

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

THREE MONTHS ENDED:	December 31, 2011	September 30, 2011	December 31, 2010
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	\$ 2,179	\$ 1,631	\$ 1,145
<b>Changes in assets and liabilities</b>	(868)	(222)	225
<b>OPERATING CASH FLOW<sup>(a)</sup></b>	<u>\$ 1,311</u>	<u>\$ 1,409</u>	<u>\$ 1,370</u>

THREE MONTHS ENDED:	December 31, 2011	September 30, 2011	December 31, 2010
<b>NET INCOME</b>	\$ 487	\$ 922	\$ 223
Income tax expense	312	589	140
Interest expense	7	4	7
Depreciation and amortization of other assets	85	75	61
Natural gas and liquids depreciation, depletion and amortization	484	423	368
<b>EBITDA<sup>(b)</sup></b>	<u>\$ 1,375</u>	<u>\$ 2,013</u>	<u>\$ 799</u>

THREE MONTHS ENDED:	December 31, 2011	September 30, 2011	December 31, 2010
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	\$ 2,179	\$ 1,631	\$ 1,145
Changes in assets and liabilities	(868)	(222)	225
Interest expense	7	4	7
Unrealized gains (losses) on natural gas and oil derivatives	(345)	631	(628)
Gains (losses) on sales and impairments of fixed assets	397	(3)	153
Gains (losses) on investments	22	(4)	(13)
Stock-based compensation	(34)	(40)	(36)
Other items	17	16	(54)
<b>EBITDA<sup>(b)</sup></b>	<u>\$ 1,375</u>	<u>\$ 2,013</u>	<u>\$ 799</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 before income tax expense, interest expense 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.

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**RECONCILIATION OF OPERATING CASH FLOW AND EBITDA**  
(\$ in millions)  
(unaudited)

TWELVE MONTHS ENDED:	December 31, 2011	December 31, 2010
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	\$ 5,903	\$ 5,117
<b>Changes in assets and liabilities</b>	(594)	51
<b>OPERATING CASH FLOW<sup>(a)</sup></b>	<u>\$ 5,309</u>	<u>\$ 5,168</u>

TWELVE MONTHS ENDED:	December 31, 2011	December 31, 2010
<b>NET INCOME</b>	\$ 1,757	\$ 1,774
<b>Income tax expense</b>	1,123	1,110
<b>Interest expense</b>	44	19
<b>Depreciation and amortization of other assets</b>	291	220
<b>Natural gas and liquids depreciation, depletion and amortization</b>	1,632	1,394
<b>EBITDA<sup>(b)</sup></b>	<u>\$ 4,847</u>	<u>\$ 4,517</u>

TWELVE MONTHS ENDED:	December 31, 2011	December 31, 2010
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	\$ 5,903	\$ 5,117
<b>Changes in assets and liabilities</b>	(594)	51
<b>Interest expense</b>	44	19
<b>Unrealized gains (losses) on natural gas and oil derivatives</b>	(789)	(658)
<b>Gains (losses) on sales and impairments of fixed assets</b>	391	116
<b>Gains on investments</b>	41	107
<b>Stock-based compensation</b>	(153)	(147)
<b>Other items</b>	4	(88)
<b>EBITDA<sup>(b)</sup></b>	<u>\$ 4,847</u>	<u>\$ 4,517</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.

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

<b>THREE MONTHS ENDED:</b>	<b>December 31, 2011</b>	<b>September 30, 2011</b>	<b>December 31, 2010</b>
<b>Net income available to common stockholders</b>	\$ 429	\$ 879	\$ 180
<b>Adjustments, net of tax:</b>			
<b>Unrealized (gains) losses on derivatives</b>	207	(385)	392
<b>(Gains) losses on sales and impairments of fixed assets</b>	<u>(242)</u>	<u>2</u>	<u>(94)</u>
<b>Adjusted net income available to common stockholders<sup>(a)</sup></b>	394	496	478
<b>Preferred stock dividends</b>	43	43	43
<b>Total adjusted net income</b>	<u>\$ 437</u>	<u>\$ 539</u>	<u>\$ 521</u>
<b>Weighted average fully diluted shares outstanding<sup>(b)</sup></b>	750	753	746
<b>Adjusted earnings per share assuming dilution<sup>(a)</sup></b>	<u>\$ 0.58</u>	<u>\$ 0.72</u>	<u>\$ 0.70</u>

