

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

THREE MONTHS ENDED:	December 31, 2005	September 30, 2005	December 31, 2004
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 829,543	\$ 557,428	\$ 394,256
Adjustments:			
Changes in assets and liabilities	<u>3,250</u>	<u>77,150</u>	<u>13,330</u>
OPERATING CASH FLOW*	<u>\$ 832,793</u>	<u>\$ 634,578</u>	<u>\$ 407,586</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 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 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:	December 31, 2005	September 30, 2005	December 31, 2004
NET INCOME	\$ 452,525	\$ 176,988	\$ 208,538
Income tax expense	260,114	101,734	117,301
Interest expense	64,177	58,593	43,288
Depreciation and amortization of other assets	16,175	12,902	9,030
Oil and gas depreciation, depletion and amortization	<u>272,551</u>	<u>231,145</u>	<u>171,900</u>
EBITDA**	<u>\$ 1,065,542</u>	<u>\$ 581,362</u>	<u>\$ 550,057</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:	December 31, 2005	September 30, 2005	December 31, 2004
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 829,543	\$ 557,428	\$ 394,256
Changes in assets and liabilities	3,250	77,150	13,330
Interest expense	64,177	58,593	43,288
Unrealized gains (losses) on oil and gas derivatives	178,259	(104,049)	107,510
Other non-cash items	<u>(9,687)</u>	<u>(7,760)</u>	<u>(8,327)</u>
EBITDA	<u>\$ 1,065,542</u>	<u>\$ 581,362</u>	<u>\$ 550,057</u>

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

TWELVE MONTHS ENDED:	December 31, 2005	December 31, 2004	December 31, 2003
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 2,406,888	\$ 1,432,274	\$ 938,907
Adjustments:			
Changes in assets and liabilities	<u>18,839</u>	<u>(29,752)</u>	<u>(41,673)</u>
OPERATING CASH FLOW*	<u>\$ 2,425,727</u>	<u>\$ 1,402,522</u>	<u>\$ 897,234</u>

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TWELVE MONTHS ENDED:	December 31, 2005	December 31, 2004	December 31, 2003
NET INCOME	\$ 948,302	\$ 515,155	\$ 312,981
Income tax expense	545,091	289,771	190,360
Interest expense	219,800	167,328	154,356
Depreciation and amortization of other assets	50,966	29,185	16,793
Oil and gas depreciation, depletion and amortization	894,035	582,137	396,465
Cumulative effect of accounting changes	<u>-</u>	<u>-</u>	<u>(2,389)</u>
EBITDA**	<u>\$ 2,658,194</u>	<u>\$ 1,583,576</u>	<u>\$ 1,041,566</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:

TWELVE MONTHS ENDED:	December 31, 2005	December 31, 2004	December 31, 2003
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 2,406,888	\$ 1,432,274	\$ 938,907
Changes in assets and liabilities	18,839	(29,752)	(41,673)
Interest expense	219,800	167,328	154,356
Unrealized gains (losses) on oil and gas derivatives	41,137	40,887	10,531
Other non-cash items	<u>(28,470)</u>	<u>(27,161)</u>	<u>(20,555)</u>
EBITDA	<u>\$ 2,658,194</u>	<u>\$ 1,583,576</u>	<u>\$ 1,041,566</u>

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

	Three Months Ended December 31, 2005	Twelve Months Ended December 31, 2005
Net income available to common shareholders	\$ 431,832	\$ 879,615
Adjustments:		
Loss on conversion/exchange of preferred stock	<u>4,406</u>	<u>26,874</u>
Net Income	\$ 436,238	\$ 906,489
Adjustments, net of tax:		
Unrealized (gains) losses on derivatives	(112,965)	(27,128)
Loss on repurchases or exchanges of debt	<u>236</u>	<u>44,716</u>
Adjusted net income available to common shareholders*	<u>\$ 323,509</u>	<u>\$ 924,077</u>
Adjusted earnings per share assuming dilution**	<u>\$ 0.84</u>	<u>\$ 2.57</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 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 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. For purposes of calculating fully diluted shares and earnings per share assuming dilution for the twelve months ended December 31, 2005, accounting rules prohibit the company from assuming the conversion of 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 404.8 million and 375.3 million for the three and twelve months ended December 31, 2005, respectively).

CHESAPEAKE ENERGY CORPORATION
RECONCILIATION OF PV-10
(\$ in 000's)
(unaudited)

	December 31, 2005	December 31, 2004
Standardized measure of discounted future net cash flows (SMOG)	\$ 15,967,911	\$ 7,645,539
Discounted future cash flows for income taxes	<u>6,965,683</u>	<u>2,858,851</u>
Discounted future net cash flows before income taxes (PV-10)	<u>\$ 22,933,594</u>	<u>\$ 10,504,390</u>

PV-10 is discounted (at 10%) future net cash flows before income taxes. The standardized measure of discounted future net cash flows includes the effects of estimated future income tax expenses and is calculated in accordance with SFAS 69. Management uses PV-10 as one measure of the value of the company's current proved reserves and to compare relative values among peer companies without regard to income taxes. We also understand that securities analysts and rating agencies use this measure in similar ways. While PV-10 is based on prices, costs and discount factors which are consistent from company to company, the standardized measure is dependent on the unique tax situation of each individual company.

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

THREE MONTHS ENDED:	December 31, 2005	September 30, 2005	December 31, 2004
EBITDA	\$ 1,065,542	\$ 581,362	\$ 550,057
Adjustments, before tax:			
Unrealized (gains) losses on oil and gas derivatives	(178,259)	104,049	(107,510)
Loss on repurchases or exchanges of debt	372	747	17,632
Provision for legal settlement	<u>-</u>	<u>-</u>	<u>4,500</u>
Adjusted EBITDA*	<u>\$ 887,655</u>	<u>\$ 686,158</u>	<u>\$ 464,679</u>
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TWELVE MONTHS ENDED:	December 31, 2005	December 31, 2004	December 31, 2003
EBITDA	\$ 2,658,194	\$ 1,583,576	\$ 1,041,566
Adjustments, before tax:			
Unrealized (gains) losses on oil and gas derivatives	(41,137)	(40,887)	(10,531)
Loss on repurchases or exchanges of debt	70,419	24,557	20,759
Provision for legal settlement	<u>-</u>	<u>4,500</u>	<u>6,402</u>
Adjusted EBITDA*	<u>\$ 2,687,476</u>	<u>\$ 1,571,746</u>	<u>\$ 1,058,196</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 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.