL derivative activities, when combined with our sales of natural gas, oil and NGL, allow us to predict with greater certainty the revenue we will receive. We believe our derivative instruments continue to be highly effective in achieving our risk management objectives.

We determine the fair value of our derivative instruments utilizing established index prices, volatility curves and discount factors. These estimates are compared to counterparty valuations for reasonableness. Derivative transactions are also subject to the risk that counterparties will be unable to meet their obligations. This non-performance risk is considered in the valuation of our derivative instruments, but to date has not had a material impact on the values of our derivatives. Future risk related to counterparties not being able to meet their obligations has been partially mitigated under our commodity hedging arrangements that require counterparties to post collateral if their obligations to us are in excess of defined thresholds. The values we report in our financial statements are as of a point in time and subsequently change as these estimates are revised to reflect actual results, changes in market conditions and other factors. See [Note 11](#) of the notes to our condensed consolidated financial statements included in Item 1 of Part I of this report for further discussion of the fair value measurements associated with our derivatives.

Our natural gas revenues during the Current Period, excluding any effect of our derivative instruments, were \$967 million. We did not have any oil or NGL revenues during the Current Period. Based on production, natural gas revenues for the Current Period would have increased or decreased by approximately \$97 million, for a 10% increase or decrease in prices. As of June 30, 2024, the fair value of our natural gas derivatives was a net asset of \$337 million. As of June 30, 2024, we did not have any open oil or NGL derivative positions. A 10% increase in forward natural gas prices would decrease the valuation of natural gas derivatives by approximately \$175 million, while a 10% decrease would increase the valuation by approximately \$178 million. This fair value change assumes volatility based on prevailing market parameters at June 30, 2024. Additionally, should oil prices not meet the average target prices specified within the contingent payment from SilverBow, we may not receive any payment from the up to \$50 million contingent consideration arrangement. See [Note 11](#) of the notes to our condensed consolidated financial statements included in Item 1 of Part I of this report for further information on our open derivative positions, including information about the contingent consideration arrangement.

Interest Rate Risk

Our exposure to interest rate changes relates primarily to borrowings under our Credit Facility. Interest is payable on borrowings under the Credit Facility based on floating rates. See [Note 4](#) of the notes to our condensed consolidated financial statements included in Item 1 of Part 1 of this report for additional information. As of June 30, 2024, we did not have any outstanding borrowings under our Credit Facility.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to ensure that information required to be disclosed in reports we file or submit under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to management, including our principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure.

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded as of June 30, 2024 that our disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the period covered by this quarterly report on Form 10-Q that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM

1. Legal Proceedings

Litigation and Regulatory Proceedings

We are involved in various regulatory proceedings, lawsuits and disputes arising in the ordinary course of our business operations, including commercial disputes, personal injury claims, royalty claims, property damage claims and contract actions. The majority of the legal proceedings that were in existence prior to the Petition Date were settled during the Chapter 11 Cases or will be resolved in connection with the claims reconciliation process before the Bankruptcy Court. Any allowed claim related to such prepetition litigation will be treated in accordance with the Plan.

In connection with the Southwestern Merger, two lawsuits have been filed by purported stockholders of the Company or Southwestern against the Company and/or the members of the Company's board of directors: *Gerald Joseph Lovoi v. Chesapeake Energy Corp., et al.*, No. 1:24-cv-01896 (S.D.N.Y. Mar. 13, 2024); *Jeffrey Schantz v. Gass et al.*, No. 155009/2024 (N.Y. Sup. Ct. May 30, 2024). Included in one or both of the complaints were allegations that the defendants violated Sections 14(a) and 20(a) of the Exchange Act and were negligent in misrepresenting or omitting material facts under Florida common law, because the registration statement filed in connection with the Southwestern Merger allegedly omitted or misstated material information. On June 10, 2024, the complaint in the Supreme Court of the State of New York was dismissed. On June 24, 2024, the complaint in the United States District Court for the Southern District of New York was dismissed.

See [Note 5](#) of the notes to our condensed consolidated financial statements included in Item 1 of Part I of this report for information regarding our estimation and provision for potential losses related to litigation and regulatory proceedings. Based on management's current assessment, we are of the opinion that no pending or threatened lawsuit or dispute relating to our business operations is likely to have a material adverse effect on our future consolidated financial position, results of operations or cash flows. The final resolution of such matters could exceed amounts accrued, however, and actual results could differ materially from management's estimates.

Environmental Contingencies

The nature of the natural gas and oil business carries with it certain environmental risks for us and our subsidiaries. We have implemented various policies, programs, procedures, training and audits to reduce and mitigate such environmental risks. We conduct periodic reviews, on a company-wide basis, to assess changes in our environmental risk profile. Environmental reserves are established for environmental liabilities for which economic losses are probable and reasonably estimable. We manage our exposure to environmental liabilities in acquisitions by using an evaluation process that seeks to identify pre-existing contamination or compliance concerns and address the potential liability. Depending on the extent of an identified environmental concern, we may, among other things, exclude a property from the transaction, require the seller to remediate the property to our satisfaction in an acquisition or agree to assume liability for the remediation of the property.

ITEM

1A. Risk Factors

Our business has many risks. Factors that could materially adversely affect our business, financial condition, operating results or liquidity and the trading price of our common stock are described under "Risk Factors" in Item 1A of our [2023 Form 10-K](#). This information should be considered carefully, together with other information in this report and other reports and materials we file with the SEC.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

Repurchases of Equity Securities

We did not repurchase any shares of our common stock during the quarter ended June 30, 2024.

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Mine Safety Disclosures

Not applicable.

ITEM

5. Other Information

During the three months ended June 30, 2024, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408 of Regulation S-K.