(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 discloses these non-GAAP financial measures as 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 NET INCOME AVAILABLE TO COMMON STOCKHOLDERS**  
(\$ in millions, except per-share data)  
(unaudited)

<b>TWELVE MONTHS ENDED:</b>	<b>December 31, 2011</b>	<b>December 31, 2010</b>
<b>Net income available to common stockholders</b>	\$ 1,570	\$ 1,663
<b>Adjustments, net of tax:</b>		
Unrealized (gains) losses on derivatives	486	364
(Gains) losses on sales and impairments of fixed assets	(238)	(71)
Losses on purchases or exchanges of debt	107	80
Gains on investment activity, net	—	(65)
(Gain) loss on foreign currency derivatives	11	—
<b>Adjusted net income available to common stockholders<sup>(a)</sup></b>	<b>1,936</b>	<b>1,971</b>
<b>Preferred stock dividends</b>	<b>172</b>	<b>111</b>
<b>Total adjusted net income</b>	<b><u>\$ 2,108</u></b>	<b><u>\$ 2,082</u></b>
<b>Weighted average fully diluted shares outstanding<sup>(b)</sup></b>	<b>752</b>	<b>706</b>
<b>Adjusted earnings per share assuming dilution<sup>(a)</sup></b>	<b><u>\$ 2.80</u></b>	<b><u>\$ 2.95</u></b>

(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 discloses these non-GAAP financial measures as 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)

<b>THREE MONTHS ENDED:</b>	<b>December 31, 2011</b>	<b>September 30, 2011</b>	<b>December 31, 2010</b>
<b>EBITDA</b>	\$ 1,375	\$ 2,013	\$ 799
<b>Adjustments:</b>			
<b>Unrealized (gains) losses on natural gas and oil derivatives</b>	345	(631)	628
<b>(Gains) losses on sales and impairments of fixed assets</b>	(397)	3	(153)
<b>Net income attributable to noncontrolling interests</b>	(15)	—	—
<b>Adjusted EBITDA<sup>(a)</sup></b>	<u>\$ 1,308</u>	<u>\$ 1,385</u>	<u>\$ 1,274</u>
<hr/>			
<b>TWELVE MONTHS ENDED:</b>	<b>December 31, 2011</b>	<b>December 31, 2010</b>	
<b>EBITDA</b>	\$ 4,847	\$ 4,517	
<b>Adjustments:</b>			
<b>Unrealized (gains) losses on natural gas and oil derivatives</b>		789	658
<b>(Gains) losses on sales and impairments of fixed assets</b>		(391)	(116)
<b>Losses on purchases or exchanges of debt</b>		176	129
<b>Gains on investment activity, net</b>		—	(105)
<b>Net income attributable to noncontrolling interests</b>		(15)	—
<b>Adjusted EBITDA<sup>(a)</sup></b>	<u>\$ 5,406</u>	<u>\$ 5,083</u>	

(a) Adjusted ebitda excludes certain items that management believes affect the comparability of operating results. The company discloses these non-GAAP financial measures as 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**  
**RECONCILIATION OF 2011 ADDITIONS TO NATURAL GAS AND OIL PROPERTIES**  
**BASED ON SEC PRICING OF TRAILING 12-MONTH AVERAGE PRICES AT DECEMBER 31, 2011**  
**(\$ in millions, except per-unit data)**  
**(unaudited)**

