

Chesapeake Energy Corporation Announces Private Exchange Offers For Senior Notes

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OKLAHOMA CITY, Dec. 4, 2019 - [Chesapeake Energy Corp.](#) (NYSE:CHK) (the "Company") today announced the completion of private offers of up to \$1,500,000,000 aggregate principal amount (the "Maximum Exchange Amount") of its new 11.0% Secured Second Lien Notes due 2025 (the "Second Lien Notes") in exchange for certain outstanding senior unsecured (collectively, the "Existing Notes") issued by the Company, upon the terms and subject to the conditions set forth in the confidential offering memorandum and the related letter of transmittal, each dated December 4, 2019. The Company may, to applicable law, increase the Maximum Exchange Amount without extending the Early Tender Date (as defined below) and reinstating withdrawal rights. The Company does not expect to increase the Maximum Exchange Amount to an amount greater than \$2,340,000,000, if at all. The Exchange Offers are conditioned upon sufficient Existing Notes being tendered such that the \$1,500,000,000 aggregate principal amount of Second Lien Notes will be issued in the Exchange Offers (the "Minimum Exchange Offer Condition").

The following table sets forth each series of Existing Notes subject to the exchange offers, the acceptance priority level ("Acceptance Priority Level") for such series and the applicable consideration offered for such series in the applicable exchange offer (each, an "Exchange Offer" and collectively, the "Exchange Offers").

Title of Series of Existing Notes	CUSIP Number(s)	Aggregate Outstanding Principal Amount	Acceptance Priority Level ⁽²⁾	Principal Amount of Second Lien Notes ⁽¹⁾	
				Early Exchange Consideration, if Tendered and Not Withdrawn at or Prior to the Early Tender Date	Late Exchange Consideration, if Tendered After the Early Tender Date and at or Prior to the Expiration Date
8.00% Senior Notes due 2027	165167CV7 165167CZ8	\$1,090,000,000	1	\$700.00	\$650.00
8.00% Senior Notes due 2026	165167DC8 U16450AY1	\$918,514,000	2	\$700.00	\$650.00
8.00% Senior Notes due 2025	165167CT2 165167CU9 U16450AU9	\$1,244,498,000	3	\$700.00	\$650.00
7.50% Senior Notes due 2026	165167DB0	\$400,000,000	4	\$620.00	\$570.00
7.00% Senior Notes due 2024	165167DA2	\$850,000,000	5	\$620.00	\$570.00

(1) For each \$1,000 principal amount of Existing Notes.

(2) All Existing Notes that are tendered for exchange in an Exchange Offer at or prior to the Early Tender Date will have priority over Existing Notes that are tendered for exchange after the Early Tender Date, even if such Existing Notes tendered after the Early Tender Date have a higher Acceptance Priority Level than Existing Notes tendered at or prior to the Early Tender Date and even if the Company does not elect to have an Early Settlement Date. The maximum amount of Second Lien Notes that the Company will issue in the Exchange Offers equals \$1,500,000,000 aggregate principal amount of Second Lien Notes, which the Company reserves the right to increase at any time in its sole discretion, subject to compliance with applicable law and the terms of its outstanding indebtedness. The Company does not expect to increase the Maximum Exchange Amount to an amount greater than \$2,340,000,000, if at all. The Exchange Offers are conditioned upon sufficient Existing Notes being tendered such that at least \$1,500,000,000 aggregate principal amount of Second Lien Notes will be issued in the Exchange Offers.

As of December 4, 2019, Eligible Holders (as defined below) representing (a) approximately \$723 million, or approximately 79%, of the aggregate principal amount of the 8.00% Senior Notes due 2026 and (b) approximately \$262 million, or approximately 25%, of the aggregate principal amount of the 8.00% Senior Notes due 2027 have committed to tender their Existing Notes in the applicable Exchange Offer at or prior to the applicable Early Tender Date.

The Exchange Offers are being made only to Eligible Holders. Eligible Holders must validly tender (and not validly withdraw) their Existing Notes at or prior to 5:00 p.m., New York City time, on December 17, 2019 (the "Early Tender Date"), in order to be eligible to receive the applicable "Early Exchange Consideration" shown in the table above. Existing Notes validly tendered (and not validly withdrawn) after the Early Tender Date but prior to the Expiration Date (as defined below) will be eligible to receive the applicable "Late Exchange Consideration" set out in such table.