ITEM 6. Exhibits

The exhibits listed below in the Index of Exhibits are filed, furnished or incorporated by reference pursuant to the requirements of Item 601 of Regulation S-K.

INDEX OF EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	SEC File Number	Exhibit	Filing Date	
2.1	Fifth Amended Joint Plan of Reorganization of Chesapeake Energy Corporation and its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code (Exhibit A of the Confirmation Order).	8-K	001-13726	2.1	1/19/2021	
2.2*	Agreement and Plan of Merger, dated as of January 10, 2024, among Chesapeake Energy Corporation, Hulk Merger Sub, Inc., Hulk LLC Sub, LLC, and Southwestern Energy Company.	8-K	001-13726	2.1	1/11/2024	
10.1*	Amendment No. 1 and Borrowing Base Agreement, dated as of April 29, 2024, among Chesapeake Energy Corporation, JPMorgan Chase Bank, N.A., as Administrative Agent, and the lenders and other parties thereto.					X
3.1	Second Amended and Restated Certificate of Incorporation of Chesapeake Energy Corporation.	8-K	001-13726	3.1	2/9/2021	
3.2	Second Amended and Restated Bylaws of Chesapeake Energy Corporation.	8-K	001-13726	3.2	2/9/2021	
31.1	Domenic J. Dell’Osso, Jr., President and Chief Executive Officer, Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Mohit Singh, Executive Vice President and Chief Financial Officer, Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1	Domenic J. Dell’Osso Jr., President and Chief Executive Officer, Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X

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Exhibit Number	Exhibit Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	SEC File Number	Exhibit	Filing Date	
32.2	Mohit Singh, Executive Vice President and Chief Financial Officer, Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
101 INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					X
101 SCH	Inline XBRL Taxonomy Extension Schema Document.					X
101 CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.					X
101 DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.					X
101 LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document.					X
101 PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.					X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).					X

* Annexes, schedules and certain exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company hereby undertakes to furnish supplemental copies of any of the omitted annexes, schedules and exhibits upon request by the SEC.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CHESAPEAKE ENERGY CORPORATION

Date: July 29, 2024

By: /s/ DOMENIC J. DELL'OSSO, JR.
Domenic J. Dell'Oso, Jr.
President and Chief Executive Officer

Date: July 29, 2024

By: /s/ MOHIT SINGH
Mohit Singh
Executive Vice President and Chief Financial Officer

AMENDMENT NO. 1 AND BORROWING BASE AGREEMENT

This AMENDMENT NO. 1 AND BORROWING BASE AGREEMENT (this "Agreement") dated as of April 29, 2024, is among CHESAPEAKE ENERGY CORPORATION, an Oklahoma corporation (the "Borrower"), each of the Subsidiary Guarantors party hereto, each of the undersigned financial institutions party hereto, and JPMORGAN CHASE BANK, N.A., as Administrative Agent.

Recitals

A. WHEREAS, the Borrower, each of the lenders from time to time party thereto (each, a "Lender" and, collectively, the "Lenders") and JPMorgan Chase Bank, N.A., as administrative agent for the Lenders (in such capacity, the "Administrative Agent"), are parties to that certain Credit Agreement dated as of December 9, 2022 (as in effect immediately prior to the execution hereof, the "Existing Credit Agreement"; and the Existing Credit Agreement, as amended, restated, amended and restated, supplemented or otherwise modified from time to time, including, without limitation, as amended by this Agreement, the "Credit Agreement"), pursuant to which the Lenders have made certain credit available to and on behalf of the Borrower.

B. WHEREAS, the Borrower, the Subsidiary Guarantors, the Administrative Agent and the Lenders party hereto have agreed to (i) reaffirm the Borrowing Base, (ii) increase the Aggregate Commitments to \$2,500,000,000 pursuant to Section 2.19 of the Existing Credit Agreement and increase the Maximum LC Issuance Amount to \$500,000,000 and (iii) make certain amendments and modifications to the Existing Credit Agreement, in each case as set forth herein.

C. NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Defined Terms. Each capitalized term which is defined in the Credit Agreement, but which is not defined in this Agreement, shall have the meaning ascribed such term in the Credit Agreement.

Section 2. Borrowing Base. Each of the parties hereto agrees that, for the period from and including the Amendment Effective Date until the next Redetermination Date or other adjustment pursuant to the Credit Agreement, the Borrowing Base shall be \$3,500,000,000. The reaffirmation of the Borrowing Base contained in this Section 2 is the Scheduled Redetermination to occur on or about April 15, 2024, and this Agreement is the New Borrowing Base Notice with respect to such Scheduled Redetermination. The Borrower hereby confirms receipt of the New Borrowing Base Notice pursuant to Section 2.20(d) of the Credit Agreement.

Section 3. Incremental Increase; Assignment and Assumption.

3.1 Pursuant to Section 2.19 of the Existing Credit Agreement, the Borrower hereby elects an Incremental Increase, effective as of the Amendment Effective Date. After giving effect to such Incremental Increase, the Aggregate Commitments are \$2,500,000,000. In connection with such Incremental Increase, the Borrower will (a) obtain additional Commitments from the

following existing Lenders: JPMorgan Chase Bank, N.A., Bank of America, N.A., Citibank, N.A., Mizuho Bank, Ltd., PNC Bank, National Association, Royal Bank of Canada, The Toronto-Dominion Bank, New York Branch, Truist Bank, Wells Fargo Bank, N.A., Canadian Imperial Bank of Commerce, New York Branch, Goldman Sachs Bank, USA, Morgan Stanley Bank, N.A., Fifth Third Bank, National Association, BOKF, NA dba Bank of Oklahoma, and Comerica Bank (each, an “Increasing Lender” and, collectively, the “Increasing Lenders”) and (b) cause the following Persons who are not currently Lenders to become Lenders: Citizens Bank, N.A. and Regions Bank (each, an “Additional Lender” and, collectively, the “Additional Lenders”). Pursuant to Section 2.19(a) of the Existing Credit Agreement, the Administrative Agent, the Swingline Lender and each Issuing Bank hereby consent to the Incremental Increase set forth in this Section 3.