	Proved Reserves		
	Cost	Bcfe <sup>(a)</sup>	\$/Mcfe
<b>PROVED PROPERTIES:</b>			
Well costs on proved properties <sup>(b)</sup>	\$ 6,080	5,619 <sup>(c)</sup>	1.08
Acquisition of proved properties	48	30	1.61
Sale of proved properties	<u>(2,612)</u>	<u>(2,776)</u>	0.94
Total net proved properties	<u>3,516</u>	<u>2,873</u>	1.22
Revisions – price	—	14	—
<b>UNPROVED PROPERTIES:</b>			
Well costs on unproved properties	1,465	—	—
Acquisition of unproved properties, net	3,516	—	—
Sale of unproved properties	<u>(4,432)</u>	<u>—</u>	—
Total net unproved properties	<u>549</u>	<u>—</u>	—
<b>OTHER:</b>			
Capitalized interest on unproved properties	727	—	—
Geological and geophysical costs	192	—	—
Asset retirement obligations	<u>3</u>	<u>—</u>	—
Total other	<u>922</u>	<u>—</u>	—
Total	<u>\$ 4,987</u>	<u>2,887</u>	1.73

**CHESAPEAKE ENERGY CORPORATION**  
**ROLL-FORWARD OF PROVED RESERVES**  
**TWELVE MONTHS ENDED DECEMBER 31, 2011**  
**BASED ON SEC PRICING OF TRAILING 12-MONTH AVERAGE PRICES AT DECEMBER 31, 2011**  
**(unaudited)**

	Bcfe <sup>(a)</sup>
Beginning balance, January 1, 2011	17,096
Production	(1,194)
Acquisitions	30
Divestitures	(2,776)
Revisions – changes to previous estimates	(64)
Revisions – price	14
Extensions and discoveries	<u>5,683</u>
Ending balance, December 31, 2011	<u>18,789</u>
Proved reserves growth rate before acquisitions and divestitures	26 %
Proved reserves growth rate after acquisitions and divestitures	10 %
Proved developed reserves	10,106
Proved developed reserves percentage	54 %
PV-10 (\$ in billions) <sup>(a)</sup>	\$ 19.9

(a) Reserve volumes and PV-10 value estimated using SEC reserve recognition standards and pricing assumptions based on the trailing 12-month average first-day-of-the-month prices as of December 31, 2011 of \$4.12 per mcf of natural gas and \$95.97 per bbl of oil, before field differential adjustments.

(b) Net of well cost carries of \$2.570 billion associated with the Statoil-Marcellus, Total-Barnett, CNOOC-Eagle Ford and CNOOC-Niobrara joint ventures.

(c) Includes 64 bcf of downward revisions resulting from changes to previous estimates and excludes positive revisions of 14 bcf resulting from higher oil prices using the average first-day-of-the-month price for the twelve months ended December 31, 2011, compared to the twelve months ended December 31, 2010.

**CHESAPEAKE ENERGY CORPORATION**  
**RECONCILIATION OF 2011 ADDITIONS TO NATURAL GAS AND OIL PROPERTIES**  
**BASED ON 10-YEAR AVERAGE NYMEX STRIP PRICES AT DECEMBER 31, 2011**  
(\$ in millions, except per-unit data)  
(unaudited)

	Proved Reserves		
	Cost	Bcfe <sup>(a)</sup>	\$/Mcf
<b>PROVED PROPERTIES:</b>			
Well costs on proved properties <sup>(b)</sup>	\$ 6,080	6,123 <sup>(c)</sup>	0.99
Acquisition of proved properties	48	30	1.61
Sale of proved properties	(2,612)	(2,776)	0.94
Total net proved properties	<u>3,516</u>	<u>3,377</u>	1.04
Revisions – price	—	99	—
<b>UNPROVED PROPERTIES:</b>			
Well costs on unproved properties	1,465	—	—
Acquisition of unproved properties, net	3,516	—	—
Sale of unproved properties	(4,432)	—	—
Total net unproved properties	<u>549</u>	<u>—</u>	—
<b>OTHER:</b>			
Capitalized interest on unproved properties	727	—	—
Geological and geophysical costs	192	—	—
Asset retirement obligations	3	—	—
Total other	<u>922</u>	<u>—</u>	—
Total	<u>\$ 4,987</u>	<u>3,476</u>	1.43

