

CHESAPEAKE ENERGY CORPORATION
RECONCILIATION OF OPERATING CASH FLOW AND EBITDA
(in 000's)
(unaudited)

THREE MONTHS ENDED:	March 31, 2006	December 31, 2005	March 31, 2005
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 967,458	\$ 829,543	\$ 512,685
Adjustments:			
Changes in assets and liabilities	<u>79,405</u>	<u>3,250</u>	<u>(8,063)</u>
OPERATING CASH FLOW*	<u>\$ 1,046,863</u>	<u>\$ 832,793</u>	<u>\$ 504,622</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 natural 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 natural 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:	March 31, 2006	December 31, 2005	March 31, 2005
NET INCOME	\$ 623,723	\$ 452,525	\$ 125,010
Income tax expense	382,283	260,114	71,856
Interest expense	72,658	64,177	43,128
Depreciation and amortization of other assets	23,872	16,175	10,082
Oil and natural gas depreciation, depletion and	<u>304,957</u>	<u>272,551</u>	<u>180,968</u>
EBITDA**	<u>\$ 1,407,493</u>	<u>\$ 1,065,542</u>	<u>\$ 431,044</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:	March 31, 2006	December 31, 2005	March 31, 2005
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 967,458	\$ 829,543	\$ 512,685
Changes in assets and liabilities	79,405	3,250	(8,063)
Interest expense	72,658	64,177	43,128
Unrealized gains (losses) on oil and natural gas derivatives	197,615	178,259	(117,127)
Other non-cash items	<u>90,357</u>	<u>(9,687)</u>	<u>421</u>
EBITDA	<u>\$ 1,407,493</u>	<u>\$ 1,065,542</u>	<u>\$ 431,044</u>

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

THREE MONTHS ENDED:	March 31, 2006	December 31, 2005	March 31, 2005
Net income available to common shareholders	\$ 603,902	\$ 431,832	\$ 119,547
Adjustments:			
Loss on conversion/exchange of preferred stock	<u>1,009</u>	<u>4,406</u>	<u>—</u>
Net Income	\$ 604,911	\$ 436,238	\$ 119,547
Adjustments, net of tax:			
Unrealized (gains) losses on derivatives	(121,899)	(112,965)	72,443
Loss on repurchases or exchanges of debt	—	236	572
Early retirement expense	33,947	—	—
Gain on sale of investment	<u>(72,786)</u>	<u>—</u>	<u>—</u>
Adjusted net income available to common shareholders*	<u>\$ 444,173</u>	<u>\$ 323,509</u>	<u>\$ 192,562</u>
Adjusted earnings per share assuming dilution**	<u>\$ 1.07</u>	<u>\$ 0.84</u>	<u>\$ 0.56</u>

*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 oil and natural gas producing companies.
- b. Adjusted net income available to common are 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.

**For purposes of calculating fully diluted shares and earnings per share assuming dilution for the three months ended March 31, 2006 and December 31, 2005, accounting rules prohibit the company from assuming the conversion of the 5.0% (Series 2003) and the 4.125% preferred stock for common shares prior to conversion or exchange since the effect would have been anti-dilutive. In determining adjusted earnings per share, we have reflected the converted shares as though they were converted at the beginning of the period (fully diluted share count of 431.7 million and 404.8 million for the three months ended March 31, 2006 and December 31, 2005, respectively).

CHESAPEAKE ENERGY CORPORATION
RECONCILIATION OF ADJUSTED EBITDA
(\$ in 000's)
(unaudited)

THREE MONTHS ENDED:	March 31, 2006	December 31, 2005	March 31, 2005
EBITDA	\$ 1,407,493	\$ 1,065,542	\$ 431,044
Adjustments, before tax:			
Unrealized (gains) losses on oil and natural gas derivatives	(197,615)	(178,259)	117,127
Loss on repurchases or exchanges of debt	—	372	900
Early retirement expense	54,753	—	—
Gain on sale of investment	<u>(117,396)</u>	<u>—</u>	<u>—</u>
Adjusted EBITDA*	<u>\$ 1,147,235</u>	<u>\$ 887,655</u>	<u>\$ 549,071</u>

*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 oil and natural gas producing companies.
- b. Adjusted EBITDA 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.