3.2 In connection with the Incremental Increase set forth in this Section 3, the Administrative Agent, Borrower, Swingline Lender, each Issuing Bank, each Increasing Lender and each Additional Lender hereby agree that, pursuant to Section 2.19(b) of the Existing Credit Agreement: (a) this Section 3 shall constitute written notice to the Administrative Agent of such Incremental Increase; (b) such Incremental Increase is in an amount that is an integral multiple of \$5,000,000 and not less than \$25,000,000; (c) after giving effect to such Incremental Increase, the Aggregate Commitments do not exceed the Borrowing Base then in effect (as reaffirmed pursuant to Section 2 hereof); (d)(i) such Incremental Increase shall be on the exact same terms and pursuant to the exact same documentation applicable to the Existing Credit Agreement (other than with respect to any fees or discounts payable in connection with such Incremental Increase as contemplated by Section 2.19(b)(vi) of the Existing Credit Agreement) and (ii) the Applicable Rate shall not be increased, modified or amended in connection with such Incremental Increase; and (e) this Agreement shall constitute an Incremental Agreement.

3.3 In addition to the Incremental Increase set forth in this Section 3, DNB Capital LLC (the “Exiting Lender”) has decided to exit the Existing Credit Agreement as a Lender and assign at par its Commitment in a manner consistent with the last two sentences of Section 3.4 and in a manner reasonably determined by the Administrative Agent sufficient to achieve the outcome specified in Section 3.4(g). The Exiting Lender shall execute and deliver a signature page hereto that identifies it as the Exiting Lender, and the Exiting Lender shall be a party to this Agreement solely for the purposes of this Section 3.

3.4 On and subject to the occurrence of the Amendment Effective Date, pursuant to Section 2.19(c) of the Existing Credit Agreement and after giving effect to the Exiting Lender provisions set forth in Section 3.3: (a) the Aggregate Commitments shall be increased automatically by \$500,000,000 without further action by the Borrower, the Administrative Agent and the Issuing Banks or any Lender; (b) Schedule 2.01 of the Existing Credit Agreement shall be amended to add each Additional Lender’s Commitment and to reflect the increase in the Commitment of each Increasing Lender, and the Applicable Percentages of the Lenders shall be adjusted accordingly to reflect the Incremental Increase of each Additional Lender and/or each Increasing Lender; (c) the Exiting Lender shall not have an Applicable Percentage, Commitment, Credit Exposure or any participations in Letters of Credit; (d) the Exiting Lender shall cease to be a party to the Credit Agreement, and the Exiting Lender shall not have any rights, duties or obligations thereunder (but shall continue to be entitled to the benefits of Section 2.13, Section 2.15 and Section 9.03 of the Credit Agreement); (e) each of the parties hereto hereby agrees that

(i) Schedule 2.01 attached hereto replaces Schedule 2.01 of the Existing Credit Agreement and that each Lender's Applicable Percentage and Commitments are as set forth on such Schedule 2.01 attached hereto and (ii) this Agreement constitutes the Administrative Agent's distribution to the Borrower, the Administrative Agent, each Issuing Bank, the Swingline Lender and each Lender of such revised Schedule 2.01; (f) each Additional Lender shall be deemed to be a party in all respects to the Existing Credit Agreement (and the Credit Agreement after giving effect to the Amendment Effective Date) and any other Loan Documents to which the Lenders are a party; and (g) each Increasing Lender and each Additional Lender (and certain of the other Lenders as may be necessary to give effect to the Existing Lender provisions set forth in Section 3.3) shall purchase at par a *pro rata* portion of the outstanding Loans (including participations in the aggregate amount available to be drawn under any Letter of Credit and any Swingline Loans (it being understood that such participation interest shall be in lieu of a direct assignment of Swingline Loans)) of each of the other Lenders and the Existing Lender such that each Lender (including each Increasing Lender and each Additional Lender) shall hold its respective Applicable Percentage of the outstanding Loans (and participation interests in (i) amounts available to be drawn under any Letter of Credit and (ii) any Swingline Loans (it being understood that such participation interest shall be in lieu of a direct assignment of Swingline Loans)) as reflected in Schedule 2.01 attached hereto. Such purchases shall be effected by assignments and assumptions made pursuant to the terms, provisions and representations of the Assignment and Assumption attached as Exhibit A to the Existing Credit Agreement as if each applicable party hereto had executed and delivered, or consented to, an Assignment and Assumption (with the Effective Date, as defined therein, being the Amendment Effective Date) or, at the election of the Administrative Agent, such other form as the Administrative Agent shall reasonably require. In connection with, and for purposes of, the assignments and assumptions effected by this Agreement only, the Administrative Agent waives the processing and recordation fee under Section 9.04(b)(ii)(C) of the Existing Credit Agreement.

