

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

THREE MONTHS ENDED:	March 31, 2008	December 31, 2007	March 31, 2007
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,498	\$ 1,544	\$ 977
Adjustments:			
Changes in assets and liabilities	<u>14</u>	<u>(222)</u>	<u>147</u>
OPERATING CASH FLOW*	<u>\$ 1,512</u>	<u>\$ 1,322</u>	<u>\$ 1,124</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 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:	March 31, 2008	December 31, 2007	March 31, 2007
NET INCOME (LOSS)	\$ (132)	\$ 303	\$ 258
Income tax expense (benefit)	(82)	186	158
Interest expense	101	128	79
Depreciation and amortization of other assets	36	33	36
Natural gas and oil depreciation, depletion and amortization	<u>515</u>	<u>521</u>	<u>393</u>
EBITDA**	<u>\$ 438</u>	<u>\$ 1,171</u>	<u>\$ 924</u>

**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:	March 31, 2008	December 31, 2007	March 31, 2007
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,498	\$ 1,544	\$ 977
Changes in assets and liabilities	14	(222)	147
Interest expense	101	128	79
Unrealized gains (losses) on natural gas and oil derivatives	(1,132)	(261)	(310)
Other non-cash items	<u>(43)</u>	<u>(18)</u>	<u>31</u>
EBITDA	<u>\$ 438</u>	<u>\$ 1,171</u>	<u>\$ 924</u>

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

THREE MONTHS ENDED:	March 31, 2008	December 31, 2007	March 31, 2007
Net income (loss) available to common shareholders	\$ (143)	\$ 158	\$ 232
Adjustments:			
Unrealized (gains) losses on derivatives, net of tax	704	180	193
Loss on conversion/exchange of preferred stock	<u>—</u>	<u>128</u>	<u>—</u>
Adjusted net income available to common shareholders*	561	466	425
Preferred stock dividends	<u>11</u>	<u>17</u>	<u>26</u>
Total adjusted net income	<u>\$ 572</u>	<u>\$ 483</u>	<u>\$ 451</u>
Weighted average fully diluted shares outstanding**	524	520	516
Adjusted earnings per share assuming dilution	<u>\$ 1.09</u>	<u>\$ 0.93</u>	<u>\$ 0.87</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 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:	March 31, 2008	December 31, 2007	March 31, 2007
EBITDA	\$ 438	\$ 1,171	\$ 924
Adjustments, before tax:			
Unrealized (gains) losses on natural gas and oil derivatives	<u>1,132</u>	<u>261</u>	<u>310</u>
Adjusted ebitda*	<u>\$ 1,570</u>	<u>\$ 1,432</u>	<u>\$ 1,234</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 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.