

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

<b>THREE MONTHS ENDED:</b>	<b>June 30, 2010</b>	<b>March 31, 2010</b>	<b>June 30, 2009</b>
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	\$ 1,795	\$ 1,183	\$ 737
<b>Changes in assets and liabilities</b>	(668)	(17)	269
<b>OPERATING CASH FLOW <sup>(a)</sup></b>	<u>\$ 1,127</u>	<u>\$ 1,166</u>	<u>\$ 1,006</u>

<b>THREE MONTHS ENDED:</b>	<b>June 30, 2010</b>	<b>March 31, 2010</b>	<b>June 30, 2009</b>
<b>NET INCOME (LOSS)</b>	\$ 255	\$ 738	\$ 243
<b>Income tax expense (benefit)</b>	159	462	145
<b>Interest expense (income)</b>	(16)	25	22
<b>Depreciation and amortization of other assets</b>	53	50	58
<b>Natural gas and oil depreciation, depletion and amortization</b>	<u>340</u>	<u>308</u>	<u>295</u>
<b>EBITDA <sup>(b)</sup></b>	<u>\$ 791</u>	<u>\$ 1,583</u>	<u>\$ 763</u>

<b>THREE MONTHS ENDED:</b>	<b>June 30, 2010</b>	<b>March 31, 2010</b>	<b>June 30, 2009</b>
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	\$ 1,795	\$ 1,183	\$ 737
<b>Changes in assets and liabilities</b>	(668)	(17)	269
<b>Interest expense (income)</b>	(16)	25	22
<b>Unrealized gains (losses) on natural gas and oil derivatives</b>	(396)	315	(216)
<b>Other items</b>	<u>76</u>	<u>77</u>	<u>(49)</u>
<b>EBITDA <sup>(b)</sup></b>	<u>\$ 791</u>	<u>\$ 1,583</u>	<u>\$ 763</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 and our senior note indentures. 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, 2010</b>	<b>June 30, 2009</b>
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	\$ 2,978	\$ 1,998
<b>Changes in assets and liabilities</b>	<u>(684)</u>	<u>7</u>
<b>OPERATING CASH FLOW <sup>(a)</sup></b>	<u>\$ 2,294</u>	<u>\$ 2,005</u>

<b>SIX MONTHS ENDED:</b>	<b>June 30, 2010</b>	<b>June 30, 2009</b>
<b>NET INCOME (LOSS)</b>	\$ 993	\$ (5,498)
<b>Income tax expense (benefit)</b>	621	(3,298)
<b>Interest expense (income)</b>	9	8
<b>Depreciation and amortization of other assets</b>	103	115
<b>Natural gas and oil depreciation, depletion and amortization</b>	<u>647</u>	<u>742</u>
<b>EBITDA <sup>(b)</sup></b>	<u>\$ 2,373</u>	<u>\$ (7,931)</u>