Section 4. Issuing Bank Agreement. Pursuant to Section 2.04(i)(iv) of the Existing Credit Agreement, the Borrower hereby designates Canadian Imperial Bank of Commerce, New York Branch and Citizens Bank, N.A. as additional Issuing Banks (each an "Additional Issuing Bank" and, collectively, the "Additional Issuing Banks"), effective as of the Amendment Effective Date. Each Additional Issuing Bank accepts the appointment as an Issuing Bank and agrees that its LC Issuance Limit is the amount set forth opposite its name on Schedule 1.01C attached hereto. On the Amendment Effective Date, Schedule 1.01C of the Existing Credit Agreement will be replaced with that set forth on Schedule 1.01C hereto. The Administrative Agent, the Borrower and each Additional Issuing Bank acknowledge and agree that (a) this Section 4 constitutes notice by the Borrower to the Administrative Agent and the Lenders of the designation of each Additional Issuing Bank as an Issuing Bank pursuant to Section 2.04(i)(iv) of the Existing Credit Agreement and (b) this Agreement is an Issuing Bank Agreement that satisfies the requirements of Section 2.04(i)(iv) of the Existing Credit Agreement. On and after the Amendment Effective Date, each Additional Issuing Bank shall have all the rights and obligations of an Issuing Bank under the Existing Credit Agreement and the other Loan Documents and references herein and in the other Loan Documents to the term "Issuing Bank" shall be deemed to include each such Additional Issuing Bank in its capacity as an Issuing Bank. The Borrower and JPMorgan Chase Bank, N.A., Bank of America, N.A., Citibank, N.A., Mizuho Bank, Ltd., PNC Bank, National Association, Royal Bank of Canada, The Toronto-Dominion Bank, New York Branch, Truist Bank and Wells Fargo Bank, N.A. (each an "Increasing Issuing Bank" and, collectively, the "Increasing Issuing Banks") hereby agree that the greater amounts set forth on Schedule 1.01C hereto opposite each

Increasing Issuing Bank's name constitute each Increasing Issuing Bank's LC Issuance Limit on the Amendment Effective Date.

Section 5. Amendments. On the Amendment Effective Date, the following amendments to the Existing Credit Agreement shall become effective.

5.1 Amendment to Cover Page. The sole instance of:

JPMORGAN CHASE BANK, N.A., BOFA SECURITIES, INC., CITIBANK, N.A.,
MIZUHO BANK, LTD., PNC CAPITAL MARKETS LLC, RBC CAPITAL MARKETS¹, TD SECURITIES (USA) LLC, TRUIST
SECURITIES, INC. and WELLS FARGO SECURITIES, LLC
as Joint Lead Arrangers and Joint Bookrunners

and

JPMORGAN CHASE BANK, N.A., BANK OF AMERICA, N.A., CITIBANK, N.A.,
MIZUHO BANK, LTD., PNC BANK, NATIONAL ASSOCIATION, ROYAL BANK OF CANADA, THE TORONTO-DOMINION
BANK, NEW YORK BRANCH, TRUIST BANK and WELLS FARGO BANK, N.A.,
as Co-Syndication Agents

on the cover page of the Existing Credit Agreement is hereby replaced with:

JPMORGAN CHASE BANK, N.A., BOFA SECURITIES, INC., CANADIAN IMPERIAL BANK OF COMMERCE, NEW
YORK BRANCH, CITIBANK, N.A.,
CITIZENS BANK, N.A., MIZUHO BANK, LTD., PNC CAPITAL MARKETS LLC, RBC CAPITAL MARKETS², TD SECURITIES
(USA) LLC, TRUIST SECURITIES, INC. and WELLS FARGO SECURITIES, LLC,
as Joint Lead Arrangers and Joint Bookrunners

and

JPMORGAN CHASE BANK, N.A., BANK OF AMERICA, N.A., CANADIAN IMPERIAL BANK OF COMMERCE, NEW YORK
BRANCH, CITIBANK, N.A., CITIZENS BANK, N.A.,
MIZUHO BANK, LTD., PNC BANK, NATIONAL ASSOCIATION, ROYAL BANK OF CANADA, THE TORONTO-DOMINION
BANK, NEW YORK BRANCH, TRUIST BANK and WELLS FARGO BANK, N.A.,
as Co-Syndication Agents

5.2 Amendments to Section 1.01. Section 1.01 of the Existing Credit Agreement is hereby amended as follows:

(a) The defined term "First Amendment Effective Date" is added in the appropriate alphabetical order to read in its entirety as follows:

¹ RBC Capital Markets is a brand name for the capital markets business of Royal Bank of Canada and its affiliates.

² RBC Capital Markets is a brand name for the capital markets business of Royal Bank of Canada and its affiliates.

"First Amendment Effective Date" means the Amendment Effective Date, as defined in that certain Amendment No. 1 and Borrowing Base Agreement, dated as of April 29, 2024, among the Borrower, the Subsidiary Guarantors party thereto, each of the Lenders party thereto and the Administrative Agent.

(b) The following defined terms are amended to read in their entirety as follows:

"Aggregate Commitments" means the aggregate of the Commitments of all of the Lenders, as reduced or increased from time to time pursuant to the terms and conditions hereof. As of the First Amendment Effective Date, the Aggregate Commitments equal \$2,500,000,000.

"Change of Control" means that (a) any Person or group (within the meaning of Rule 13d-5 under the Securities Exchange Act of 1934) shall beneficially own, directly or indirectly, 35% or more of the common stock or other voting securities of the Borrower; or (b) any event that constitutes a "Change of Control" (or similar defined term) as defined in any of the Senior Notes Indentures or other definitive agreement in respect of Permitted Unsecured Indebtedness constituting Material Indebtedness (other than, with respect to such event, any such Material Indebtedness of an issuer or borrower that is then being acquired by the Borrower or any Restricted Subsidiary in a Permitted Acquisition or other acquisition or Investment permitted hereunder) shall have occurred that permits the acceleration of, or requires the Borrower to purchase or offer to purchase, the applicable Senior Notes or Permitted Unsecured Indebtedness and such event is not otherwise the subject of any covenant in Article VI or any other Event of Default.

"Co-Syndication Agent" means each of JPMorgan Chase Bank, N.A., Bank of America, N.A., Canadian Imperial Bank of Commerce, New York Branch, Citibank, N.A., Citizens Bank, N.A., Mizuho Bank, Ltd., PNC Bank, National Association, Royal Bank of Canada, The Toronto-Dominion Bank, New York Branch, Truist Bank and Wells Fargo Bank, N.A., and, collectively, the "Co-Syndication Agents".

