

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

THREE MONTHS ENDED:	March 31, 2009	December 31, 2008 ^(a)	March 31, 2008 ^(a)
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,261	\$ 970	\$ 1,515
Adjustments:			
Changes in assets and liabilities	(262)	84	17
OPERATING CASH FLOW^(b)	<u>\$ 999</u>	<u>\$ 1,054</u>	<u>\$ 1,532</u>

THREE MONTHS ENDED:	March 31, 2009	December 31, 2008 ^(a)	March 31, 2008 ^(a)
NET INCOME (LOSS)	\$ (5,740)	\$ (995)	\$ (130)
Income tax expense (benefit)	(3,444)	(615)	(82)
Interest expense	(14)	84	99
Depreciation and amortization of other assets	57	50	36
Natural gas and oil depreciation, depletion and amortization	447	452	515
EBITDA^(c)	<u>\$ (8,694)</u>	<u>\$ (1,024)</u>	<u>\$ 438</u>

THREE MONTHS ENDED:	March 31, 2009	December 31, 2008 ^(a)	March 31, 2008 ^(a)
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,261	\$ 970	\$ 1,515
Changes in assets and liabilities	(262)	84	17
Interest expense	(14)	84	99
Unrealized gains (losses) on natural gas and oil derivatives	101	717	(1,132)
		(2,83)	
Impairment of natural gas and oil properties and other assets	(9,630)	0	—
Impairment of investments	(153)	(180)	—
Other non-cash items	3	131	(61)
EBITDA^(c)	<u>\$ (8,694)</u>	<u>\$ (1,024)</u>	<u>\$ 438</u>

- (a) Adjusted for the retrospective application of FSP APB 14-1 "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion"
- (b) 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.
- (c) 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. Ebitda is reconciled to cash provided by operating activities as follows:

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

THREE MONTHS ENDED:	March 31, 2009	December 31, 2008 ^(a)	March 31, 2008 ^(a)
Net income (loss) available to common shareholders	\$ (5,746)	\$ (1,001)	\$ (142)
Adjustments:			
Unrealized (gains) losses on derivatives, net of tax	(91)	(380)	704
Impairment of natural gas and oil properties and other assets, net of tax	6,019	1,72	—
Impairment of investments, net of tax	95	110	—
(Gain) loss on exchanges or repurchases of Chesapeake debt, net of tax	—	(17)	—
Adjusted net income available to common shareholders ^(b)	277	438	562
Preferred stock dividends	6	6	12
Total adjusted net income	<u>\$ 283</u>	<u>\$ 444</u>	<u>\$ 574</u>
Weighted average fully diluted shares outstanding ^(c)	613	590	524
Adjusted earnings per share assuming dilution ^(b)	<u>\$ 0.46</u>	<u>\$ 0.75</u>	<u>\$ 1.09</u>

(a) Adjusted for the retrospective application of FSP APB 14-1 "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion"

(b) Adjusted net income available to common shareholders 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 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 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.

(c) 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, 2009	December 31, 2008 ^(a)	March 31, 2008 ^(a)
EBITDA	\$ (8,694)	\$ (1,024)	\$ 438
Adjustments, before tax:			
Unrealized (gains) losses on natural gas and oil derivatives	(101)	(717)	1,132
(Gain) loss on exchanges or repurchases of Chesapeake debt	—	(27)	—
Impairment of natural gas and oil properties and other assets	9,630	0	—
Impairment of investments	153	180	—
Adjusted ebitda ^(b)	<u>\$ 988</u>	<u>\$ 1,242</u>	<u>\$ 1,570</u>

- (a) Adjusted for the retrospective application of FSP APB 14-1 "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion"
- (b) 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 2009 ADDITIONS TO NATURAL GAS AND OIL PROPERTIES
(\$ in millions, except per-unit data)
(unaudited)

	Cost	Reserves (in bcfe)	\$/mcf
Exploration and development costs	\$ 1,186	824 ^(a)	1.44
Acquisition of proved properties	17	9	1.92
Other	115 ^(b)	—	—
	1,3		
Drilling and net acquisition cost	<u>18</u>	<u>833</u>	<u>1.58</u>
Revisions – price	—	(82 0)	—
Acquisition of unproved properties and leasehold	510	—	—
	15		
Capitalized interest on leasehold and unproved property	4	—	—
			—
Geological and geophysical costs	<u>74</u>	<u>—</u>	<u>—</u>
Geological, geophysical and capitalized interest	<u>738</u>	<u>—</u>	<u>—</u>
Subtotal	<u>2,056</u>	<u>13</u>	<u>—</u>
Asset retirement obligation and other	2	—	—
Total	<u>\$ 2,058</u>	<u>13</u>	<u>—</u>

(a) Includes 397 bcfe of performance revisions (317 bcfe relating to infill drilling and increased density locations and (80) bcfe of other performance related revisions) and excludes downward revisions of 820 bcfe resulting from natural gas and oil price declines between December 31, 2008 and March 31, 2009.

(b) Includes adjustments to certain acquisitions and divestitures that closed during prior periods.

CHESAPEAKE ENERGY CORPORATION
ROLL-FORWARD OF PROVED RESERVES
THREE MONTHS ENDED MARCH 31, 2009
(unaudited)

	Bcfe
Beginning balance, 01/01/09	12,051
Production	(213)
Acquisitions	9
Revisions – performance	397
Revisions – price	(820)
Extensions and discoveries	<u>427</u>
Ending balance, 03/31/09	<u>11,851</u>
Reserve replacement	13
Reserve replacement ratio ^(a)	6%

- (a) 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.