

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

THREE MONTHS ENDED:	March 31, 2011	December 31, 2010	March 31, 2010
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	\$ 741	\$ 1,145	\$ 1,183
Changes in assets and liabilities	<u>663</u>	<u>225</u>	<u>78</u>
<b>OPERATING CASH FLOW<sup>(a)</sup></b>	<u>\$ 1,404</u>	<u>\$ 1,370</u>	<u>\$ 1,261</u>

THREE MONTHS ENDED:	March 31, 2011	December 31, 2010	March 31, 2010
<b>NET INCOME (LOSS)</b>	\$ (162)	\$ 223	\$ 738
Income tax expense (benefit)	(104)	140	462
Interest expense	7	7	25
Depreciation and amortization of other assets	68	61	50
Natural gas and oil depreciation, depletion and amortization	<u>358</u>	<u>368</u>	<u>308</u>
<b>EBITDA<sup>(b)</sup></b>	<u>\$ 167</u>	<u>\$ 799</u>	<u>\$ 1,583</u>

THREE MONTHS ENDED:	March 31, 2011	December 31, 2010	March 31, 2010
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	\$ 741	\$ 1,145	\$ 1,183
Changes in assets and liabilities	663	225	78
Interest expense	7	7	25
Unrealized gains (losses) on natural gas and oil derivatives	(1,182)	(628)	315
Gains on sales of other property and equipment	5	154	—
Gains (losses) on equity investments	5	(13)	13
Stock-based compensation	(40)	(36)	(32)
Other items	<u>(32)</u>	<u>(55)</u>	<u>1</u>
<b>EBITDA<sup>(b)</sup></b>	<u>\$ 167</u>	<u>\$ 799</u>	<u>\$ 1,583</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 ADJUSTED NET INCOME AVAILABLE TO COMMON STOCKHOLDERS**  
(\$ in millions, except per-share data)  
(unaudited)

<b>THREE MONTHS ENDED:</b>	<b>March 31, 2011</b>	<b>December 31, 2010</b>	<b>March 31, 2010</b>
<b>Net income available to common stockholders</b>	\$ (205)	\$ 180	\$ 732
<b>Adjustments:</b>			
<b>Unrealized (gains) losses on derivatives, net of tax</b>	725	392	(209)
<b>(Gain) losses on sales of other property and equipment, net of tax</b>	(3)	(95)	—
<b>Other impairments, net of tax</b>	—	1	—
<b>Losses on redemptions or exchanges of debt, net of tax</b>	1	—	1
<b>Adjusted net income available to common stockholders <sup>(a)</sup></b>	518	478	524
<b>Preferred stock dividends</b>	43	43	6
<b>Total adjusted net income</b>	<u>\$ 561</u>	<u>\$ 521</u>	<u>\$ 530</u>
<b>Weighted average fully diluted shares outstanding <sup>(b)</sup></b>	750	746	647
<b>Adjusted earnings per share assuming dilution <sup>(a)</sup></b>	<u>\$ 0.75</u>	<u>\$ 0.70</u>	<u>\$ 0.82</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 EBITDA**  
(\$ in millions)  
(unaudited)

<b>THREE MONTHS ENDED:</b>	<b>March 31, 2011</b>	<b>December 31, 2010</b>	<b>March 31, 2010</b>
<b>EBITDA</b>	\$ 167	\$ 799	\$ 1,583
<b>Adjustments:</b>			
<b>Unrealized (gains) losses on natural gas and oil derivatives</b>	1,182	628	(315)
<b>(Gains) losses on sales of other property and equipment</b>	(5)	(154)	—
<b>Other impairments</b>	—	1	—
<b>Losses on redemptions or exchanges of debt</b>	2	—	2
<b>Adjusted EBITDA <sup>(a)</sup></b>	<u>\$ 1,346</u>	<u>\$ 1,274</u>	<u>\$ 1,270</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 FIRST QUARTER ADDITIONS TO NATURAL GAS AND OIL PROPERTIES**  
**BASED ON SEC PRICING OF TRAILING 12-MONTH AVERAGE PRICES AT MARCH 31, 2011**  
(\$ in millions, except per-unit data)  
(unaudited)

