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

THREE MONTHS ENDED:	June 30, 2012	March 31, 2012	June 30, 2011
CASH PROVIDED BY OPERATING ACTIVITIES	$ 755	$ 274	$ 1,375
Changes in assets and liabilities	140	636	(168)
OPERATING CASH FLOW[a]	$ 895	$ 910	$ 1,207

THREE MONTHS ENDED:	June 30, 2012	March 31, 2012	June 30, 2011
NET INCOME (LOSS)	$ 1,037	$ (3)	$ 510
Income tax expense (benefit)	663	(2)	325
Interest expense	14	12	25
Depreciation and amortization of other assets	83	84	63
Natural gas, oil and NGL depreciation, depletion and amortization	588	506	366
EBITDA[b]	$ 2,385	$ 597	$ 1,289

THREE MONTHS ENDED:	June 30, 2012	March 31, 2012	June 30, 2011
CASH PROVIDED BY OPERATING ACTIVITIES	$ 755	$ 274	$ 1,375
Changes in assets and liabilities	140	636	(168)
Interest expense	14	12	25
Unrealized gains (losses) on natural gas, oil and NGL derivatives	810	(270)	106
Gains (losses) on sales and impairments of fixed assets	(243)	2	(8)
Gains (losses) on investments	943	(33)	19
Stock-based compensation	(31)	(32)	(39)
Other items	(3)	8	(21)
EBITDA[b]	$ 2,385	$ 597	$ 1,289

[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 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)

SIX MONTHS ENDED:	June 30, 2012	June 30, 2011
CASH PROVIDED BY OPERATING ACTIVITIES	$ 1,029	$ 2,093
Changes in assets and liabilities	776	495
OPERATING CASH FLOW[(a)]	$ 1,805	$ 2,588

SIX MONTHS ENDED:	June 30, 2012	June 30, 2011
NET INCOME (LOSS)	$ 1,033	$ 347
Income tax expense (benefit)	661	222
Interest expense	26	33
Depreciation and amortization of other assets	166	131
Natural gas, oil and NGL depreciation, depletion and amortization	1,094	724
EBITDA[(b)]	$ 2,980	$ 1,457

SIX MONTHS ENDED:	June 30, 2012	June 30, 2011
CASH PROVIDED BY OPERATING ACTIVITIES	$ 1,029	$ 2,093
Changes in assets and liabilities	776	495
Interest expense	26	33
Unrealized gains (losses) on natural gas, oil and NGL derivatives	540	(1,075)
Gains (losses) on sales and impairments of fixed assets	(241)	(3)
Gains (losses) on investments	910	24
Stock-based compensation	(63)	(79)
Other items	3	(31)
EBITDA[(b)]	$ 2,980	$ 1,457

[(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 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)

THREE MONTHS ENDED:	June 30, 2012	March 31, 2012	June 30, 2011
Net income (loss) available to common stockholders	$ 929	$ (71)	$ 467
Adjustments, net of tax:			
Unrealized (gains) losses on derivatives	(490)	167	(61)
(Gains) losses on sales and impairments of fixed assets	148	(1)	5
Losses on purchases or exchanges of debt	—	—	106
Gains on investments	(584)	—	—
Other	—	(1)	11
Adjusted net income available to common stockholders[(a)]	3	94	528
Preferred stock dividends	43	43	43
Total adjusted net income	$ 46	$ 137	$ 571
Weighted average fully diluted shares outstanding[(b)]	751	752	751
Adjusted earnings per share assuming dilution[(a)]	$ 0.06	$ 0.18	$ 0.76

(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)

SIX MONTHS ENDED:	June 30, 2012	June 30, 2011
Net income (loss) available to common stockholders	$ 858	$ 262
Adjustments, net of tax:		
Unrealized (gains) losses on derivatives	(323)	663
(Gains) losses on sales and impairments of fixed assets	147	2
Losses on purchases or exchanges of debt	—	107
Gains on investments	(584)	—
Other	(1)	11
Adjusted net income available to common stockholders[(a)]	97	1,045
Preferred stock dividends	86	85
Total adjusted net income	$ 183	$ 1,130
Weighted average fully diluted shares outstanding[(b)]	752	751
Adjusted earnings per share assuming dilution[(a)]	$ 0.24	$ 1.51

(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)

THREE MONTHS ENDED:	**June 30, 2012**	**March 31, 2012**	**June 30, 2011**
EBITDA	$ 2,385	$ 597	$ 1,289
Adjustments:			
Unrealized (gains) losses on natural gas, oil and NGL derivatives	(810)	270	(106)
(Gains) losses on sales and impairments of fixed assets	243	(2)	8
Net income attributable to noncontrolling interests	(65)	(25)	—
Losses on purchases or exchanges of debt	—	—	174
Gains on investments	(957)	—	—
Other	7	(2)	—
Adjusted EBITDA[(a)]	$ 803	$ 838	$ 1,365

[(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.

