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

THREE MONTHS ENDED:	September 30, 2008	June 30, 2008	September 30, 2007
CASH PROVIDED BY OPERATING ACTIVITIES	$ 1,550	$ 1,256	$ 1,267
Adjustments:			
Changes in assets and liabilities	(150)	187	(182)
OPERATING CASH FLOW*	$ 1,400	$ 1,443	$ 1,085

*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.

THREE MONTHS ENDED:	September 30, 2008	June 30, 2008	September 30, 2007
NET INCOME (LOSS)	$ 3,313	$ (1,597)	$ 372
Income tax expense (benefit)	2,074	(1,000)	228
Interest expense	48	63	116
Depreciation and amortization of other assets	48	40	44
Natural gas and oil depreciation, depletion and amortization	480	523	479
EBITDA**	$ 5,963	$ (1,971)	$ 1,239

**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 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, 2008	June 30, 2008	September 30, 2007
CASH PROVIDED BY OPERATING ACTIVITIES	$ 1,550	$ 1,256	$ 1,267
Changes in assets and liabilities	(150)	187	(182)
Interest expense	48	63	116
Unrealized gains (losses) on natural gas and oil derivatives	4,618	(3,404)	45
Other non-cash items	(103)	(73)	(7)
EBITDA	$ 5,963	$ (1,971)	$ 1,239

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

NINE MONTHS ENDED:	September 30, 2008	September 30, 2007
CASH PROVIDED BY OPERATING ACTIVITIES	$ 4,305	$ 3,389
Adjustments:		
Changes in assets and liabilities	49	(104)
OPERATING CASH FLOW*	$ 4,354	$ 3,285

*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.

NINE MONTHS ENDED:	September 30, 2008	September 30, 2007
NET INCOME	$ 1,584	$ 1,148
Income tax expense (benefit)	991	704
Interest expense	212	279
Depreciation and amortization of other assets	125	120
Natural gas and oil depreciation, depletion and amortization	1,518	1,314
EBITDA**	$ 4,430	$ 3,565

**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 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, 2008	September 30, 2007
CASH PROVIDED BY OPERATING ACTIVITIES	$ 4,305	$ 3,389
Changes in assets and liabilities	49	(104)
Interest expense	212	279
Unrealized gains (losses) on natural gas and oil derivatives	80	(113)
Other noncash items	(216)	114
EBITDA	$ 4,430	$ 3,565

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

THREE MONTHS ENDED:	September 30, 2008	June 30, 2008	September 30, 2007
Net income (loss) available to common shareholders	$ 3,282	$ (1,649)	$ 346
Adjustments:			
Unrealized (gains) losses on derivatives, net of tax	(2,846)	2,085	(16)
Loss on repurchase of Chesapeake debt, net of tax	19	—	—
Consent fees on senior notes, net of tax	6	—	—
Loss on conversion/exchange of preferred stock	25	43	—
Adjusted net income available to common shareholders*	486	479	330
Preferred stock dividends	6	9	26
Interest on 2.75% contingent convertible notes, net of tax	3	3	—
Interest on 2.50% contingent convertible notes, net of tax	7	—	—
Total adjusted net income	$ 502	$ 491	$ 356
Weighted average fully diluted shares outstanding**	589	553	517
Adjusted earnings per share assuming dilution*	$ 0.85	$ 0.89	$ 0.69

*Adjusted net income available to common 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:

(a) Management uses adjusted net income available to common to evaluate the company's operational trends and performance relative to other natural gas and oil producing companies.
(b) Adjusted net income available to common is more comparable to earnings 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.

**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)

THREE MONTHS ENDED:	September 30, 2008	June 30, 2008	September 30, 2007
EBITDA	$ 5,963	$ (1,971)	$ 1,239
Adjustments, before tax:			
Unrealized (gains) losses on natural gas and oil derivatives	(4,618)	3,406	(45)
Loss on repurchase of Chesapeake debt	31	—	—
Consent fees on senior notes	10	—	—
Adjusted ebitda*	$ 1,386	$ 1,435	$ 1,194

*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:

(a) Management uses adjusted ebitda to evaluate the company's operational trends and performance relative to other natural gas and oil producing companies.
(b) Adjusted ebitda is more comparable to 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.

