

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

THREE MONTHS ENDED:	June 30, 2007	March 31, 2007	June 30, 2006
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	\$ 1,145,368	\$ 976,532	\$ 1,077,686
<b>Adjustments:</b>			
<b>Changes in assets and liabilities</b>	<u>(69,046)</u>	<u>146,979</u>	<u>(163,520)</u>
<b>OPERATING CASH FLOW*</b>	<u>\$ 1,076,322</u>	<u>\$ 1,123,511</u>	<u>\$ 914,166</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:	June 30, 2007	March 31, 2007	June 30, 2006
<b>NET INCOME</b>	\$ 518,145	\$ 257,989	\$ 359,903
<b>Income tax expense</b>	317,570	158,123	244,779
<b>Interest expense</b>	83,732	78,738	73,456
<b>Depreciation and amortization of other assets</b>	39,844	35,900	23,163
<b>Oil and natural gas depreciation, depletion and amortization</b>	<u>442,063</u>	<u>393,331</u>	<u>328,159</u>
<b>EBITDA**</b>	<u>\$ 1,401,354</u>	<u>\$ 924,081</u>	<u>\$ 1,029,460</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:	June 30, 2007	March 31, 2007	June 30, 2006
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	\$ 1,145,368	\$ 976,532	\$ 1,077,686
<b>Changes in assets and liabilities</b>	(69,046)	146,979	(163,520)
<b>Interest expense</b>	83,732	78,738	73,456
<b>Unrealized gains (losses) on oil and natural gas derivatives</b>	151,589	(309,544)	16,460
<b>Other non-cash items</b>	<u>89,711</u>	<u>31,376</u>	<u>25,378</u>
<b>EBITDA</b>	<u>\$ 1,401,354</u>	<u>\$ 924,081</u>	<u>\$ 1,029,460</u>

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

SIX MONTHS ENDED:	June 30, 2007	June 30, 2006
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	\$ 2,121,900	\$ 2,045,144
<b>Adjustments:</b>		
<b>Changes in assets and liabilities</b>	<u>77,933</u>	<u>(84,115)</u>
<b>OPERATING CASH FLOW*</b>	<u>\$ 2,199,833</u>	<u>\$ 1,961,029</u>

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SIX MONTHS ENDED:	June 30, 2007	June 30, 2006
<b>NET INCOME</b>	\$ 776,134	\$ 983,626
<b>Income tax expense</b>	475,693	627,062
<b>Interest expense</b>	162,470	146,114
<b>Depreciation and amortization of other assets</b>	75,744	47,035
<b>Oil and natural gas depreciation, depletion and amortization</b>	<u>835,394</u>	<u>633,116</u>
<b>EBITDA**</b>	<u>\$ 2,325,435</u>	<u>\$ 2,436,953</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:

SIX MONTHS ENDED:	June 30, 2007	June 30, 2006
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	\$ 2,121,900	\$ 2,045,144
<b>Changes in assets and liabilities</b>	77,933	(84,115)
<b>Interest expense</b>	162,470	146,114
<b>Unrealized gains (losses) on oil and natural gas derivatives</b>	(157,955)	214,075
<b>Other non-cash items</b>	<u>121,087</u>	<u>115,735</u>
<b>EBITDA</b>	<u>\$ 2,325,435</u>	<u>\$ 2,436,953</u>

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

THREE MONTHS ENDED:	June 30, 2007	March 31, 2007	June 30, 2006
Net income available to common shareholders	\$ 492,309	\$ 232,153	\$ 332,128
<b>Adjustments:</b>			
Unrealized (gains) losses on derivatives, net of tax	(98,559)	192,640	(9,720)
Gain on sale of investment, net of tax	(51,277)	—	—
Loss on conversion/exchange of preferred stock	—	—	9,547
Cumulative impact of income tax rate change	—	—	15,000
Legal settlement, net of tax	—	—	(7,192)
Adjusted net income available to common shareholders*	342,473	424,793	339,763
Preferred dividends	25,836	25,836	18,228
<b>Total adjusted net income</b>	<u>\$ 368,309</u>	<u>\$ 450,629</u>	<u>\$ 357,991</u>
<b>Weighted average fully diluted shares outstanding**</b>	519,159	516,391	434,915
<b>Adjusted earnings per share assuming dilution</b>	<u>\$ 0.71</u>	<u>\$ 0.87</u>	<u>\$ 0.82</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:	June 30, 2007	March 31, 2007	June 30, 2006
EBITDA	\$ 1,401,354	\$ 924,081	\$ 1,029,460
<b>Adjustments, before tax:</b>			
Unrealized (gains) losses on oil and natural gas derivatives	(151,589)	309,544	(16,460)
Gain on sale of investment	(82,705)	—	—
Legal settlement	—	—	(11,600)
<b>Adjusted ebitda*</b>	<u>\$ 1,167,060</u>	<u>\$ 1,233,625</u>	<u>\$ 1,001,400</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 ADJUSTED NET INCOME AVAILABLE TO COMMON SHAREHOLDERS**  
(\$ in 000's, except per share amounts)  
(unaudited)