**CHESAPEAKE ENERGY CORPORATION**  
**ROLL-FORWARD OF PROVED RESERVES**  
**TWELVE MONTHS ENDED DECEMBER 31, 2011**  
**BASED ON 10-YEAR AVERAGE NYMEX STRIP PRICES AT DECEMBER 31, 2011**  
(unaudited)

	Bcfe <sup>(a)</sup>
Beginning balance, January 1, 2011	17,605
Production	(1,194)
Acquisitions	30
Divestitures	(2,776)
Revisions – changes to previous estimates	(64)
Revisions – price	99
Extensions and discoveries	6,187
Ending balance, December 31, 2011	<u>19,887</u>
Proved reserves growth rate before acquisitions and divestitures	29%
Proved reserves growth rate after acquisitions and divestitures	13%
Proved developed reserves	10,557
Proved developed reserves percentage	53%
PV-10 (\$ in billions) <sup>(a)</sup>	\$ 23.8

- (a) Reserve volumes and PV-10 value estimated using SEC reserve recognition standards and 10-year average NYMEX strip prices as of December 31, 2011 of \$4.92 per mcf of natural gas and \$92.61 per bbl of oil, before field differential adjustments. Futures prices, such as the 10-year average NYMEX strip prices, represent an unbiased consensus estimate by market participants about the likely prices to be received for our future production. Chesapeake uses such forward-looking market-based data in developing its drilling plans, assessing its capital expenditure needs and projecting future cash flows. Chesapeake believes these prices are better indicators of the likely economic producibility of proved reserves than the trailing 12-month average price required by the SEC's reporting rule.
- (b) Net of well cost carries of \$2.570 billion associated with the Statoil-Marcellus, Total-Barnett, CNOOC-Eagle Ford and CNOOC-Niobrara joint ventures.
- (c) Includes 64 bcfe of downward revisions resulting from changes to previous estimates and excludes positive revisions of 99 bcfe resulting from higher natural gas and oil prices using 10-year average NYMEX strip prices as of December 31, 2011, compared to December 31, 2010.

**CHESAPEAKE ENERGY CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(\$ in millions, except per-share and unit data)  
(unaudited)

THREE MONTHS ENDED:	December 31, 2011		December 31, 2010	
	\$	\$/mcf	\$	\$/mcf
<b>REVENUES:</b>				
Natural gas and liquids	1,336	4.03	949	3.53
Marketing, gathering and compression	1,246	3.77	959	3.57
Oilfield services	145	0.44	67	0.25
Total Revenues	<u>2,727</u>	<u>8.24</u>	<u>1,975</u>	<u>7.35</u>
<b>OPERATING EXPENSES:</b>				
Natural gas and oil production	292	0.88	241	0.90
Production taxes	51	0.15	38	0.14
Marketing, gathering and compression	1,223	3.70	923	3.44
Oilfield services	115	0.35	55	0.20
General and administrative	138	0.42	114	0.42
Natural gas and liquids depreciation, depletion and amortization	484	1.46	368	1.37
Depreciation and amortization of other assets	85	0.26	61	0.23
(Gains) losses on sales and impairments of fixed assets	(397)	(1.20)	(153)	(0.57)
Total Operating Expenses	<u>1,991</u>	<u>6.02</u>	<u>1,647</u>	<u>6.13</u>
<b>INCOME FROM OPERATIONS</b>	<u>736</u>	<u>2.22</u>	<u>328</u>	<u>1.22</u>
<b>OTHER INCOME (EXPENSE):</b>				
Interest expense	(7)	(0.02)	(7)	(0.03)
Earnings on investments	56	0.17	37	0.14
Other income	14	0.04	5	0.02
Total Other Income	<u>63</u>	<u>0.19</u>	<u>35</u>	<u>0.13</u>
<b>INCOME BEFORE INCOME TAXES</b>	799	2.41	363	1.35
<b>INCOME TAX EXPENSE (BENEFIT):</b>				
Current income taxes	2	—	(4)	(0.02)
Deferred income taxes	310	0.94	144	0.54
Total Income Tax Expense	<u>312</u>	<u>0.94</u>	<u>140</u>	<u>0.52</u>
<b>NET INCOME</b>	487	1.47	223	0.83
Net income attributable to noncontrolling interests	(15)	(0.04)	—	—
<b>NET INCOME ATTRIBUTABLE TO CHESAPEAKE</b>	<u>472</u>	<u>1.43</u>	<u>223</u>	<u>0.83</u>
Preferred stock dividends	(43)	(0.13)	(43)	(0.16)
<b>NET INCOME AVAILABLE TO COMMON STOCKHOLDERS</b>	<u>429</u>	<u>1.30</u>	<u>180</u>	<u>0.67</u>
<b>EARNINGS PER COMMON SHARE:</b>				
Basic	\$ 0.67		\$ 0.29	
Diluted	\$ 0.63		\$ 0.28	
<b>WEIGHTED AVERAGE COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING (in millions):</b>				
Basic	<u>640</u>		<u>632</u>	
Diluted	<u>750</u>		<u>639</u>	