The Exchange Offers will expire at 11:59 p.m., New York City time, on January 2, 2020 (the "Expiration Date"). The final settlement date for the Exchange Offers will occur promptly after the Expiration Date and is expected to occur on January 6, 2020 (the "Final Settlement Date"), subject to all conditions to the Exchange Offers having been satisfied or waived by the Company. The Company may, in its sole discretion, elect to settle an Exchange Offer for any or all series of Existing Notes validly tendered (and not validly withdrawn) at or prior to the Early Tender Date at any time after the Early Tender Date and at or prior to the Expiration Date (the "Early Settlement Date"), subject to all conditions to the Exchange Offers having been satisfied or waived by the Company. Such Early Settlement Date, if any, will be determined at the Company's option and, if elected, would not be expected to occur earlier than December 19, 2019.

Eligible Holders of Existing Notes accepted for exchange in the Exchange Offers will also receive a cash payment equal to the accrued and unpaid interest on such Existing Notes accepted in the Exchange Offers from the applicable latest interest payment date to, but not including, the applicable settlement date. Interest on the Second Lien Notes will accrue from the date of first issuance of Second Lien Notes.

Tenders may be validly withdrawn at any time at or prior to 5:00 p.m., New York City time, on December 17, 2019, but not thereafter unless required by law. The Company may, subject to applicable law, increase the Maximum Exchange Amount without extending the Early Tender Date or reinstating withdrawal rights. Accordingly, Eligible Holders should not tender any Existing Notes that they do not wish to have accepted for exchange by the Company. The Company does not expect to increase the Maximum Exchange Amount to an aggregate principal amount greater than \$2,340,000,000, if at all.

In the event that the Exchange Offers are oversubscribed, the principal amounts of each series of Existing Notes that are accepted will be determined in accordance with the "Acceptance Priority Levels" set forth on the table above. All Existing Notes validly tendered and not validly withdrawn having a higher Acceptance Priority Level will be accepted for exchange before any Existing Notes validly tendered having a lower Acceptance Priority Level will be accepted (with 1 being the highest Acceptance Priority Level and 5 being the lowest Acceptance Priority Level). Accordingly, all Existing Notes with an Acceptance Priority Level 1 will be accepted for exchange before any Existing Notes with an Acceptance Priority Level 2, and so on, until the Maximum Exchange Amount is allocated. Once all Existing Notes validly tendered (and not validly withdrawn) in a certain Acceptance Priority Level have been accepted for exchange, Existing Notes from the next Acceptance Priority Level may be accepted for exchange. If the remaining portion of the Maximum Exchange Amount is adequate to exchange some but not all of the aggregate principal amount of Existing

Notes tendered within the next Acceptance Priority Level, Existing Notes tendered for exchange in that Acceptance Priority Level will be accepted for exchange on a pro rata basis, based on the aggregate principal amount of Existing Notes tendered with respect to that Acceptance Priority Level, and no Existing Notes with a lower Acceptance Priority Level will be accepted for exchange. Depending on the amount tendered and the proration factor applied, if the principal amount of any series of Existing Notes that are unaccepted in the applicable Exchange Offer and returned to a holder as a result of proration would result in less than the minimum authorized denomination for such series being returned to such holder, the Company will either accept or reject all of such holder's validly tendered Existing Notes of such series.

Notwithstanding the foregoing, all Existing Notes that are tendered for exchange in an Exchange Offer at or prior to the Early Tender Date will have priority over Existing Notes that are tendered for exchange after the Early Tender Date, even if such Existing Notes tendered after the Early Tender Date have a higher Acceptance Priority Level than Existing Notes tendered at or prior to the Early Tender Date and even if the Company does not elect to have an Early Settlement Date. If the principal amount of Existing Notes validly tendered at or prior to the Early Tender Date constitutes a principal amount of Existing Notes that, if accepted for exchange by the Company, would result in the Company issuing Second Lien Notes having an aggregate principal amount equal to or in excess of the Maximum Exchange Amount, the Company will not accept any Existing Notes tendered for exchange after the Early Tender Date, regardless of the Acceptance Priority Level of such Existing Notes, unless the Company increases the Maximum Exchange Amount.