SIX MONTHS ENDED:	**June 30, 2012**	**June 30, 2011**
EBITDA	$ 2,980	$ 1,457
Adjustments:		
Unrealized (gains) losses on natural gas, oil and NGL derivatives	(540)	1,075
(Gains) losses on sales and impairments of fixed assets	241	3
Net income attributable to noncontrolling interests	(89)	—
Losses on purchases or exchanges of debt	—	176
Gains on investments	(957)	—
Other	6	—
Adjusted EBITDA[(a)]	$ 1,641	$ 2,711

[(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 2012 FIRST HALF ADDITIONS TO NATURAL GAS AND OIL PROPERTIES
BASED ON SEC PRICING OF TRAILING 12-MONTH AVERAGE PRICES AS OF JUNE 30, 2012
($ in millions, except per-unit data)
(unaudited)

	Proved Reserves		
	Cost	Bcfe[a]	$/Mcfe
PROVED PROPERTIES:			
Well costs on proved properties[b]	$ 4,736	4,157[c]	1.14
Acquisition of proved properties	17	9	1.97
Sale of proved properties	(774)	(319)	2.42
Total net proved properties	3,979	3,847	1.03
Revisions – price	—	(4,565)	—
UNPROVED PROPERTIES:			
Well costs on unproved properties	224	—	—
Acquisition of unproved properties, net	1,309	—	—
Sale of unproved properties	(666)	—	—
Total net unproved properties	867	—	—
OTHER:			
Capitalized interest on unproved properties	469	—	—
Geological and geophysical costs	103	—	—
Asset retirement obligations	10	—	—
Total other	582	—	—
Total	$ 5,428	(718)	—

CHESAPEAKE ENERGY CORPORATION
ROLL-FORWARD OF PROVED RESERVES
SIX MONTHS ENDED JUNE 30, 2012
BASED ON SEC PRICING OF TRAILING 12-MONTH AVERAGE PRICES AS OF JUNE 30, 2012
(unaudited)

	Bcfe[a]
Beginning balance, January 1, 2012	18,789
Production	(679)
Acquisitions	9
Divestitures	(319)
Revisions – changes to previous estimates	462
Revisions – price	(4,565)
Extensions and discoveries	3,695
Ending balance, June 30, 2012	17,392
Proved reserves growth rate before acquisitions and divestitures	(6)%
Proved reserves growth rate after acquisitions and divestitures	(7)%
Proved developed reserves	10,281
Proved developed reserves percentage	59%
PV-10 ($ in billions)[a]	$ 19.729

(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, 2012 of $3.15 per mcf of natural gas and $95.79 per bbl of oil, before field differential adjustments.

(b) Net of well cost carries of $518 million associated with the Statoil-Marcellus, CNOOC-Eagle Ford, CNOOC-Niobrara and Total-Utica joint ventures.

(c) Includes 462 bcfe of positive revisions resulting from changes to previous estimates and excludes downward revisions of 4.565 tcfe resulting from lower natural gas prices using the average first-day-of-the-month price for the twelve months ended June 30, 2012, compared to the twelve months ended December 31, 2011.

CHESAPEAKE ENERGY CORPORATION
RECONCILIATION OF 2012 FIRST HALF ADDITIONS TO NATURAL GAS AND OIL PROPERTIES
BASED ON 10-YEAR AVERAGE NYMEX STRIP PRICES AS OF JUNE 30, 2012
($ in millions, except per-unit data)
(unaudited)

	Proved Reserves		
	Cost	**Bcfe[a]**	**$/Mcfe**
PROVED PROPERTIES:			
Well costs on proved properties[b]	$ 4,736	3,827[c]	1.24
Acquisition of proved properties	17	9	1.91
Sale of proved properties	(774)	(319)	2.42
Total net proved properties	3,979	3,517	1.13
Revisions – price	—	(615)	—
UNPROVED PROPERTIES:			
Well costs on unproved properties	224	—	—
Acquisition of unproved properties, net	1,309	—	—
Sale of unproved properties	(666)	—	—
Total net unproved properties	867	—	—
OTHER:			
Capitalized interest on unproved properties	469	—	—
Geological and geophysical costs	103	—	—
Asset retirement obligations	10	—	—
Total other	582	—	—
Total	$ 5,428	2,902	—

CHESAPEAKE ENERGY CORPORATION
ROLL-FORWARD OF PROVED RESERVES
SIX MONTHS ENDED JUNE 30, 2012
BASED ON 10-YEAR AVERAGE NYMEX STRIP PRICES AS OF JUNE 30, 2012
(unaudited)

	Bcfe[a]
Beginning balance, January 1, 2012	19,887
Production	(679)
Acquisitions	9
Divestitures	(319)
Revisions – changes to previous estimates	(62)
Revisions – price	(615)
Extensions and discoveries	3,890
Ending balance, June 30, 2012	22,111
Proved reserves growth rate before acquisitions and divestitures	13 %
Proved reserves growth rate after acquisitions and divestitures	11 %
Proved developed reserves	11,383
Proved developed reserves percentage	52 %
PV-10 ($ in billions)[a]	$ 25.125

(a) Reserve volumes and PV-10 value estimated using SEC reserve recognition standards and 10-year average NYMEX strip prices as of June 30, 2012 of $4.33 per mcf of natural gas and $86.76 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 well cost carries of $518 million associated with the Statoil-Marcellus, CNOOC-Eagle Ford, CNOOC-Niobrara and Total-Utica joint ventures.

(c) Includes 62 bcfe of downward revisions resulting from changes to previous estimates and excludes downward revisions of 615 bcfe resulting from lower natural gas and oil prices using 10-year average NYMEX strip prices as of June 30, 2012, compared to December 31, 2011.