

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

THREE MONTHS ENDED:	March 31, 2007	December 31, 2006	March 31, 2006
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 976,532	\$ 1,861,055	\$ 967,458
Adjustments:			
Changes in assets and liabilities	<u>146,979</u>	<u>(765,578)</u>	<u>79,405</u>
OPERATING CASH FLOW*	<u>\$ 1,123,511</u>	<u>\$ 1,095,477</u>	<u>\$ 1,046,863</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, 2007	December 31, 2006	March 31, 2006
NET INCOME	\$ 257,989	\$ 471,362	\$ 623,723
Income tax expense	158,123	288,900	382,283
Interest expense	78,738	80,496	72,658
Depreciation and amortization of other assets	35,900	30,189	23,872
Oil and natural gas depreciation, depletion and amortization	<u>393,331</u>	<u>381,680</u>	<u>304,957</u>
EBITDA**	<u>\$ 924,081</u>	<u>\$ 1,252,627</u>	<u>\$ 1,407,493</u>

**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 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, 2007	December 31, 2006	March 31, 2006
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 976,532	\$ 1,861,055	\$ 967,458
Changes in assets and liabilities	146,979	(765,578)	79,405
Interest expense	78,738	80,496	72,658
Unrealized gains on oil and natural gas derivatives	(309,544)	42,905	197,615
Other non-cash items	<u>31,376</u>	<u>33,749</u>	<u>90,357</u>
EBITDA	<u>\$ 924,081</u>	<u>\$ 1,252,627</u>	<u>\$ 1,407,493</u>

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

THREE MONTHS ENDED:	March 31, 2007	December 31, 2006	March 31, 2006
Net income available to common shareholders	\$ 232,153	\$ 445,510	\$ 603,902
Adjustments:			
Unrealized (gains) losses on derivatives, net of tax	192,640	(27,142)	(121,899)
Loss on conversion/exchange of preferred stock	—	—	1,009
Employee retirement expense, net of tax	—	—	33,947
Gain on sale of investment, net of tax	—	—	(72,786)
Adjusted net income available to common shareholders*	<u>424,793</u>	<u>418,368</u>	<u>444,173</u>
Preferred dividends	<u>25,836</u>	<u>25,852</u>	<u>18,812</u>
Total adjusted net income	<u>\$ 450,629</u>	<u>\$ 444,220</u>	<u>\$ 462,985</u>
Weighted average fully diluted shares outstanding**	516,391	491,000	431,723
Adjusted earnings per share assuming dilution	<u>\$ 0.87</u>	<u>\$ 0.90</u>	<u>\$ 1.07</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 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 includes shares that were considered antidilutive for calculating earnings per share in accordance with GAAP.

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

THREE MONTHS ENDED:	March 31, 2007	December 31, 2006	March 31, 2006
EBITDA	\$ 924,081	\$ 1,252,627	\$ 1,407,493
Adjustments, before tax:			
Unrealized (gains) losses on oil and natural gas derivatives	309,544	(42,905)	(197,615)
Employee retirement expense	—	—	54,753
Gain on sale of investment	—	—	(117,396)
Adjusted ebitda*	<u>\$ 1,233,625</u>	<u>\$ 1,209,722</u>	<u>\$ 1,147,235</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 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.

CHESAPEAKE ENERGY CORPORATION
RECONCILIATION OF 2007 ADDITIONS TO OIL AND NATURAL GAS PROPERTIES
(\$ in 000's, except per unit amounts)
(unaudited)

	Cost	Reserves (in mmcfe)	\$/mcfe
Exploration and development costs	\$ 1,066,277	400,680 ^(a)	\$ 2.66
Acquisition of proved properties	<u>207,585</u>	<u>93,726</u>	\$ 2.21
Subtotal	1,273,862	494,406	\$ 2.58
Divestitures	(208)	(1)	
Geological and geophysical costs	<u>50,371</u>	<u>—</u>	
Adjusted subtotal	1,324,025	494,405	\$ 2.68
Revisions – price	—	135,120	
Acquisition of unproved properties	257,835	—	
Leasehold acquisition costs	<u>147,519</u>	<u>—</u>	
Adjusted subtotal	1,729,379	629,525	\$ 2.75
Tax basis step-up	7,186	—	
Asset retirement obligation	<u>4,815</u>	<u>—</u>	
Total	<u>\$ 1,741,380</u>	<u>629,525</u>	\$ 2.77

(a) Includes positive performance revisions of 205 bcfe and excludes upward revisions of 135 bcfe resulting from oil and natural gas price increases between December 31, 2006 and March 31, 2007.

CHESAPEAKE ENERGY CORPORATION
ROLL-FORWARD OF PROVED RESERVES
THREE MONTHS ENDED MARCH 31, 2007
(unaudited)

	Mmcfe
Beginning balance, 01/01/07	8,955,614
Extensions and discoveries	196,117
Acquisitions	93,726
Revisions – performance	204,563
Revisions – price	135,120
Production	(153,650)
Divestitures	(1)
Ending balance, 03/31/07	<u>9,431,489</u>
Reserve replacement	629,525
Reserve replacement ratio ^(a)	410%

(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, thereby providing some information on the sources of future production. 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 imbed the cost or timing of future production of new reserves, it cannot be used as a measure of value creation.