

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

THREE MONTHS ENDED:	June 30, 2011	March 31, 2011	June 30, 2010
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	\$ 1,375	\$ 718	\$ 1,795
Changes in assets and liabilities	(168)	663	(491)
<b>OPERATING CASH FLOW <sup>(a)</sup></b>	<u>\$ 1,207</u>	<u>\$ 1,381</u>	<u>\$ 1,304</u>

THREE MONTHS ENDED:	June 30, 2011	March 31, 2011	June 30, 2010
<b>NET INCOME (LOSS)</b>	\$ 510	\$ (162)	\$ 255
Income tax expense (benefit)	325	(104)	159
Interest expense (income)	25	7	(16)
Depreciation and amortization of other assets	63	68	53
Natural gas and liquids depreciation, depletion and Amortization	366	358	340
<b>EBITDA <sup>(b)</sup></b>	<u>\$ 1,289</u>	<u>\$ 167</u>	<u>\$ 791</u>

THREE MONTHS ENDED:	June 30, 2011	March 31, 2011	June 30, 2010
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	\$ 1,375	\$ 718	\$ 1,795
Changes in assets and liabilities	(168)	663	(491)
Interest expense (income)	25	7	(16)
Unrealized gains (losses) on natural gas and oil derivatives	106	(1,182)	(396)
Gains (losses) on equity investments	19	5	(48)
Stock-based compensation	(39)	(40)	(35)
Other items	(29)	(4)	(18)
<b>EBITDA <sup>(b)</sup></b>	<u>\$ 1,289</u>	<u>\$ 167</u>	<u>\$ 791</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 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.

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

<b>SIX MONTHS ENDED:</b>	<b>June 30, 2011</b>	<b>June 30, 2010</b>
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	\$ 2,093	\$ 2,978
<b>Changes in assets and liabilities</b>	495	(414)
<b>OPERATING CASH FLOW <sup>(a)</sup></b>	<u>\$ 2,588</u>	<u>\$ 2,564</u>
<b>SIX MONTHS ENDED:</b>	<b>June 30, 2011</b>	<b>June 30, 2010</b>
<b>NET INCOME</b>	\$ 347	\$ 993
Income tax expense	222	621
Interest expense	33	9
Depreciation and amortization of other assets	131	103
Natural gas and liquids depreciation, depletion and amortization	724	647
<b>EBITDA <sup>(b)</sup></b>	<u>\$ 1,457</u>	<u>\$ 2,373</u>
<b>SIX MONTHS ENDED:</b>	<b>June 30, 2011</b>	<b>June 30, 2010</b>
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	\$ 2,093	\$ 2,978
Changes in assets and liabilities	495	(414)
Interest expense	33	9
Unrealized losses on natural gas and oil derivatives	(1,075)	(82)
Losses on equity investments	24	(35)
Stock-based compensation	(79)	(67)
Other items	(34)	(16)
<b>EBITDA <sup>(b)</sup></b>	<u>\$ 1,457</u>	<u>\$ 2,373</u>