<b>SIX MONTHS ENDED:</b>	<b>June 30, 2010</b>	<b>June 30, 2009</b>
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	\$ 2,978	\$ 1,998
<b>Changes in assets and liabilities</b>	(684)	7
<b>Interest expense (income)</b>	9	8
<b>Unrealized gains (losses) on natural gas and oil derivatives</b>	(82)	(116)
<b>Impairment of natural gas and oil properties and other assets</b>	—	(9,635)
<b>Other items</b>	<u>152</u>	<u>(193)</u>
<b>EBITDA <sup>(b)</sup></b>	<u>\$ 2,373</u>	<u>\$ (7,931)</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 and our senior note indentures. 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>June 30, 2010</b>	<b>March 31, 2010</b>	<b>June 30, 2009</b>
<b>Net income available to Chesapeake common stockholders</b>	\$ 235	733	\$ 237
<b>Adjustments:</b>			
<b>Unrealized (gains) losses on derivatives, net of tax</b>	214	(210)	109
<b>Loss on redemptions or exchanges of Chesapeake debt, net of tax</b>	42	1	1
<b>Impairment of other assets, net of tax</b>	—	—	3
<b>Impairment of investments, net of tax</b>	—	—	6
<b>Restructuring costs, net of tax</b>	—	—	21
<b>Adjusted net income available to Chesapeake common stockholders <sup>(a)</sup></b>	491	524	377
<b>Preferred stock dividends</b>	20	6	6
<b>Total adjusted net income</b>	<u>\$ 511</u>	<u>\$ 530</u>	<u>\$ 383</u>
<b>Weighted average fully diluted shares outstanding <sup>(b)</sup></b>	682	647	622
<b>Adjusted earnings per share assuming dilution <sup>(a)</sup></b>	<u>\$ 0.75</u>	<u>\$ 0.82</u>	<u>\$ 0.62</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, 2010</b>	<b>June 30, 2009</b>
<b>Net income (loss) available to Chesapeake common stockholders</b>	\$ 968	\$ (5,510)
<b>Adjustments:</b>		
Unrealized (gains) losses on derivatives, net of tax	3	19
Loss on redemptions or exchanges of Chesapeake debt, net of tax	44	1
Impairment of natural gas and oil properties and other assets, net of tax	—	6,022
Impairment of investments, net of tax	—	102
Restructuring costs, net of tax	—	21
<b>Adjusted net income available to Chesapeake common stockholders <sup>(a)</sup></b>	<b>1,015</b>	<b>655</b>
<b>Preferred stock dividends</b>	<b>25</b>	<b>12</b>
<b>Total adjusted net income</b>	<b>\$ 1,040</b>	<b>\$ 667</b>
<b>Weighted average fully diluted shares outstanding <sup>(b)</sup></b>	<b>665</b>	<b>618</b>
<b>Adjusted earnings per share assuming dilution <sup>(a)</sup></b>	<b>\$ 1.56</b>	<b>\$ 1.08</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>June 30, 2010</b>	<b>March 31, 2010</b>	<b>June 30, 2009</b>
<b>EBITDA</b>	\$ 791	\$ 1,583	\$ 763
<b>Adjustments:</b>			
Unrealized (gains) losses on natural gas and oil derivatives	396	(315)	216
Loss on redemptions or exchanges of Chesapeake debt	69	2	2
Impairment of other assets	—	—	5
Impairment of investments	—	—	10
Restructuring costs	—	—	34
<b>Adjusted EBITDA <sup>(a)</sup></b>	<u>\$ 1,256</u>	<u>\$ 1,270</u>	<u>\$ 1,030</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, 2010</b>	<b>June 30, 2009</b>
<b>EBITDA</b>	\$ 2,373	\$ (7,931)
<b>Adjustments:</b>		
Unrealized (gains) losses on natural gas and oil derivatives	82	116
Loss on redemptions or exchanges of Chesapeake debt	71	2
Impairment of natural gas and oil properties and other assets	—	9,635
Impairment of investments	—	162
Restructuring costs	—	34
<b>Adjusted EBITDA <sup>(a)</sup></b>	<u>\$ 2,526</u>	<u>\$ 2,018</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 2010 FIRST HALF ADDITIONS TO NATURAL GAS AND OIL PROPERTIES**  
**BASED ON SEC PRICING OF TRAILING 12-MONTH AVERAGE PRICES**  
(\$ in millions, except per-unit data)  
(unaudited)

	Cost	Proved Reserves Bcfe <sup>(a)</sup>	\$/mcf
Drilling and completion costs <sup>(b)</sup>	\$ 2,306	2,654 <sup>(c)</sup>	0.87
Acquisition of proved properties	76	35	2.18
Sale of proved properties	<u>(1,716)</u>	<u>(1,118)</u>	<u>1.53</u>
Drilling, completion and net acquisition costs	<u>666</u>	<u>1,571</u>	<u>0.42</u>
Revisions – price	—	121	—
Acquisition of unproved properties and leasehold	2,356	—	—
Sale of unproved properties and leasehold	<u>(200)</u>	<u>—</u>	<u>—</u>
Net unproved properties and leasehold acquisition	<u>2,156</u>	<u>—</u>	<u>—</u>
Capitalized interest on leasehold and unproved property	339	—	—
Geological and geophysical costs	<u>84</u>	<u>—</u>	<u>—</u>
Capitalized interest and geological and geophysical costs	<u>423</u>	<u>—</u>	<u>—</u>
Subtotal	<u>3,245</u>	<u>1,692</u>	<u>1.92</u>
Asset retirement obligation and other	<u>(3)</u>	<u>—</u>	<u>—</u>
Total costs	<u>\$ 3,242</u>	<u>1,692</u>	<u>1.92</u>

**CHESAPEAKE ENERGY CORPORATION**  
**ROLL-FORWARD OF PROVED RESERVES**  
**SIX MONTHS ENDED JUNE 30, 2010**  
**BASED ON SEC PRICING OF TRAILING 12-MONTH AVERAGE PRICES**  
(unaudited)

	Bcfe <sup>(a)</sup>
Beginning balance, 1/01/10	14,254
Production	(487)
Acquisitions	35
Divestitures	(1,118)
Revisions – changes to previous estimates	428
Revisions – price	121
Extensions and discoveries	<u>2,226</u>
Ending balance, 6/30/10	<u>15,459</u>
Proved reserves growth rate	8.5%
Proved developed reserves	8,388
Proved developed reserves percentage	54%
Reserve replacement	1,692
Reserve replacement ratio <sup>(d)</sup>	348%

