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

THREE MONTHS ENDED:	September 30, 2010	June 30, 2010	September 30, 2009
CASH PROVIDED BY OPERATING ACTIVITIES	$ 993	$ 1,795	$ 1,132
Changes in assets and liabilities	75	(668)	(16)
OPERATING CASH FLOW[a]	$ 1,068	$ 1,127	$ 1,116

THREE MONTHS ENDED:	September 30, 2010	June 30, 2010	September 30, 2009
NET INCOME (LOSS)	$ 558	$ 255	$ 192
Income tax expense (benefit)	349	159	115
Interest expense	3	(16)	43
Depreciation and amortization of other assets	56	53	62
Natural gas and oil depreciation, depletion and amortization	378	340	295
EBITDA [b]	$ 1,344	$ 791	$ 707

THREE MONTHS ENDED:	September 30, 2010	June 30, 2010	September 30, 2009
CASH PROVIDED BY OPERATING ACTIVITIES	$ 993	$ 1,795	$ 1,132
Changes in assets and liabilities	75	(668)	(16)
Interest expense (income)	3	(16)	43
Unrealized gains (losses) on natural gas and oil derivatives	53	(396)	(285)
Realized gains on financing derivatives	165	177	18
Impairment or loss on sale of other property and equipment	(37)	—	(124)
Gains (losses) on equity investments	155	(48)	(24)
Impairment of investments	(16)	—	—
Other items	(47)	(53)	(37)
EBITDA[b]	$ 1,344	$ 791	$ 707

(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)

NINE MONTHS ENDED:	September 30, 2010	September 30, 2009
CASH PROVIDED BY OPERATING ACTIVITIES	$ 3,971	$ 3,131
Changes in assets and liabilities	(609)	(10)
OPERATING CASH FLOW[a]	$ 3,362	$ 3,121

NINE MONTHS ENDED:	September 30, 2010	September 30, 2009
NET INCOME (LOSS)	$ 1,550	$ (5,306)
Income tax expense (benefit)	970	(3,184)
Interest expense (income)	12	52
Depreciation and amortization of other assets	159	177
Natural gas and oil depreciation, depletion and amortization	1,025	1,037
EBITDA[b]	$ 3,716	$ (7,224)

NINE MONTHS ENDED:	September 30, 2010	September 30, 2009
CASH PROVIDED BY OPERATING ACTIVITIES	$ 3,971	$ 3,131
Changes in assets and liabilities	(609)	(10)
Interest expense (income)	12	52
Unrealized gains (losses) on natural gas and oil derivatives	(29)	(401)
Realized gains on financing derivatives	436	53
Impairment of natural gas and oil properties	—	(9,600)
Impairment or loss on sale of other property and equipment	(37)	(159)
Gains (losses) on equity investments	120	(32)
Impairment of investments	(16)	(162)
Other items	(132)	(96)
EBITDA[b]	$ 3,716	$ (7,224)

(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

CHESAPEAKE ENERGY CORPORATION

RECONCILIATION OF ADJUSTED NET INCOME AVAILABLE TO COMMON STOCKHOLDERS

($ in millions, except per-share data)

(unaudited)

THREE MONTHS ENDED:	September 30, 2010	June 30, 2010	September 30, 2009
Net income available to Chesapeake common stockholders	$ 515	235	$ 186
Adjustments:			
(Gains) losses on investment activity, net of tax	(74)	—	—
Unrealized (gains) losses on derivatives, net of tax	(31)	214	166
Loss on redemptions or exchanges of Chesapeake debt, net of tax	36	42	10
Impairment of investments, net of tax	9	—	—
Impairment or loss on sale of other property and equipment, net of tax	23	—	78
Adjusted net income available to Chesapeake common stockholders [(a)]	478	491	440
Preferred stock dividends	43	20	6
Total adjusted net income	$ 521	$ 511	$ 446
Weighted average fully diluted shares outstanding[(b)]	744	682	637
Adjusted earnings per share assuming dilution[(a)]	$ 0.70	$ 0.75	$ 0.70

(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)

NINE MONTHS ENDED:	September 30, 2010	September 30, 2009
Net income (loss) available to Chesapeake common stockholders	$ 1,482	$ (5,324)
Adjustments:		
Unrealized (gains) losses on derivatives, net of tax	(28)	184
Loss on redemptions or exchanges of Chesapeake debt, net of tax	80	11
(Gains) losses on investment activity, net of tax	(74)	—
Impairment of natural gas and oil properties, net of tax	—	6,000
Impairment of investments, net of tax	9	102
Impairment or loss on sale of other property and equipment, net of tax	23	100
Restructuring costs, net of tax	—	21
Adjusted net income available to Chesapeake common stockholders [(a)]	1,492	1,094
Preferred stock dividends	68	18
Total adjusted net income	$ 1,560	$ 1,112
Weighted average fully diluted shares outstanding[(b)]	692	625
Adjusted earnings per share assuming dilution[(a)]	$ 2.26	$ 1.78

(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:	September 30, 2010	June 30, 2010	September 30, 2009
EBITDA	$ 1,344	$ 791	$ 707
Adjustments:			
Unrealized (gains) losses on natural gas and oil derivatives	(53)	396	285
(Gains) losses on investments	(121)	—	—
Impairment of investments	16	—	—
Loss on redemptions or exchanges of Chesapeake debt	59	69	17
Impairment or loss on sale of other property and equipment	37	—	124
Adjusted EBITDA[a]	$ 1,282	$ 1,256	$ 1,133

(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.