**CHESAPEAKE ENERGY CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(\$ in millions, except per-share and unit data)  
(unaudited)

TWELVE MONTHS ENDED:	December 31, 2011		December 31, 2010	
	\$	\$/mcf	\$	\$/mcf
<b>REVENUES:</b>				
Natural gas and liquids	6,024	5.04	5,647	5.46
Marketing, gathering and compression	5,090	4.26	3,479	3.36
Oilfield services	521	0.44	240	0.23
<b>Total Revenues</b>	<u>11,635</u>	<u>9.74</u>	<u>9,366</u>	<u>9.05</u>
<b>OPERATING EXPENSES:</b>				
Natural gas and oil production	1,073	0.90	893	0.86
Production taxes	192	0.16	157	0.15
Marketing, gathering and compression	4,967	4.16	3,352	3.24
Oilfield services	402	0.34	208	0.20
General and administrative	548	0.46	453	0.44
Natural gas and liquids depreciation, depletion and amortization	1,632	1.37	1,394	1.35
Depreciation and amortization of other assets	291	0.24	220	0.21
(Gains) losses on sales and impairments of fixed assets	(391)	(0.34)	(116)	(0.11)
<b>Total Operating Expenses</b>	<u>8,714</u>	<u>7.29</u>	<u>6,561</u>	<u>6.34</u>
<b>INCOME FROM OPERATIONS</b>	<u>2,921</u>	<u>2.45</u>	<u>2,805</u>	<u>2.71</u>
<b>OTHER INCOME (EXPENSE):</b>				
Interest expense	(44)	(0.04)	(19)	(0.02)
Earnings on investments	156	0.13	227	0.22
Losses on purchases or exchanges of debt	(176)	(0.15)	(129)	(0.12)
Impairment of investments	—	—	(16)	(0.02)
Other income	23	0.02	16	0.02
<b>Total Other Income (Expense)</b>	<u>(41)</u>	<u>(0.04)</u>	<u>79</u>	<u>0.08</u>
<b>INCOME BEFORE INCOME TAXES</b>	<u>2,880</u>	<u>2.41</u>	<u>2,884</u>	<u>2.79</u>
<b>INCOME TAX EXPENSE:</b>				
Current income taxes	13	0.01	—	—
Deferred income taxes	1,110	0.93	1,110	1.07
<b>Total Income Tax Expense</b>	<u>1,123</u>	<u>0.94</u>	<u>1,110</u>	<u>1.07</u>
<b>NET INCOME</b>	<u>1,757</u>	<u>1.47</u>	<u>1,774</u>	<u>1.72</u>
Net income attributable to noncontrolling interests	<u>(15)</u>	<u>(0.01)</u>	<u>—</u>	<u>—</u>
<b>NET INCOME ATTRIBUTABLE TO CHESAPEAKE</b>	<u>1,742</u>	<u>1.46</u>	<u>1,774</u>	<u>1.72</u>
Preferred stock dividends	<u>(172)</u>	<u>(0.15)</u>	<u>(111)</u>	<u>(0.11)</u>
<b>NET INCOME AVAILABLE TO COMMON STOCKHOLDERS</b>	<u>1,570</u>	<u>1.31</u>	<u>1,663</u>	<u>1.61</u>
<b>EARNINGS PER COMMON SHARE:</b>				
Basic	<u>\$ 2.47</u>		<u>\$ 2.63</u>	
Diluted	<u>\$ 2.32</u>		<u>\$ 2.51</u>	
<b>WEIGHTED AVERAGE COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING (in millions):</b>				
Basic	<u>637</u>		<u>631</u>	
Diluted	<u>752</u>		<u>706</u>	

