

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

THREE MONTHS ENDED:	March 31, 2013	December 31, 2012	March 31, 2012
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 924	\$ 858	\$ 274
Changes in assets and liabilities	252	271	636
OPERATING CASH FLOW^(a)	<u>\$ 1,176</u>	<u>\$ 1,129</u>	<u>\$ 910</u>

THREE MONTHS ENDED:	March 31, 2013	December 31, 2012	March 31, 2012
NET INCOME (LOSS)	\$ 102	\$ 344	\$ (3)
Interest expense	21	14	12
Income tax expense (benefit)	63	219	(2)
Depreciation and amortization of other assets	78	71	84
Natural gas, oil and NGL depreciation, depletion and amortization	648	651	506
EBITDA^(b)	<u>\$ 912</u>	<u>\$ 1,299</u>	<u>\$ 597</u>

THREE MONTHS ENDED:	March 31, 2013	December 31, 2012	March 31, 2012
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 924	\$ 858	\$ 274
Changes in assets and liabilities	252	271	636
Interest expense	21	14	12
Unrealized gains (losses) on natural gas, oil and NGL	(146)	125	(270)
Net gains on sales of fixed assets	49	272	2
Impairments of fixed assets and other	(27)	(59)	—
Employee retirement and other termination benefits	(105)	(3)	—
Gain on sale of investment	—	31	—
Losses on investments	(29)	(18)	(33)
Impairment of investment	(10)	—	—
Stock-based compensation	(32)	(27)	(37)
Losses on purchases of debt	—	(200)	—
Other items	15	35	13
EBITDA^(b)	<u>\$ 912</u>	<u>\$ 1,299</u>	<u>\$ 597</u>

(a) Operating cash flow represents net cash provided by operating activities before changes in assets and liabilities. Operating cash flow is presented because management believes it is a useful adjunct to net cash provided by operating activities under accounting principles generally accepted in the United States (GAAP). Operating cash flow is widely accepted as a financial indicator of a natural gas and oil company's ability to generate cash which is used to internally fund exploration and development activities and to service debt. This measure is widely used by investors and rating agencies in the valuation, comparison, rating and investment recommendations of companies within the natural gas and oil exploration and production industry. Operating cash flow is not a measure of financial performance under GAAP and should not be considered as an alternative to cash flows from operating, investing or financing activities as an indicator of cash flows, or as a measure of liquidity.

(b) Ebitda represents net income (loss) before interest expense, income taxes, and depreciation, depletion and amortization expense. Ebitda is presented as a supplemental financial measurement in the evaluation of our business. We believe that it provides additional information regarding our ability to meet our future debt service, capital expenditures and working capital requirements. This measure is widely used by investors and rating agencies in the valuation, comparison, rating and investment recommendations of companies. Ebitda is also a financial measurement that, with certain negotiated adjustments, is reported to our lenders pursuant to our bank credit agreements and is used in the financial covenants in our bank credit agreements. Ebitda is not a measure of financial performance under GAAP. Accordingly, it should not be considered as a substitute for net income, income from operations or cash flow provided by operating activities prepared in accordance with GAAP.

CHESAPEAKE ENERGY CORPORATION
RECONCILIATION OF ADJUSTED NET INCOME AVAILABLE TO COMMON STOCKHOLDERS
(\$ in millions, except per share data)
(unaudited)

THREE MONTHS ENDED:	March 31, 2013	December 31, 2012	March 31, 2012
Net income (loss) available to common stockholders	\$ 15	\$ 257	\$ (71)
Adjustments, net of tax:			
Unrealized (gains) losses on derivatives	94	(78)	167
Net gains on sales of fixed assets	(30)	(166)	(1)
Impairments of fixed assets and other	16	36	—
Impairment of investment	6	—	—
Employee retirement expense and other termination benefits	83	2	—
Gain on sale of investment	—	(19)	—
Losses on purchases of debt	—	122	—
Other	(1)	(1)	(1)
Adjusted net income available to common stockholders^(a)	<u>183</u>	<u>153</u>	<u>94</u>
Preferred stock dividends	43	43	43
Total adjusted net income	<u>\$ 226</u>	<u>\$ 196</u>	<u>\$ 137</u>
Weighted average fully diluted shares outstanding^(b)	758	754	752
Adjusted earnings per share assuming dilution^(a)	\$ 0.30	\$ 0.26	\$ 0.18