- (a) Reserve volumes 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 2010 of \$4.10 per mcf of natural gas and \$75.78 per bbl of oil, before field differential adjustments.
- (b) Includes drilling and completion carries associated with the Statoil and Total joint ventures.
- (c) Includes 428 bcfe of positive revisions resulting from changes to previous estimates and excludes positive revisions of 121 bcfe resulting from higher natural gas and oil prices using the average first-day-of-the-month price for the twelve months ended June 2010 compared to the twelve months ended December 2009.
- (d) The company uses the reserve replacement ratio as an indicator of the company's ability to replenish annual production volumes and grow its reserves. It should be noted that the reserve replacement ratio is a statistical indicator that has limitations. The ratio is limited because it typically varies widely based on the extent and timing of new discoveries and property acquisitions. Its predictive and comparative value is also limited for the same reasons. In addition, since the ratio does not embed the cost or timing of future production of new reserves, it cannot be used as a measure of value creation.

**CHESAPEAKE ENERGY CORPORATION**  
**RECONCILIATION OF 2010 FIRST HALF ADDITIONS TO NATURAL GAS AND OIL PROPERTIES**  
**BASED ON 10-YEAR AVERAGE NYMEX STRIP PRICES AT JUNE 30, 2010**  
(\$ in millions, except per-unit data)  
(unaudited)

	Cost	Proved Reserves Bcfe <sup>(a)</sup>	\$/mcf
Drilling and completion costs <sup>(b)</sup>	\$ 2,306	2,366 <sup>(c)</sup>	0.97
Acquisition of proved properties	76	35	2.17
Sale of proved properties	<u>(1,716)</u>	<u>(1,186)</u>	<u>1.45</u>
Drilling, completion and net acquisition costs	<u>666</u>	<u>1,215</u>	<u>0.55</u>
Revisions – price	—	(122)	—
Acquisition of unproved properties and leasehold	2,356	—	—
Sale of unproved properties and leasehold	<u>(200)</u>	<u>—</u>	<u>—</u>
Net unproved properties and leasehold acquisition	<u>2,156</u>	<u>—</u>	<u>—</u>
Capitalized interest on leasehold and unproved property	339	—	—
Geological and geophysical costs	<u>84</u>	<u>—</u>	<u>—</u>
Capitalized interest and geological and geophysical costs	<u>423</u>	<u>—</u>	<u>—</u>
Subtotal	<u>3,245</u>	<u>1,093</u>	<u>2.97</u>
Asset retirement obligation and other	<u>(3)</u>	<u>—</u>	<u>—</u>
Total costs	<u>\$ 3,242</u>	<u>1,093</u>	<u>2.97</u>

**CHESAPEAKE ENERGY CORPORATION**  
**ROLL-FORWARD OF PROVED RESERVES**  
**SIX MONTHS ENDED JUNE 30, 2010**  
**BASED ON 10-YEAR AVERAGE NYMEX STRIP PRICES AT JUNE 30, 2010**  
(unaudited)

	Bcfe <sup>(a)</sup>
Beginning balance, 1/01/10	15,540
Production	(487)
Acquisitions	35
Divestitures	(1,186)
Revisions – changes to previous estimates	108
Revisions – price	(122)
Extensions and discoveries	<u>2,258</u>
Ending balance, 6/30/10	<u>16,146</u>
Proved reserves annual growth rate	3.9%
Proved developed reserves	8,838
Proved developed reserves percentage	55%
Reserve replacement	1,093
Reserve replacement ratio <sup>(d)</sup>	225%

- (a) Reserve volumes estimated using SEC reserve recognition standards and 10-year average NYMEX strip prices as of June 30, 2010 of \$6.30 per mcf of natural gas and \$84.38 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) Includes drilling and completion carries associated with the Statoil and Total joint ventures.
- (c) Includes 108 bcfe of positive revisions resulting from changes to previous estimates and excludes downward revisions of 122 bcfe resulting from lower natural gas and oil prices using 10-year average NYMEX strip prices as of June 30, 2010 compared to NYMEX strip prices as of December 31, 2009.
- (d) The company uses the reserve replacement ratio as an indicator of the company's ability to replenish annual production volumes and grow its reserves. It should be noted that the reserve replacement ratio is a statistical indicator that has limitations. The ratio is limited because it typically varies widely based on the extent and timing of new discoveries and property acquisitions. Its predictive and comparative value is also limited for the same reasons. In addition, since the ratio does not embed the cost or timing of future production of new reserves, it cannot be used as a measure of value creation.