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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>June 30, 2011</b>	<b>March 31, 2011</b>	<b>June 30, 2010</b>
<b>Net income (loss) available to common stockholders</b>	\$ 467	\$ (205)	\$ 235
<b>Adjustments:</b>			
Unrealized (gains) losses on derivatives, net of tax	(61)	725	214
Losses on purchases or exchanges of debt, net of tax	106	1	42
(Gains) losses on sales of other property and equipment, net of tax	3	(3)	—
Other impairments, net of tax	2	—	—
Loss on foreign currency derivatives	11	—	—
<b>Adjusted net income available to common stockholders <sup>(a)</sup></b>	<u>528</u>	<u>518</u>	<u>491</u>
<b>Preferred stock dividends</b>	43	43	20
<b>Total adjusted net income</b>	<u>\$ 571</u>	<u>\$ 561</u>	<u>\$ 511</u>
<b>Weighted average fully diluted shares outstanding <sup>(b)</sup></b>	751	750	682
<b>Adjusted earnings per share assuming dilution <sup>(a)</sup></b>	<u>\$ 0.76</u>	<u>\$ 0.75</u>	<u>\$ 0.75</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>SIX MONTHS ENDED:</b>	<b>June 30, 2011</b>	<b>June 30, 2010</b>
<b>Net income available to common stockholders</b>	\$ 262	\$ 968
<b>Adjustments:</b>		
<b>Unrealized losses on derivatives, net of tax</b>	663	3
<b>Losses on purchases or exchanges of debt, net of tax</b>	107	44
<b>Other impairments, net of tax</b>	2	—
<b>Loss on foreign currency derivatives</b>	11	—
<b>Adjusted net income available to common stockholders <sup>(a)</sup></b>	<u>1,045</u>	<u>1,015</u>
<b>Preferred stock dividends</b>	85	25
<b>Total adjusted net income</b>	<u>\$ 1,130</u>	<u>\$ 1,040</u>
<b>Weighted average fully diluted shares outstanding <sup>(b)</sup></b>	751	665
<b>Adjusted earnings per share assuming dilution <sup>(a)</sup></b>	<u>\$ 1.51</u>	<u>\$ 1.56</u>

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- 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>June 30, 2011</b>	<b>March 31, 2011</b>	<b>June 30, 2010</b>
<b>EBITDA</b>	\$ 1,289	\$ 167	\$ 791
<b>Adjustments:</b>			
<b>Unrealized (gains) losses on natural gas and oil derivatives</b>	(106)	1,182	396
<b>Losses on purchases or exchanges of debt</b>	174	2	69
<b>(Gains) losses on sales of other property and equipment</b>	4	(5)	—
<b>Other impairments</b>	4	—	—
<b>Adjusted EBITDA <sup>(a)</sup></b>	<u>\$ 1,365</u>	<u>\$ 1,346</u>	<u>\$ 1,256</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.

<b>SIX MONTHS ENDED:</b>	<b>June 30, 2011</b>	<b>June 30, 2010</b>
<b>EBITDA</b>	\$ 1,457	\$ 2,373
<b>Adjustments:</b>		
<b>Unrealized losses on natural gas and oil derivatives</b>	1,075	82
<b>Losses on purchases or exchanges of debt</b>	176	71
<b>Gains on sales of other property and equipment</b>	(1)	—
<b>Other impairments</b>	4	—
<b>Adjusted EBITDA <sup>(a)</sup></b>	<u>\$ 2,711</u>	<u>\$ 2,526</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 LIQUIDS PROPERTIES**  
**BASED ON SEC PRICING OF TRAILING 12-MONTH AVERAGE PRICES AT JUNE 30, 2011**  
(\$ in millions, except per-unit data)  
(unaudited)

	Proved Reserves		
	Cost	Bcfe <sup>(a)</sup>	\$/Mcf
Drilling and completion costs <sup>(b)</sup>	\$ 3,427	2,652 <sup>(c)</sup>	1.29
Acquisition of proved properties	35	28	1.26
Sale of proved properties	(2,613)	(2,760)	0.95
Drilling and completion costs, net of proved property divestitures	<u>849</u>	<u>(80)</u>	(10.61)
Revisions – price	—	(5)	—
Acquisition of unproved properties	1,990	—	—
Sale of unproved properties	(3,478)	—	—
Net unproved properties acquisition	<u>(1,488)</u>	<u>—</u>	<u>—</u>
Capitalized interest on unproved properties	379	—	—
Geological and geophysical costs	103	—	—
Capitalized interest and geological and geophysical costs	<u>482</u>	<u>—</u>	<u>—</u>
Subtotal	<u>(157)</u>	<u>(85)</u>	1.84
Asset retirement obligations and other	(5)	—	—
Total costs	<u>\$ (162)</u>	<u>(85)</u>	1.91

**CHESAPEAKE ENERGY CORPORATION**  
**ROLL-FORWARD OF PROVED RESERVES**  
**SIX MONTHS ENDED JUNE 30, 2011**  
**BASED ON SEC PRICING OF TRAILING 12-MONTH AVERAGE PRICES AT JUNE 30, 2011**  
(unaudited)