"Joint Lead Arranger" means each of JPMorgan, BOFA Securities, Inc., Canadian Imperial Bank of Commerce, New York Branch, Citibank, N.A., Citizens Bank, N.A., Mizuho Bank, Ltd., PNC Capital Markets LLC, RBC Capital Markets³, TD Securities (USA) LLC, Truist Securities, Inc. and Wells Fargo Securities, LLC, and, collectively, the "Joint Lead Arrangers".

³ RBC Capital Markets is a brand name for the capital markets business of Royal Bank of Canada and its affiliates.

"Maximum LC Issuance Amount" means \$500,000,000.

5.3 Amendments to Section 5.12. Section 5.12 of the Existing Credit Agreement is hereby amended as follows:

(a) Section 5.12(b) is amended by replacing the phrase "Subject to Section 5.16(d)" with the phrase "Subject to Section 5.12(c) and Section 5.16(d)".

(b) A new Section 5.12(c) is added to read in its entirety as follows:

(c) Notwithstanding Section 5.12(b), at all times during any Borrowing Base Period, with respect to each Deposit Account or Securities Account of a Restricted Subsidiary that is acquired in a Permitted Acquisition or other acquisition or Investment permitted hereunder and that becomes a Subsidiary Guarantor, such Subsidiary Guarantor (i) may deposit, or cause to be deposited cash and cash equivalents (other than any proceeds of the Loans, except with respect to amounts deposited into Excluded Accounts as permitted pursuant to the definition thereof) in its Deposit Accounts and Securities Accounts existing immediately prior to any such transaction that are not Controlled Accounts solely in order to maintain continuity of operations of such Subsidiary Guarantors in the ordinary course of business following the consummation of such Permitted Acquisition or other acquisition or Investment permitted hereunder and (ii) shall have one-hundred-twenty (120) days following the effective date of the consummation of such Permitted Acquisition or other acquisition or Investment permitted hereunder (or such longer period as the Administrative Agent may agree in its sole discretion) to cause each such Deposit Account and Securities Account (excluding Excluded Accounts and any such Deposit Account or Securities Account that is closed) to be a Controlled Account.

5.4 Amendment to Section 6.01(b)(ii). Section 6.01(b)(ii) of the Existing Credit Agreement is hereby amended by adding the phrase "to the Borrower or" immediately after the phrase "during any Interim Investment Grade Period," and immediately before "to a Wholly-Owned Subsidiary that is a Restricted Subsidiary".

5.5 Amendment to Section 6.03(k). Section 6.03(k) of the Existing Credit Agreement is hereby amended to read in its entirety as follows:

(k) (i)(A) Indebtedness of Restricted Subsidiaries (I) incurred (including available undrawn committed amounts) prior to such Person becoming a Restricted Subsidiary pursuant to a Permitted Acquisition or other acquisition or Investment permitted hereunder or (II) incurred (including available undrawn committed amounts) at the time the applicable Property securing such Indebtedness was acquired pursuant to a Permitted Acquisition or other acquisition or Investment permitted hereunder; provided that, in each case, (x) such Indebtedness was not created (or drawn or funded) in anticipation of, or to fund consideration for, such Person

becoming a Restricted Subsidiary or such Permitted Acquisition, acquisition or Investment; (y) if secured, such Indebtedness is only secured under Section 6.02(i) and (z) immediately after giving *pro forma* effect to such Person becoming a Restricted Subsidiary or the Permitted Acquisition, acquisition or Investment, the Payment Conditions are satisfied (and assuming for such determination that all undrawn committed amounts are fully drawn) and (B) any assumption by the Borrower or any other Restricted Subsidiary of any Indebtedness permitted under clause (i)(A) so long as the Payment Conditions are satisfied at the time of such assumption and (ii) Permitted Refinancing Indebtedness in respect thereof;

5.6 Amendment to Cover Page of Exhibit C. The sole instance of:

JPMORGAN CHASE BANK, N.A., BOFA SECURITIES, INC., CITIBANK, N.A.,
MIZUHO BANK, LTD., PNC CAPITAL MARKETS LLC, RBC CAPITAL MARKETS⁴, TD SECURITIES (USA) LLC, TRUIST
SECURITIES, INC. and WELLS FARGO SECURITIES, LLC
as Joint Lead Arrangers and Joint Bookrunners

and

JPMORGAN CHASE BANK, N.A., BANK OF AMERICA, N.A., CITIBANK, N.A.,
MIZUHO BANK, LTD., PNC BANK, NATIONAL ASSOCIATION, ROYAL BANK OF CANADA, THE TORONTO-DOMINION
BANK, NEW YORK BRANCH, TRUIST BANK and WELLS FARGO BANK, N.A.,
as Co-Syndication Agents

on the cover page of Exhibit C (Post-Investment Grade Date Credit Agreement) of the Existing Credit Agreement is hereby replaced with:

JPMORGAN CHASE BANK, N.A., BOFA SECURITIES, INC., CANADIAN IMPERIAL BANK OF COMMERCE, NEW
YORK BRANCH, CITIBANK, N.A.,
CITIZENS BANK, N.A., MIZUHO BANK, LTD., PNC CAPITAL MARKETS LLC, RBC CAPITAL MARKETS⁵, TD SECURITIES
(USA) LLC, TRUIST SECURITIES, INC. and WELLS FARGO SECURITIES, LLC,
as Joint Lead Arrangers and Joint Bookrunners

and

JPMORGAN CHASE BANK, N.A., BANK OF AMERICA, N.A., CANADIAN IMPERIAL BANK OF COMMERCE, NEW YORK
BRANCH, CITIBANK, N.A., CITIZENS BANK, N.A.,
MIZUHO BANK, LTD., PNC BANK, NATIONAL ASSOCIATION, ROYAL BANK OF CANADA, THE TORONTO-DOMINION
BANK, NEW YORK BRANCH, TRUIST BANK and WELLS FARGO BANK, N.A.,
as Co-Syndication Agents

⁴ RBC Capital Markets is a brand name for the capital markets business of Royal Bank of Canada and its affiliates.

