

CHESAPEAKE ENERGY CORPORATION
RECONCILIATION OF CERTAIN FINANCIAL MEASURES
(in 000's)
(unaudited)

THREE MONTHS ENDED:	September 30, 2005	September 30, 2004
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 558,061	\$ 367,649
Adjustments:		
Changes in assets and liabilities	<u>77,150</u>	<u>(14,252)</u>
OPERATING CASH FLOW*	<u>\$ 635,211</u>	<u>\$ 353,397</u>

*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 an oil and gas 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 oil and gas 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.

THREE MONTHS ENDED:	September 30, 2005	September 30, 2004
Net income	\$ 176,988	\$ 96,872
Income tax expense	101,734	54,489
Interest expense	58,593	48,689
Depreciation and amortization of other assets	12,902	7,700
Oil and gas depreciation, depletion and amortization	<u>231,145</u>	<u>153,586</u>
EBITDA**	<u>\$ 581,362</u>	<u>\$ 361,336</u>

**Ebitda represents net income (loss) before cumulative effect of accounting change, income tax expense (benefit), 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 agreement and is used in the financial covenants in our bank credit agreement 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. Ebitda is reconciled to cash provided by operating activities as follows:

THREE MONTHS ENDED:	September 30, 2005	September 30, 2004
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 558,061	\$ 367,649
Changes in assets and liabilities	77,150	(14,252)
Interest expense	58,593	48,689
Unrealized gains (losses) on oil and gas derivatives	(104,049)	(32,473)
Other non-cash items	<u>(8,393)</u>	<u>(8,277)</u>
EBITDA	<u>\$ 581,362</u>	<u>\$ 361,336</u>

CHESAPEAKE ENERGY CORPORATION
RECONCILIATION OF CERTAIN FINANCIAL MEASURES
(in 000's)
(unaudited)

NINE MONTHS ENDED:	September 30, 2005	September 30, 2004
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,638,368	\$ 1,038,206
Adjustments:		
Changes in assets and liabilities	<u>15,589</u>	<u>(43,082)</u>
OPERATING CASH FLOW*	<u>\$ 1,653,957</u>	<u>\$ 995,124</u>

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NINE MONTHS ENDED:	September 30, 2005	September 30, 2004
Net income	\$ 495,777	\$ 306,617
Income tax expense	284,977	172,470
Interest expense	155,623	124,040
Depreciation and amortization of other assets	34,791	20,155
Oil and gas depreciation, depletion and amortization	<u>621,484</u>	<u>410,237</u>
EBITDA**	<u>\$ 1,592,652</u>	<u>\$ 1,033,519</u>

**Ebitda represents net income (loss) before cumulative effect of accounting change, income tax expense (benefit), 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 agreement and is used in the financial covenants in our bank credit agreement 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. Ebitda is reconciled to cash provided by operating activities as follows:

NINE MONTHS ENDED:	September 30, 2005	September 30, 2004
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,638,368	\$ 1,038,206
Changes in assets and liabilities	15,589	(43,082)
Interest expense	155,623	124,040
Unrealized gains (losses) on oil and gas derivatives	(137,122)	(66,623)
Other non-cash items	<u>(79,806)</u>	<u>(19,022)</u>
EBITDA	<u>\$ 1,592,652</u>	<u>\$ 1,033,519</u>

CHESAPEAKE ENERGY CORPORATION
RECONCILIATION OF ADJUSTED NET INCOME AVAILABLE TO COMMON & ADJUSTED EBITDA
(\$ in 000's, except per share amounts)
(unaudited)

	Three Months Ended September 30, 2005	Nine Months Ended September 30, 2005
Net income available to common shareholders	\$ 149,059	\$ 447,783
Adjustments:		
Loss on conversion/exchange of preferred stock	<u>17,725</u>	<u>22,468</u>
Net Income	\$ 166,784	\$ 470,251
Adjustments, net of tax:		
Unrealized (gains) losses on derivatives	66,851	85,836
Loss on repurchases or exchanges of debt	<u>474</u>	<u>44,480</u>
Adjusted net income available to common*	<u>\$ 234,109</u>	<u>\$ 600,567</u>
Adjusted earnings per share assuming dilution**	<u>\$ 0.65</u>	<u>\$ 1.71</u>
EBITDA	\$ 581,362	\$ 1,592,652
Adjustments, before tax:		
Unrealized (gains) losses on oil and gas derivatives	104,049	137,122
Loss on repurchases or exchanges of debt	<u>747</u>	<u>70,047</u>
Adjusted EBITDA*	<u>\$ 686,158</u>	<u>\$ 1,799,821</u>

*Adjusted net income available to common and adjusted earnings per share assuming dilution and adjusted EBITDA 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 and EBITDA because:

- a. Management uses adjusted net income available to common and adjusted EBITDA to evaluate the company's operational trends and performance relative to other oil and gas producing companies.
- b. Adjusted net income available to common and adjusted EBITDA are more comparable to earnings and EBITDA estimates provided by securities analysts.
- c. 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.

**For purposes of calculating fully diluted shares and earnings per share assuming dilution for the three and nine months ended September 30, 2005, accounting rules prohibit the company from assuming the conversion of the 4.125% preferred stock, 4.50% preferred stock and 5.00% (Series 2003) preferred stock for common shares prior to conversion or exchange for either period since the effect would have been anti-dilutive. In determining adjusted earnings per share, we have reflected these shares as though they were converted at the beginning of the period which increases the fully diluted share count to 376.6 million and 365.1 million for the three and nine months ended September 30, 2005, respectively.