The Second Lien Notes will be fully and unconditionally guaranteed, jointly and severally, on a senior basis, by certain subsidiaries of the Company. The Second Lien Notes and the guarantees will be secured by second-priority liens on all of the Company's and the guarantors' assets that secure the Company's existing credit facility and certain other permitted indebtedness, on a first-priority basis, subject to certain exceptions. Any Existing Notes that remain outstanding after the Exchange Offers will be effectively subordinated to the Second Lien Notes to the extent of the value of the collateral securing the Second Lien Notes.

The Exchange Offers are being made in connection with a concurrent secured term loan financing and a concurrent cash tender offer and consent solicitation (the "BVL Tender Offer") with respect to the 6.875% Senior Notes due 2025 (the "BVL Notes") issued by Brazos Valley Longhorn, L.L.C. and Brazos Valley Longhorn Finance Corp. (the "Concurrent Transactions") The Exchange Offers are not conditioned upon the completion of the Concurrent Transactions.

The Exchange Offers are conditioned on the satisfaction or waiver of certain customary conditions, as described in the confidential offering memorandum. Additionally, the Exchange Offers are conditioned upon the Minimum Second Lien Note Condition. The Company may terminate, withdraw, amend or extend any of the Exchange Offers.

The Exchange Offers will only be made, and the confidential offering memorandum and other documents relating to the Exchange Offers will only be distributed to, holders who complete and return an eligibility letter confirming that they are (i) "qualified institutional buyers" as defined in Rule 144A under the Securities Act of 1933, as amended ("Securities Act"), or (ii) outside the United States and persons other than "U.S. persons" as defined in Rule 902 under the Securities Act in offshore transactions in compliance with Regulation S, who are "non-U.S. qualified offerees" (as defined in the eligibility letter) (such persons, "Eligible Holders"). Holders who desire to obtain and complete an eligibility letter should either visit the website for this purpose at <http://www.gbsc-usa.com/eligibility/Chesapeake> or call Global Bondholder Services Corporation, the Information Agent and Depository for the Exchange Offers at (866) 470-4300 (toll-free) or (212) 430-3774 (collect for banks and brokers).

The Company is making the Exchange Offers only to Eligible Holders through, and pursuant to, the terms of the confidential offering memorandum and the related letter of transmittal. The Company and its affiliates do not make any recommendation as to whether Eligible Holders should tender or refrain from tendering their Existing Notes. Eligible Holders must make their own decision as to whether to tender Existing Notes and, if so, the principal amount of the Existing Notes to tender. The Company may, to the extent permitted by applicable law, and to the extent permitted by certain restrictive covenants governing the Company's indebtedness, after the Expiration Date of the Exchange Offers, purchase Existing Notes in the open market, in privately negotiated transactions, through subsequent tender or exchange offers or otherwise. The Exchange Offers are not being made to holders of Existing Notes in any jurisdiction in which the making or acceptance thereof would not be in compliance with the securities, blue sky or other laws of such jurisdiction.

The securities to be offered in the Exchange Offers have not been registered under the Securities Act or any

state securities laws; and unless so registered, the securities may not be offered or sold in the United States or to U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. This press release shall not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Second Lien Notes, in any jurisdiction in which such an offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. In addition, this press release is neither an offer to purchase nor a solicitation of an offer to sell any Existing Notes in the Exchange Offers or any BVL Notes in the BVL Tender Offer.

Headquartered in Oklahoma City, [Chesapeake Energy Corp.](#)'s (NYSE: CHK) operations are focused on discovering and developing its large and geographically diverse resource base of unconventional oil and natural gas assets onshore in the United States.

This news release 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, including the timing of the settlement, the size of the Exchange Offers and expected participation by certain holders of Existing Notes. Forward-looking statements are statements other than statements of historical fact. They include statements regarding the timing of the settlement, the size of the exchange offers and expected participation by certain holders of Existing Notes. Although we believe the expectations and forecasts reflected in the forward-looking statements are reasonable, we can give no assurance they will prove to have been correct. They can be affected by inaccurate or changed assumptions or by known or unknown risks and uncertainties. Factors that could cause actual results to differ materially from expected results include our ability to comply with the covenants under our revolving credit facilities and other indebtedness and the related impact on our ability to continue as a going concern, the volatility of oil, natural gas and NGL prices and other factors described under "Risk Factors" in Item 1A of our annual report on Form 10-K and any updates to those factors set forth in Chesapeake's subsequent quarterly reports on Form 10-Q or current reports on Form 8-K.

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