**CHESAPEAKE ENERGY CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(\$ in millions)  
(unaudited)

	December 31, 2011	December 31, 2010
Cash and cash equivalents	\$ 351	\$ 102
Other current assets	2,826	3,164
<b>Total Current Assets</b>	<u>3,177</u>	<u>3,266</u>
Property and equipment (net)	36,739	32,378
Other assets	1,919	1,535
<b>Total Assets</b>	<u>\$ 41,835</u>	<u>\$ 37,179</u>
Current liabilities	\$ 7,082	\$ 4,490
Long-term debt, net of discounts	10,626	12,640
Other long-term liabilities	2,682	2,401
Deferred tax liability	3,484	2,384
<b>Total Liabilities</b>	<u>23,874</u>	<u>21,915</u>
Chesapeake stockholders' equity	16,624	15,264
Noncontrolling interests	1,337	—
<b>Total Equity</b>	<u>17,961</u>	<u>15,264</u>
<b>Total Liabilities and Equity</b>	<u>\$ 41,835</u>	<u>\$ 37,179</u>
Common Shares Outstanding (in millions)	<u>659</u>	<u>654</u>

**CHESAPEAKE ENERGY CORPORATION**  
**CAPITALIZATION**  
(\$ in millions)  
(unaudited)

	December 31, 2011	December 31, 2010
Total debt, net of unrestricted cash	\$ 10,275	\$ 12,538
Chesapeake stockholders' equity	16,624	15,264
Noncontrolling interests <sup>(a)</sup>	1,337	—
<b>Total</b>	<u>\$ 28,236</u>	<u>\$ 27,802</u>
<b>Debt to capitalization ratio<sup>(b)</sup></b>	38%	45%

(a) Includes \$380 million in connection with third-party ownership in the Chesapeake Granite Wash Trust and \$950 million in connection with third-party ownership of the preferred shares of CHK Utica, L.L.C.

(b) Represents total net debt as a percentage of total book capitalization excluding equity of noncontrolling interests.

**CHESAPEAKE ENERGY CORPORATION**  
**RECONCILIATION OF PV-10**  
(\$ in millions)  
(unaudited)

	December 31, 2011	December 31, 2010
<b>Standardized measure of discounted future net cash flows</b>	\$ 15,630	\$ 13,183
<b>Discounted future cash flows for income taxes</b>	4,247	1,963
<b>Discounted future net cash flows before income taxes (PV-10)</b>	\$ 19,877	\$ 15,146

PV-10 is discounted (at 10%) future net cash flows before income taxes. The standardized measure of discounted future net cash flows includes the effects of estimated future income tax expenses and is calculated in accordance with Accounting Standards Topic 932. Management uses PV-10 as one measure of the value of the company's current proved reserves and to compare relative values among peer companies without regard to income taxes. We also understand that securities analysts and rating agencies use this measure in similar ways. While PV-10 is based on prices, costs and discount factors which are consistent from company to company, the standardized measure is dependent on the unique tax situation of each individual company.

The company's December 31, 2011 PV-10 and standardized measure were calculated using the trailing 12-month average first-day-of-the-month prices as of December 31, 2011 of \$4.12 per mcf and \$95.97 per bbl. The company's December 31, 2010 PV-10 and standardized measure were calculated using the trailing 12-month average first day-of-the-month prices as of December 31, 2010 of \$4.38 per mcf and \$79.42 per bbl.