

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

THREE MONTHS ENDED:	September 30, 2011	June 30, 2011	September 30, 2010
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,631	\$ 1,375	\$ 993
Changes in assets and liabilities	(222)	(168)	241
OPERATING CASH FLOW ^(a)	<u>\$ 1,409</u>	<u>\$ 1,207</u>	<u>\$ 1,234</u>

THREE MONTHS ENDED:	September 30, 2011	June 30, 2011	September 30, 2010
NET INCOME	\$ 922	\$ 510	\$ 558
Income tax expense	589	325	349
Interest expense	4	25	3
Depreciation and amortization of other assets	75	63	56
Natural gas and liquids depreciation, depletion and Amortization	423	366	378
EBITDA ^(b)	<u>\$ 2,013</u>	<u>\$ 1,289</u>	<u>\$ 1,344</u>

THREE MONTHS ENDED:	September 30, 2011	June 30, 2011	September 30, 2010
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,631	\$ 1,375	\$ 993
Changes in assets and liabilities	(222)	(168)	241
Interest expense	4	25	3
Unrealized gains (losses) on natural gas and oil derivatives	631	106	53
Gains (losses) on investments	(4)	19	155
Stock-based compensation	(40)	(39)	(44)
Other items	13	(29)	(57)
EBITDA ^(b)	<u>\$ 2,013</u>	<u>\$ 1,289</u>	<u>\$ 1,344</u>

(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)

NINE MONTHS ENDED:	September 30, 2011	September 30, 2010
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 3,724	\$ 3,971
Changes in assets and liabilities	274	(173)
OPERATING CASH FLOW ^(a)	<u>\$ 3,998</u>	<u>\$ 3,798</u>
NINE MONTHS ENDED:	September 30, 2011	September 30, 2010
NET INCOME	\$ 1,269	\$ 1,550
Income tax expense	812	970
Interest expense	37	12
Depreciation and amortization of other assets	206	159
Natural gas and liquids depreciation, depletion and amortization	1,147	1,025
EBITDA ^(b)	<u>\$ 3,471</u>	<u>\$ 3,716</u>
NINE MONTHS ENDED:	September 30, 2011	September 30, 2010
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 3,724	\$ 3,971
Changes in assets and liabilities	274	(173)
Interest expense	37	12
Unrealized gains (losses) on natural gas and oil derivatives	(444)	(29)
Gains on investments	19	120
Stock-based compensation	(119)	(111)
Other items	(20)	(74)
EBITDA ^(b)	<u>\$ 3,471</u>	<u>\$ 3,716</u>

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

THREE MONTHS ENDED:	September 30, 2011	June 30, 2011	September 30, 2010
Net income available to common stockholders	\$ 879	\$ 467	\$ 515
Adjustments:			
Unrealized (gains) losses on derivatives, net of tax	(385)	(61)	(31)
Losses on purchases or exchanges of debt, net of tax	—	106	36
Gains on investment activity, net of tax	—	—	(74)
Impairment of investments, net of tax	—	—	9
Losses on sales of other property and equipment, net of tax	2	3	11
Other impairments, net of tax	—	2	12
(Gain) loss on foreign currency derivatives, net of tax	—	11	—
Adjusted net income available to common stockholders ^(a)	<u>496</u>	<u>528</u>	<u>478</u>
Preferred stock dividends	43	43	43
Total adjusted net income	<u>\$ 539</u>	<u>\$ 571</u>	<u>\$ 521</u>
Weighted average fully diluted shares outstanding ^(b)	753	751	744
Adjusted earnings per share assuming dilution ^(a)	<u>\$ 0.72</u>	<u>\$ 0.76</u>	<u>\$ 0.70</u>

(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, 2011	September 30, 2010
Net income available to common stockholders	\$ 1,141	\$ 1,482
Adjustments:		
Unrealized (gains) losses on derivatives, net of tax	279	(28)
Losses on purchases or exchanges of debt, net of tax	107	80
Gains on investment activity, net of tax	—	(74)
Impairment of investments, net of tax	—	9
Losses on sales of other property and equipment, net of tax	2	11
Other impairments, net of tax	2	12
(Gain) loss on foreign currency derivatives, net of tax	11	—
Adjusted net income available to common stockholders ^(a)	1,542	1,492
Preferred stock dividends	128	68
Total adjusted net income	<u>\$ 1,670</u>	<u>\$ 1,560</u>
Weighted average fully diluted shares outstanding ^(b)	752	692
Adjusted earnings per share assuming dilution ^(a)	<u>\$ 2.22</u>	<u>\$ 2.26</u>