NINE MONTHS ENDED:	September 30, 2010	September 30, 2009
EBITDA	$ 3,716	$ (7,224)
Adjustments:		
Unrealized (gains) losses on natural gas and oil derivatives	29	401
Loss on redemptions or exchanges of Chesapeake debt	130	19
Impairment of natural gas and oil properties	—	9,600
(Gains) losses on investments	(121)	—
Impairment of investments	16	162
Impairment or loss on sale of other property and equipment	37	159
Restructuring costs	—	34
Adjusted EBITDA[a]	$ 3,807	$ 3,151

(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 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[a]	$/Mcfe
Drilling and completion costs[b]	$ 3,853	3,966 [c]	0.97
Acquisition of proved properties	139	50	2.78
Sale of proved properties	(2,825)	(1,499)	1.88
Drilling, completion and net acquisition costs of proved properties	1,167	2,517	0.46
Revisions – price	—	219	—
Acquisition of unproved properties and leasehold	3,511	—	—
Sale of unproved properties and leasehold	(237)	—	—
Net unproved properties and leasehold acquisition	3,274	—	—
Capitalized interest on leasehold and unproved property	522	—	—
Geological and geophysical costs	124	—	—
Capitalized interest and geological and geophysical costs	646	—	—
Subtotal	5,087	2,736	1.86
Asset retirement obligation and other	(2)	—	—
Total costs	$ 5,085	2,736	1.86

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

	Bcfe[a]
Beginning balance, 01/01/10	14,254
Production	(767)
Acquisitions	50
Divestitures	(1,499)
Revisions – changes to previous estimates	611
Revisions – price	219
Extensions and discoveries	3,355
Ending balance, 09/30/10	16,223
Proved reserves growth rate	13.8 %
Proved developed reserves	8,756
Proved developed reserves percentage	54 %
Reserve replacement	2,736
Reserve replacement ratio [d]	357 %

(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 September 2010 of $4.41 per mcf of natural gas and $77.33 per bbl of oil, before field differential adjustments.

(b) Includes drilling and completion carries associated with the Statoil and Total joint ventures.

(c) Includes 611 bcfe of positive revisions resulting from changes to previous estimates and excludes positive revisions of 219 bcfe resulting from higher natural gas and oil prices using the average first-day-of-the-month price for the twelve months ended September 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 ADDITIONS TO NATURAL GAS AND OIL PROPERTIES
BASED ON 10-YEAR AVERAGE NYMEX STRIP PRICES AT SEPTEMBER 30, 2010
($ in millions, except per-unit data)
(unaudited)

	Cost	Proved Reserves Bcfe[a]	$/Mcfe
Drilling and completion costs[b]	$ 3,853	3,672 [c]	1.05
Acquisition of proved properties	139	51	2.71
Sale of proved properties	(2,825)	(1,550)	1.82
Drilling, completion and net acquisition costs of proved properties	1,167	2,173	0.54
Revisions – price	—	(244)	—
Acquisition of unproved properties and leasehold	3,511	—	—
Sale of unproved properties and leasehold	(237)	—	—
Net unproved properties and leasehold acquisition	3,274	—	—
Capitalized interest on leasehold and unproved property	522	—	—
Geological and geophysical costs	124	—	—
Capitalized interest and geological and geophysical costs	646	—	—
Subtotal	5,087	1,929	2.64
Asset retirement obligation and other	(2)	—	—
Total costs	$ 5,085	1,929	2.64

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

	Bcfe[a]
Beginning balance, 01/01/10	15,540
Production	(767)
Acquisitions	51
Divestitures	(1,550)
Revisions – changes to previous estimates	296
Revisions – price	(244)
Extensions and discoveries	3,376
Ending balance, 09/30/10	16,702
Proved reserves growth rate	7.5 %
Proved developed reserves	9,042
Proved developed reserves percentage	54 %
Reserve replacement	1,929
Reserve replacement ratio [d]	252 %

(a) Reserve volumes estimated using SEC reserve recognition standards and 10-year average NYMEX strip prices as of September 30, 2010 of $5.42 per mcf of natural gas and $89.60 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 296 bcfe of positive revisions resulting from changes to previous estimates and excludes downward revisions of 244 bcfe resulting from lower natural gas and oil prices using 10-year average NYMEX strip prices as of September 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.