SIX MONTHS ENDED:	June 30, 2007	June 30, 2006
Net income available to common shareholders	\$ 724,462	\$ 936,030
<b>Adjustments:</b>		
Unrealized (gains) losses on derivatives, net of tax	94,081	(131,619)
Gain on sale of investment, net of tax	(51,277)	(72,786)
Loss on conversion/exchange of preferred stock	—	10,556
Employee retirement expense, net of tax	—	33,947
Cumulative impact of income tax rate change	—	15,000
Legal settlement, net of tax	—	(7,192)
Adjusted net income available to common shareholders*	767,266	783,936
Preferred dividends	51,672	37,040
Total adjusted net income	<u>\$ 818,938</u>	<u>\$ 820,976</u>
Weighted average fully diluted shares outstanding**	514,778	433,414
Adjusted earnings per share assuming dilution	<u>\$ 1.59</u>	<u>\$ 1.89</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)

SIX MONTHS ENDED:	June 30, 2007	June 30, 2006
EBITDA	\$ 2,325,435	\$ 2,436,953
<b>Adjustments, before tax:</b>		
Unrealized (gains) losses on oil and natural gas derivatives	157,955	(214,075)
Gain on sale of investment	(82,705)	(117,396)
Employee retirement expense	—	54,753
Legal settlement	—	(11,600)
Adjusted EBITDA*	<u>\$ 2,400,685</u>	<u>\$ 2,148,635</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 SIX MONTHS ENDED JUNE 30, 2007 ADDITIONS TO OIL AND NATURAL GAS PROPERTIES**  
(\$ in 000's, except per unit amounts)  
(unaudited)

	Cost	Reserves (in mmcfe)	\$/mcf
Exploration and development costs	\$ 2,246,495	1,050,931 <sup>(a)</sup>	\$ 2.14
Acquisition of proved properties	<u>397,140</u>	<u>201,748</u>	<u>\$ 1.97</u>
Subtotal	<u>\$ 2,643,635</u>	<u>1,252,679</u>	<u>\$ 2.11</u>
Divestitures	\$ (228)	(117)	
Geological and geophysical costs	<u>134,372</u>	<u>—</u>	
Adjusted subtotal	<u>\$ 2,777,779</u>	<u>1,252,562</u>	<u>\$ 2.22</u>
Revisions – price	—	94,498	
Leasehold acquisition costs	\$ 410,163	—	
Lease brokerage costs and recording fees	86,002	—	
Acquisition of unproved properties and other	460,269	—	
Leasehold and unproved property capitalized interest	<u>118,295</u>	<u>—</u>	
Adjusted subtotal	<u>\$ 3,852,508</u>	<u>1,347,060</u>	<u>\$ 2.86</u>
Tax basis step-up	\$ 101,202	—	
Asset retirement obligation and other	<u>8,455</u>	<u>—</u>	
Total	<u>\$ 3,962,165</u>	<u>1,347,060</u>	<u>\$ 2.94</u>

(a) Includes positive performance revisions of 510 bcfe and excludes positive revisions of 94 bcfe resulting from oil and natural gas price increases between December 31, 2006 and June 30, 2007.

**CHESAPEAKE ENERGY CORPORATION**  
**ROLL-FORWARD OF PROVED RESERVES**  
**SIX MONTHS ENDED JUNE 30, 2007**  
(unaudited)

	Mmcfe
Beginning balance, 01/01/07	8,955,614
Extensions and discoveries	540,961
Acquisitions	201,748
Divestitures	(117)
Revisions – performance	509,970
Revisions – price	94,498
Production	<u>(323,674)</u>
Ending balance, 6/30/07	<u>9,979,000</u>
Reserve replacement	1,347,060
Reserve replacement ratio <sup>(a)</sup>	416%

(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.