(a) Adjusted net income available to common stockholders and adjusted earnings per share assuming dilution exclude certain items that management believes affect the comparability of operating results. The company believes these non-GAAP financial measures are a useful adjunct to GAAP earnings because:

- (i) Management uses adjusted net income available to common stockholders to evaluate the company's operational trends and performance relative to other natural gas and oil producing companies.
- (ii) Adjusted net income available to common stockholders is more comparable to earnings estimates provided by securities analysts.
- (iii) Items excluded generally are one-time items or items whose timing or amount cannot be reasonably estimated. Accordingly, any guidance provided by the company generally excludes information regarding these types of items.

(b) Weighted average fully diluted shares outstanding include shares that were considered antidilutive for calculating earnings per share in accordance with GAAP.

CHESAPEAKE ENERGY CORPORATION
RECONCILIATION OF ADJUSTED EBITDA
(\$ in millions)
(unaudited)

THREE MONTHS ENDED:	March 31, 2013	December 31, 2012	March 31, 2012
EBITDA	\$ 912	\$ 1,299	\$ 597
Adjustments:			
Unrealized (gains) losses on natural gas, oil and NGL derivatives	146	(125)	270
Impairment of investment	10	—	—
Net gains on sales of fixed assets	(49)	(272)	(2)
Impairments of fixed assets and other	27	59	—
Net income attributable to noncontrolling interests	(44)	(44)	(25)
Gain on sale of investment	—	(31)	—
Losses on purchases of debt	—	200	—
Employee retirement expense and other termination benefits	133	3	—
Other	(1)	—	(2)
Adjusted EBITDA^(a)	<u>\$ 1,134</u>	<u>\$ 1,089</u>	<u>\$ 838</u>

(a) Adjusted ebitda excludes certain items that management believes affect the comparability of operating results. The company believes these non-GAAP financial measures are a useful adjunct to ebitda because:

- (i) Management uses adjusted ebitda to evaluate the company's operational trends and performance relative to other natural gas and oil producing companies.
- (ii) Adjusted ebitda is more comparable to estimates provided by securities analysts.
- (iii) Items excluded generally are one-time items or items whose timing or amount cannot be reasonably estimated. Accordingly, any guidance provided by the company generally excludes information regarding these types of items.

CHESAPEAKE ENERGY CORPORATION
CONDENSED CONSOLIDATED CASH FLOW DATA
(\$ in millions)
(unaudited)

THREE MONTHS ENDED:	March 31, 2013	March 31, 2012
Beginning cash	\$ 287	\$ 351
Cash provided by operating activities	<u>924</u>	<u>274</u>
Cash flows from investing activities:		
Well costs on proved and unproved properties ^(a)	(1,566)	(2,503)
Acquisition of proved and unproved properties ^(b)	(255)	(1,117)
Sale of proved and unproved properties	165	803
Geological and geophysical costs	(13)	(71)
Additions to other property and equipment	(330)	(690)
Proceeds from sales of other assets	201	48
Additions to investments, net	(3)	(73)
Other	56	(47)
Total cash provided by (used in) investing activities	<u>(1,745)</u>	<u>(3,650)</u>
Cash provided by (used in) financing activities	<u>567</u>	<u>3,463</u>
Change in cash and cash equivalents	<u>(254)</u>	<u>87</u>
Ending cash	<u>\$ 33</u>	<u>\$ 438</u>

(a) Includes capitalized interest of \$16 million for the three months ended March 31, 2013.

(b) Includes capitalized interest of \$207 million and \$162 million for the three months ended March 31, 2013 and 2012, respectively.