⁵ RBC Capital Markets is a brand name for the capital markets business of Royal Bank of Canada and its affiliates.

5.7 Amendments to Section 1.01 of Exhibit C. The following defined terms contained in Exhibit C of the Existing Credit Agreement are amended to read in their entirety as follows:

"Change of Control" means that (a) any Person or group (within the meaning of Rule 13d-5 under the Securities Exchange Act of 1934) shall beneficially own, directly or indirectly, 35% or more of the common stock or other voting securities of the Borrower; or (b) any event that constitutes a "Change of Control" (or similar defined term) as defined in any of the Senior Notes Indentures (other than, with respect to such event, any Senior Notes Indenture of an issuer or borrower that is then being acquired by the Borrower or any Restricted Subsidiary in a Permitted Acquisition or other acquisition or Investment permitted hereunder) shall have occurred that permits the acceleration of, or requires the Borrower to purchase or offer to purchase, the applicable Senior Notes and such event is not otherwise the subject of any covenant in Article VI or any other Event of Default.

"Co-Syndication Agent" means each of JPMorgan Chase Bank, N.A., Bank of America, N.A., Canadian Imperial Bank of Commerce, New York Branch, Citibank, N.A., Citizens Bank, N.A., Mizuho Bank, Ltd., PNC Bank, National Association, Royal Bank of Canada, The Toronto-Dominion Bank, New York Branch, Truist Bank and Wells Fargo Bank, N.A., and, collectively, the "Co-Syndication Agents".

"Joint Lead Arranger" means each of JPMorgan, BOFA Securities, Inc., Canadian Imperial Bank of Commerce, New York Branch, Citibank, N.A., Citizens Bank, N.A., Mizuho Bank, Ltd., PNC Capital Markets LLC, RBC Capital Markets⁶, TD Securities (USA) LLC, Truist Securities, Inc. and Wells Fargo Securities, LLC, and, collectively, the "Joint Lead Arrangers".

"Maximum LC Issuance Amount" means \$500,000,000.

Section 6. Conditions Precedent. This Agreement shall become effective on the date (such date, the "Amendment Effective Date") when each of the following conditions is satisfied (or waived in accordance with Section 9.02 of the Existing Credit Agreement):

6.1 The Administrative Agent shall have received from the Borrower, each Subsidiary Guarantor, Lenders constituting at least the Required Lenders (after giving effect to the Incremental Increase in Section 3 hereof), each Increasing Lender, each Additional Lender, each Additional Issuing Bank, each Issuing Bank, the Exiting Lender and the Swingline Lender counterparts of this Agreement signed on behalf of such Persons (which, subject to Section 9.06(b) of the Credit Agreement, may include any Electronic Signatures transmitted by emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page).

⁶ RBC Capital Markets is a brand name for the capital markets business of Royal Bank of Canada and its affiliates.

6.2 The Administrative Agent shall have received a certificate of an Authorized Officer of the Borrower certifying that the representations and warranties contained in Section 7.2(b) are true and correct.

6.3 The Administrative Agent shall have received all fees and other amounts due and payable to it on or prior to the Amendment Effective Date, including, to the extent invoiced at least one Business Day prior to the Amendment Effective Date, reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Borrower hereunder, under the Credit Agreement or under any other Loan Document (including the reasonable fees, disbursements and other charges of Simpson Thacher & Bartlett LLP, counsel to the Administrative Agent).

6.4 Pursuant to Section 2.19(b) of the Existing Credit Agreement:

(a) To the extent that there are any Term Benchmark Borrowings or RFR Borrowings outstanding on the Amendment Effective Date, the Borrower shall have paid compensation to the extent and as required by Section 2.14 of the Credit Agreement in connection with the Incremental Increase set forth in Section 3 hereof.

(b) The Borrower shall have paid to the Administrative Agent, for payment to each Increasing Lender and each Additional Lender, as applicable, any fees payable in the amounts and at the times separately agreed upon among the Borrower, the Administrative Agent and such Lender or Lenders in connection with the Incremental Increase set forth in Section 3 hereof.

For purposes of determining compliance with the conditions specified in this Section 6, each Person that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to such Person unless the Administrative Agent shall have received notice from such Person prior to the proposed Amendment Effective Date specifying its objection thereto. Each party hereto hereby authorizes and directs the Administrative Agent to declare this Agreement to be effective (and the Amendment Effective Date shall occur) when it has received documents confirming or certifying, to the reasonable satisfaction of the Administrative Agent, compliance with the conditions set forth in this Section 6. Such declaration shall be final, conclusive and binding upon all parties to the Credit Agreement for all purposes.

Section 7. Miscellaneous.

7.1 Confirmation. The provisions of the Credit Agreement, as amended by this Agreement, shall remain in full force and effect following the Amendment Effective Date.