(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.
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(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, 2011	June 30, 2011	September 30, 2010
EBITDA	\$ 2,013	\$ 1,289	\$ 1,344
Adjustments:			
Unrealized (gains) losses on natural gas and oil derivatives	(631)	(106)	(53)
Losses on purchases or exchanges of debt	—	174	59
Gains on investments	—	—	(121)
Impairment of investments	—	—	16
Losses on sales of other property and Equipment	3	4	17
Other impairments	—	4	20
Adjusted EBITDA ^(a)	<u>\$ 1,385</u>	<u>\$ 1,365</u>	<u>\$ 1,282</u>

NINE MONTHS ENDED:	September 30, 2011	September 30, 2010
EBITDA	\$ 3,471	\$ 3,716
Adjustments:		
Unrealized (gains) losses on natural gas and oil derivatives	444	29
Losses on purchases or exchanges of debt	176	130
Gains on investments	—	(121)
Impairment of investments	—	16
Losses on sales of other property and equipment	3	17
Other impairments	4	20
Adjusted EBITDA ^(a)	<u>\$ 4,098</u>	<u>\$ 3,807</u>

(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 2011 ADDITIONS TO NATURAL GAS AND LIQUIDS PROPERTIES
BASED ON SEC PRICING OF TRAILING 12-MONTH AVERAGE PRICES AT SEPTEMBER 30, 2011
(\$ in millions, except per-unit data)
(unaudited)

	Proved Reserves		
	Cost	Bcfe ^(a)	\$/Mcf
Proved Properties:			
Well costs on proved properties ^(b)	\$ 4,537	4,188 ^(c)	1.08
Acquisition of proved properties	47	29	1.60
Sale of proved properties	(2,614)	(2,760)	0.95
Total net proved properties	<u>1,970</u>	<u>1,457</u>	1.35
Revisions – price	—	(13)	—
Unproved Properties:			
Well costs on unproved properties	875	—	—
Acquisition of unproved properties	3,062	—	—
Sale of unproved properties	(3,656)	—	—
Total net unproved properties	<u>281</u>	<u>—</u>	—
Other:			
Capitalized interest on unproved properties	552	—	—
Geological and geophysical costs	154	—	—
Asset retirement obligations	(2)	—	—
Total other	<u>704</u>	<u>—</u>	—
Total	<u>\$ 2,955</u>	<u>1,444</u>	2.05

CHESAPEAKE ENERGY CORPORATION
ROLL-FORWARD OF PROVED RESERVES
NINE MONTHS ENDED SEPTEMBER 30, 2011
BASED ON SEC PRICING OF TRAILING 12-MONTH AVERAGE PRICES AT SEPTEMBER 30, 2011
(unaudited)

	Bcfe ^(a)
Beginning balance, 1/1/11	17,096
Production	(863)
Acquisitions	29
Divestitures	(2,760)
Revisions – changes to previous estimates	471
Revisions – price	(13)
Extensions and discoveries	3,717
Ending balance, 9/30/11	<u>17,677</u>
Proved reserves growth rate	3%
Proved developed reserves	9,852
Proved developed reserves percentage	56%
PV-10 (\$ in billions) ^(a)	\$ 18.2

(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 September 30, 2011, of \$4.16 per mcf of natural gas and \$94.32 per bbl of oil, before field differential adjustments.

(b) Net of well cost carries of \$1.868 billion associated with the Statoil, Total, CNOOC-Eagle Ford and CNOOC-Niobrara joint venture agreements.

(c) Includes 471 bcfe of positive revisions resulting from changes to previous estimates and excludes downward revisions of 13 bcfe resulting from lower natural gas prices using the average first-day-of-the-month price for the twelve months ended September 30, 2011, compared to the twelve months ended December 31, 2010.