	Bcfe <sup>(a)</sup>
Beginning balance, 01/01/11	17,096
Production	(557)
Acquisitions	28
Divestitures	(2,760)
Revisions – changes to previous estimates	145
Revisions – price	(5)
Extensions and discoveries	<u>2,507</u>
Ending balance, 06/30/11	<u>16,454</u>
Proved reserves growth rate	(4)%
Proved developed reserves	8,922
Proved developed reserves percentage	54%
PV-10 (\$ in billions) <sup>(a)</sup>	\$16.4

(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 June 30, 2011, of \$4.21 per mcf of natural gas and \$89.86 per bbl of oil, before field differential adjustments.

(b) Net of drilling and completion carries of \$1.129 billion associated with the Statoil, Total, CNOOC-Eagle Ford and CNOOC-Niobrara joint venture agreements.

(c) Includes 145 bcf of positive revisions resulting from changes to previous estimates and excludes downward revisions of 5 bcf resulting from lower natural gas prices using the average first-day-of-the-month price for the twelve months ended June 30, 2011, compared to the twelve months ended December 31, 2010.

**CHESAPEAKE ENERGY CORPORATION**  
**RECONCILIATION OF 2011 ADDITIONS TO NATURAL GAS AND LIQUIDS PROPERTIES**  
**BASED ON 10-YEAR AVERAGE NYMEX STRIP PRICES AT JUNE 30, 2011**  
(\$ in millions, except per-unit data)  
(unaudited)

	Proved Reserves		
	Cost	Bcfe <sup>(a)</sup>	\$/Mcf
Drilling and completion costs <sup>(b)</sup>	\$ 3,427	2,715 <sup>(c)</sup>	1.26
Acquisition of proved properties	35	28	1.26
Sale of proved properties	(2,613)	(2,760)	0.95
Drilling and completion costs, net of proved property divestitures	849	(17)	(49.94)
Revisions – price	—	173	—
Acquisition of unproved properties	1,990	—	—
Sale of unproved properties	(3,478)	—	—
Net unproved properties acquisition	(1,488)	—	—
Capitalized interest on unproved properties	379	—	—
Geological and geophysical costs	103	—	—
Capitalized interest and geological and geophysical costs	482	—	—
Subtotal	(157)	156	(1.00)
Asset retirement obligations and other	(5)	—	—
Total costs	\$ (162)	156	(1.04)

**CHESAPEAKE ENERGY CORPORATION**  
**ROLL-FORWARD OF PROVED RESERVES**  
**SIX MONTHS ENDED JUNE 30, 2011**  
**BASED ON 10-YEAR AVERAGE NYMEX STRIP PRICES AT JUNE 30, 2011**  
(unaudited)

	Bcfe <sup>(a)</sup>
Beginning balance, 01/01/11	17,605
Production	(557)
Acquisitions	28
Divestitures	(2,760)
Revisions – changes to previous estimates	446
Revisions – price	173
Extensions and discoveries	2,269
Ending balance, 06/30/11	17,204
Proved reserves growth rate	(2)%
Proved developed reserves	9,372
Proved developed reserves percentage	54%
PV-10 (\$ in billions) <sup>(a)</sup>	\$27.4

- (a) Reserve volumes and PV-10 value estimated using SEC reserve recognition standards and 10-year average NYMEX strip prices as of June 30, 2011 of \$5.80 per mcf of natural gas and \$100.24 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 drilling and completion carries of \$1.129 billion associated with the Statoil, Total, CNOOC-Eagle Ford and CNOOC-Niobrara joint venture agreements.
- (c) Includes 446 bcfe of positive revisions resulting from changes to previous estimates and excludes positive revisions of 173 bcfe resulting from higher natural gas and oil prices using 10-year average NYMEX strip prices as of June 30, 2011, compared to NYMEX strip prices as of December 31, 2010.