	Proved Reserves		
	Cost	Bcfe <sup>(a)</sup>	\$/Mcf
Drilling and completion costs <sup>(b)</sup>	\$ 1,664	1,334 <sup>(c)</sup>	1.25
Acquisition of proved properties	18	17	1.06
Sale of proved properties	(1,774)	(2,536)	0.70
Drilling and completion costs, net of proved property divestitures	(92)	(1,185)	0.08
Revisions – price	—	(33)	—
Acquisition of unproved properties	883	—	—
Sale of unproved properties	(3,335)	—	—
Net unproved properties acquisition	(2,452)	—	—
Capitalized interest on unproved properties	203	—	—
Geological and geophysical costs	66	—	—
Capitalized interest and geological and geophysical costs	269	—	—
<b>Subtotal</b>	<b>(2,275)</b>	<b>(1,218)</b>	<b>1.87</b>
Asset retirement obligations and other	(3)	—	—
<b>Total costs</b>	<b>\$ (2,278)</b>	<b>(1,218)</b>	<b>1.87</b>

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

	Bcfe <sup>(a)</sup>
Beginning balance, 01/01/11	17,096
Production	(280)
Acquisitions	17
Divestitures	(2,536)
Revisions – changes to previous estimates	322
Revisions – price	(33)
Extensions and discoveries	1,012
Ending balance, 03/31/11	15,598
Proved reserves growth rate	(9)%
Proved developed reserves	8,601
Proved developed reserves percentage	55%
PV10 (\$ in billions) <sup>(a)</sup>	14.3

- (a) Reserve volumes and PV10 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 March 31, 2011, of \$4.10 per mcf of natural gas and \$83.34 per bbl of oil, before field differential adjustments.
- (b) Net of drilling and completion carries of \$527 million associated with the Statoil, Total, CNOOC-Eagle Ford and CNOOC-Niobrara industry participation agreements.
- (c) Includes 322 bcfe of positive revisions resulting from changes to previous estimates and excludes downward revisions of 33 bcfe resulting from lower natural gas prices using the average first-day-of-the-month price for the twelve months ended March 31, 2011, compared to the twelve months ended December 31, 2010.

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

	Proved Reserves		
	Cost	Bcfe <sup>(a)</sup>	\$/Mcf
Drilling and completion costs <sup>(b)</sup>	\$ 1,664	1,429 <sup>(c)</sup>	1.16
Acquisition of proved properties	18	17	1.06
Sale of proved properties	(1,774)	(2,536)	0.70
Drilling and completion costs, net of proved property divestitures	(92)	(1,090)	0.08
Revisions – price	—	224	—
Acquisition of unproved properties	883	—	—
Sale of unproved properties	(3,335)	—	—
Net unproved properties acquisition	(2,452)	—	—
Capitalized interest on unproved properties	203	—	—
Geological and geophysical costs	66	—	—
Capitalized interest and geological and geophysical costs	269	—	—
Subtotal	(2,275)	(866)	2.63
Asset retirement obligations and other	(3)	—	—
Total costs	<u>\$ (2,278)</u>	<u>(866)</u>	2.63

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

	Bcfe <sup>(a)</sup>
Beginning balance, 01/01/11	17,605
Production	(280)
Acquisitions	17
Divestitures	(2,536)
Revisions – changes to previous estimates	333
Revisions – price	224
Extensions and discoveries	1,096
Ending balance, 03/31/11	<u>16,459</u>
Proved reserves growth rate	(7)%
Proved developed reserves	9,088
Proved developed reserves percentage	55%
PV10 (\$ in billions) <sup>(a)</sup>	28.1

- (a) Reserve volumes and PV10 value estimated using SEC reserve recognition standards and 10-year average NYMEX strip prices as of March 31, 2011 of \$6.17 per mcf of natural gas and \$103.13 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 \$527 million associated with the Statoil, Total, CNOOC-Eagle Ford and CNOOC-Niobrara industry participation agreements.
- (c) Includes 333 bcfe of positive revisions resulting from changes to previous estimates and excludes positive revisions of 224 bcfe resulting from higher natural gas and oil prices using 10-year average NYMEX strip prices as of March 31, 2011 compared to NYMEX strip prices as of December 31, 2010.