7.2 Ratification and Affirmation; Representations and Warranties. The Borrower and each Subsidiary Guarantor hereby (a) acknowledges and agrees to the terms of this Agreement and the Existing Credit Agreement as amended by this Agreement, (b) represents and warrants to the Administrative Agent and the Lenders that (i) the representations and warranties of such Borrower or Subsidiary Guarantor set forth in the Credit Agreement, this Agreement and in the other Loan Documents are true and correct in all material respects on and as of the date hereof (or, in the case of any such representations and warranties that are qualified as to materiality or Material Adverse

Effect in the text thereof, such representations and warranties are true and correct in all respects) on and as of the date hereof, except to the extent made as of a specific date, which representations and warranties are true and correct in all material respects as of such specific date (or, in the case of any such representation and warranties that are qualified as to materiality or Material Adverse Effect in the text thereof, such representations and warranties are true and correct in all respects as of such specific date) and (ii) no Default or Event of Default has occurred and is continuing as of the date hereof and (c) ratifies and affirms its obligations under, and acknowledges its continued liability under, each Loan Document.

7.3 Counterparts. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Subject to Section 9.06(b) of the Credit Agreement, delivery of this Agreement by Electronic Signature shall be effective as delivery of a manually executed counterpart hereof.

7.4 Integration. This Agreement, the Credit Agreement, the other Loan Documents and any separate letter agreements with respect to fees payable to the Administrative Agent or the Lenders constitute the entire contract among the parties relating to the subject matter hereof and thereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof and thereof. **THIS AGREEMENT, THE CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES HERETO AND THERETO AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.**

7.5 GOVERNING LAW. THIS AGREEMENT AND ANY DISPUTE, CLAIM OR CONTROVERSY ARISING OUT OF OR RELATING TO THIS AGREEMENT (WHETHER ARISING IN CONTRACT, TORT OR OTHERWISE) SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

7.6 Jurisdiction; Consent to Service of Process; Waiver of Jury Trial. The express terms of Section 9.09 and Section 9.10 of the Credit Agreement are hereby incorporated by reference, *mutatis mutandis*.

7.7 Payment of Expenses. Pursuant to Section 9.03 of the Credit Agreement, the Borrower agrees to pay all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent and its Affiliates in connection with the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents.

7.8 Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

7.9 Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted

by the Credit Agreement (including any Affiliate of any Issuing Bank that issues any Letter of Credit).

7.10 Loan Documents. This Agreement is a Loan Document.

7.11 No Waiver. The execution, delivery and effectiveness of this Agreement shall not operate as a waiver of any right, power or remedy of the Administrative Agent or any Lender under the Credit Agreement or any Loan Document, or constitute a waiver or amendment of any provision of the Credit Agreement or any Loan Document, except as expressly provided herein. Section 9.02(a) of the Credit Agreement remains in full force and effect and is hereby ratified and confirmed by the Borrower and each Subsidiary Guarantor. Nothing herein shall be construed as a substitution or novation of the obligations outstanding under the Credit Agreement or any other Loan Document or instruments securing the same, which shall remain in full force and effect as modified hereby or by instruments executed concurrently herein. This Amendment shall not constitute a novation of the Credit Agreement, or any of the other Loan Documents.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed effective as of the Amendment Effective Date.

BORROWER:

CHESAPEAKE ENERGY CORPORATION

By: /s/ Mohit Singh

Name: Mohit Singh

Title: Executive Vice President and Chief Financial Officer

[Chesapeake Energy Corporation - Amendment No. 1 Signature Page]

SUBSIDIARY GUARANTORS:

CHESAPEAKE AEZ EXPLORATION, L.L.C.
CHESAPEAKE APPALACHIA, L.L.C., on behalf of itself and as
general partner of
CYPRESS E&D HOLDINGS, LP
CHESAPEAKE E&P HOLDING, L.L.C.
CHESAPEAKE ENERGY LOUISIANA, LLC
CHESAPEAKE ENERGY MARKETING, L.L.C.
CHESAPEAKE EXPLORATION, L.L.C.
CHESAPEAKE LAND DEVELOPMENT COMPANY, L.L.C.
CHESAPEAKE MIDSTREAM DEVELOPMENT, L.L.C.
CHESAPEAKE NG VENTURES CORPORATION
CHESAPEAKE OPERATING, L.L.C., on behalf of itself and as general
partner of
CHESAPEAKE LOUISIANA, L.P.
CHESAPEAKE PLAINS, LLC
CHESAPEAKE ROYALTY, L.L.C.
CHESAPEAKE VRT, L.L.C.
CHESAPEAKE-CLEMENTS ACQUISITION, L.L.C.
CHK ENERGY HOLDINGS, INC.
CHK UTICA, L.L.C.
COMPASS MANUFACTURING, L.L.C.
EMLP, L.L.C., on behalf of itself and as the general partner of
EMPRESS LOUISIANA PROPERTIES, L.P.
EMPRESS, L.L.C.
GSF, L.L.C.
MC LOUISIANA MINERALS, L.L.C.
MC MINERAL COMPANY, L.L.C.
WINTER MOON ENERGY CORPORATION
BRIX OIL & GAS HOLDINGS GP LLC, on
behalf of itself and as the general partner of
BRIX OIL & GAS HOLDINGS LP
BRIX OPERATING LLC
BRIX FEDERAL LEASING CORPORATION
CYPRESS EXPLORATION & DEVELOPMENT LLC
CYPRESS OIL & GAS LLC
TWIN HILLS MARCELLUS, LLC
VINE MANAGEMENT SERVICES LLC
VINE MINERALS LLC
VINE OIL & GAS GP LLC, on behalf of itself and as the general
partner of
VINE ENERGY OPERATING LP
VINE OIL & GAS PARENT GP LLC, on behalf of itself and as the
general partner of
VINE OIL & GAS PARENT LP
RIVIERA 2000 PA, LLC
CHESAPEAKE MINERALS LLC

By: /s/ Mohit Singh
Name: Mohit Singh
Title: Executive Vice President and Chief Financial Officer

**ADMINISTRATIVE AGENT, SWINGLINE LENDER,
INCREASING ISSUING BANK, AND INCREASING
LENDER:**

JPMORGAN CHASE BANK, N.A.