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

NINE MONTHS ENDED:	September 30, 2008	September 30, 2007
Net income available to common shareholders	$ 1,490	$ 1,071
Adjustments:		
Unrealized (gains) losses on derivatives, net of tax	(55)	78
Gain on sale of investment, net of cash	—	(51)
Loss on repurchase of Chesapeake debt, net of tax	19	—
Consent fees on senior notes, net of tax	6	—
Loss on conversion/exchange of preferred stock	67	—
Adjusted net income available to common shareholders*	1,527	1,098
Preferred stock dividends	27	77
Interest on 2.75% contingent convertible notes, net of tax	5	—
Interest on 2.50% contingent convertible notes, net of tax	7	—
Total adjusted net income	$ 1,566	$ 1,175
Weighted average fully diluted shares outstanding**	564	516
Adjusted earnings per share assuming dilution*	$ 2.78	$ 2.28

*Adjusted net income available to common 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:

(a) Management uses adjusted net income available to common to evaluate the company's operational trends and performance relative to other natural gas and oil producing companies.

(b) Adjusted net income available to common is more comparable to earnings 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.

**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)

NINE MONTHS ENDED:	September 30, 2008	September 30, 2007
EBITDA	$ 4,430	$ 3,565
Adjustments, before tax:		
Unrealized (gains) losses on natural gas and oil derivatives	(80)	113
Gain on sale of investment	—	(83)
Loss on repurchase of Chesapeake debt	31	—
Consent fees on senior notes	10	—
Adjusted ebitda*	$ 4,391	$ 3,595

*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:

(a) Management uses adjusted ebitda to evaluate the company's operational trends and performance relative to other natural gas and oil producing companies.

(b) Adjusted ebitda is more comparable to 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.

CHESAPEAKE ENERGY CORPORATION
RECONCILIATION OF 2008 ADDITIONS TO NATURAL GAS AND OIL PROPERTIES
($ in millions, except per-unit data)
(unaudited)

	Cost	Reserves (in bcfe)	$/mcfe
Exploration and development costs	$ 4,428	2,286 [(a)]	1.94
Acquisition of proved properties	357	165	2.16
Sale of proved properties	(2,335)	(638)	3.66
Drilling and net acquisition cost	2,450	1,813	1.35
Revisions – price	—	13	—
Acquisition of unproved properties and leasehold	6,931	—	—
Sale of unproved properties and leasehold	(3,587)	—	—
Net leasehold and unproved property acquisition	3,344	—	—
Capitalized interest on leasehold and unproved property	289	—	—
Geological and geophysical costs	234	—	—
Geological, geophysical and capitalized interest	523	—	—
Subtotal	6,317	1,826	3.46
Tax basis step-up	13	—	—
Asset retirement obligation and other	6	—	—
Total	$ 6,336	1,826	3.47

(a) Includes 1,128 bcfe of positive performance revisions (987 bcfe relating to infill drilling and increased density locations and 141 bcfe of other performance related revisions) and excludes positive revisions of 13 bcfe resulting from natural gas and oil price increases between December 31, 2007 and September 30, 2008.

CHESAPEAKE ENERGY CORPORATION
ROLL-FORWARD OF PROVED RESERVES
NINE MONTHS ENDED SEPTEMBER 30, 2008
(unaudited)

	Bcfe
Beginning balance, 01/01/08	10,879
Production	(630)
Acquisitions	165
Divestitures	(638)
Revisions – performance	1,128
Revisions – price	13
Extensions and discoveries	1,158
Ending balance, 09/30/08	12,075
Reserve replacement	1,826
Reserve replacement ratio [(a)]	290%

(a) 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.