By: /s/ Arina Mavilian
Name: Arina Mavilian
Title: Managing Director

[Chesapeake Energy Corporation - Amendment No. 1 Signature Page]

**INCREASING ISSUING BANK AND INCREASING
LENDER:**

BANK OF AMERICA, N.A.

By: /s/ Ajay Prakash

Name: Ajay Prakash

Title: Director

[Chesapeake Energy Corporation - Amendment No. 1 Signature Page]

**ADDITIONAL ISSUING BANK AND INCREASING
LENDER:**

CANADIAN IMPERIAL BANK OF COMMERCE, NEW YORK BRANCH

By: /s/ Scott W. Danvers
Name: Scott W. Danvers
Title: Authorized Signatory

By: /s/ Donovan C. Broussard
Name: Donovan C. Broussard
Title: Authorized Signatory

[Chesapeake Energy Corporation - Amendment No. 1 Signature Page]

ISSUING BANK AND INCREASING LENDER:

CITIBANK, N.A.

By: /s/ Cliff Vaz

Name: Cliff Vaz

Title: Vice President

[Chesapeake Energy Corporation - Amendment No. 1 Signature Page]

**ADDITIONAL ISSUING BANK AND ADDITIONAL
LENDER:**

CITIZENS BANK, N.A.

By: /s/ John Corley

Name: John Corley

Title: Director

[Chesapeake Energy Corporation - Amendment No. 1 Signature Page]

INCREASING ISSUING BANK AND INCREASING
LENDER:

MIZUHO BANK, LTD.

By: /s/ Edward Sacks
Name: Edward Sacks
Title: Authorized Signatory

**INCREASING ISSUING BANK AND INCREASING
LENDER:**

PNC BANK, NATIONAL ASSOCIATION

By: /s/ Danielle Hudek

Name: Danielle Hudek

Title: Vice President

[Chesapeake Energy Corporation - Amendment No. 1 Signature Page]

INCREASING ISSUING BANK AND INCREASING
LENDER:

ROYAL BANK OF CANADA

By: /s/ Kristan Spivey
Name: Kristan Spivey
Title: Authorized Signatory

INCREASING ISSUING BANK AND INCREASING
LENDER:

THE TORONTO-DOMINION BANK, NEW YORK BRANCH

By: /s/ Evans Swann
Name: Evans Swann
Title: Authorized Signatory

**INCREASING ISSUING BANK AND INCREASING
LENDER:**

TRUIST BANK

By: /s/ Greg Krablin

Name: Greg Krablin

Title: Director

[Chesapeake Energy Corporation - Amendment No. 1 Signature Page]

**INCREASING ISSUING BANK AND INCREASING
LENDER:**

WELLS FARGO BANK, N.A.

By: /s/ Michael Real

Name: Michael Real

Title: Managing Director

[Chesapeake Energy Corporation - Amendment No. 1 Signature Page]

INCREASING LENDER:

GOLDMAN SACHS BANK USA

By: /s/ Andrew Vernon
Name: Andrew Vernon
Title: Authorized Signatory

INCREASING LENDER:

MORGAN STANLEY BANK, N.A.

By: /s/ Michael King
Name: Michael King
Title: Authorized Signatory

LENDER:

MORGAN STANLEY SENIOR FUNDING, INC.

By: /s/ Michael King

Name: Michael King

Title: Vice President

[Chesapeake Energy Corporation - Amendment No. 1 Signature Page]

ADDITIONAL LENDER:

REGIONS BANK

By: /s/ Cody Chance

Name: Cody Chance

Title: Managing Director

[Chesapeake Energy Corporation - Amendment No. 1 Signature Page]

INCREASING LENDER:

FIFTH THIRD BANK, NATIONAL ASSOCIATION

By: /s/ Thomas Kleiderer

Name: Thomas Kleiderer

Title: Managing Director

[Chesapeake Energy Corporation - Amendment No. 1 Signature Page]

INCREASING LENDER:

BOKF, NA DBA BANK OF OKLAHOMA

By: /s/ John Krenger

Name: John Krenger

Title: Senior Vice President

[Chesapeake Energy Corporation - Amendment No. 1 Signature Page]

INCREASING LENDER:

COMERICA BANK

By: /s/ Cassandra Lucas

Name: Cassandra Lucas

Title: Vice President

[Chesapeake Energy Corporation - Amendment No. 1 Signature Page]

EXITING LENDER:

DNB CAPITAL LLC

By: /s/ Scott L. Joyce

Name: Scott L. Joyce

Title: Senior Vice President

By: /s/ George Philippopoulos

Name: George Philippopoulos

Title: Senior Vice President

[Chesapeake Energy Corporation - Amendment No. 1 Signature Page]

CERTIFICATION

I, Domenic J. Dell'Osso, Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Chesapeake Energy Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

July 29, 2024

By: /s/ DOMENIC J. DELL'OSSO, JR.

Domenic J. Dell'Osso, Jr.

President and Chief Executive Officer

CERTIFICATION

I, Mohit Singh, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Chesapeake Energy Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

July 29, 2024

By: /s/ MOHIT SINGH

Mohit Singh

Executive Vice President and Chief Financial Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Chesapeake Energy Corporation (the "Company") on Form 10-Q for the quarterly period ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Domenic J. Dell'Ossso, Jr., President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

July 29, 2024

By: /s/ DOMENIC J. DELL'OSSO, JR.

Domenic J. Dell'Ossso, Jr.

President and Chief Executive Officer

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Chesapeake Energy Corporation (the "Company") on Form 10-Q for the quarterly period ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mohit Singh, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

July 29, 2024

By: /s/ MOHIT SINGH

Mohit Singh

Executive Vice President and Chief Financial Officer