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

THREE MONTHS ENDED:	December 31, 2008	September 30, 2008	December 31, 2007
CASH PROVIDED BY OPERATING ACTIVITIES	$ 931	$ 1,550	$ 1,544
Adjustments:			
Changes in assets and liabilities	84	(343)	(209)
OPERATING CASH FLOW*	$ 1,015	$ 1,207	$ 1,335

*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:	December 31, 2008	September 30, 2008	December 31, 2007
NET INCOME (LOSS)	$ (860)	$ 3,313	$ 303
Income tax expense (benefit)	(529)	2,074	186
Interest expense	102	48	128
Depreciation and amortization of other assets	52	48	33
Natural gas and oil depreciation, depletion and amortization	452	480	521
EBITDA**	$ (783)	$ 5,963	$ 1,171

**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:

THREE MONTHS ENDED:	December 31, 2008	September 30, 2008	December 31, 2007
CASH PROVIDED BY OPERATING ACTIVITIES	$ 931	$ 1,550	$ 1,544
Changes in assets and liabilities	84	(343)	(209)
Interest expense	102	48	128
Unrealized gains (losses) on natural gas and oil derivatives	717	4,618	(261)
Impairment of natural gas and oil properties and other assets	(2,830)	—	—
Impairment of investments	(180)	—	—
Other non-cash items	393	90	(31)
EBITDA	$ (783)	$ 5,963	$ 1,171

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

TWELVE MONTHS ENDED:	December 31, 2008	December 31, 2007
CASH PROVIDED BY OPERATING ACTIVITIES	$ 5,236	$ 4,932
Adjustments:		
Changes in assets and liabilities	(58)	(299)
OPERATING CASH FLOW*	$ 5,178	$ 4,633

*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.

TWELVE MONTHS ENDED:	December 31, 2008	December 31, 2007
NET INCOME	$ 723	$ 1,451
Income tax expense (benefit)	463	890
Interest expense	314	406
Depreciation and amortization of other assets	177	154
Natural gas and oil depreciation, depletion and amortization	1,970	1,835
EBITDA**	$ 3,647	$ 4,736

**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:

TWELVE MONTHS ENDED:	December 31, 2008	December 31, 2007
CASH PROVIDED BY OPERATING ACTIVITIES	$ 5,236	$ 4,932
Changes in assets and liabilities	(58)	(299)
Interest expense	314	406
Unrealized gains (losses) on natural gas and oil derivatives	797	(375)
Impairment of natural gas and oil properties and other assets	(2,830)	—
Impairment of investments	(180)	—
Other noncash items	368	72
EBITDA	$ 3,647	$ 4,736

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

THREE MONTHS ENDED:	December 31, 2008	September 30, 2008	December 31, 2007
Net income (loss) available to common shareholders	$ (866)	$ 3,282	$ 158
Adjustments:			
Unrealized (gains) losses on derivatives, net of tax	(380)	(2,846)	180
Impairment of natural gas and oil properties and other fixed assets, net of tax	1,726	—	—
Impairment of investments, net of tax	110	—	—
(Gain) loss on exchanges or repurchases of Chesapeake debt, net of tax	(163)	19	—
Consent fees on senior notes, net of tax	—	6	—
Loss on conversion/exchange of preferred stock	—	25	128
Adjusted net income available to common shareholders*	427	486	466
Preferred stock dividends	6	6	17
Interest on 2.75% contingent convertible notes, net of tax	—	3	—
Interest on 2.50% contingent convertible notes, net of tax	—	7	—
Total adjusted net income	$ 433	$ 502	$ 483
Weighted average fully diluted shares outstanding**	590	589	520
Adjusted earnings per share assuming dilution*	$ 0.73	$ 0.85	$ 0.93

*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:	December 31, 2008	September 30, 2008	December 31, 2007
EBITDA	$ (783)	$ 5,963	$ 1,171
Adjustments, before tax:			
Unrealized (gains) losses on natural gas and oil derivatives	(717)	(4,618)	261
(Gain) loss on exchanges or repurchases of Chesapeake debt	(268)	31	—
Impairment of natural gas and oil properties and other fixed assets	2,830	—	—
Impairment of investments	180	—	—
Consent fees on senior notes	—	10	—
Adjusted ebitda*	$ 1,242	$ 1,386	$ 1,432

*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.

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

TWELVE MONTHS ENDED:	December 31, 2008	December 31, 2007
Net income available to common shareholders	$ 623	$ 1,229
Adjustments:		
Unrealized (gains) losses on derivatives, net of tax	(434)	257
Impairment of natural gas and oil properties and other fixed assets, net of tax	1,726	—
Impairment of investments, net of tax	110	—
(Gain) loss on exchanges or repurchases of Chesapeake debt, net of tax	(144)	—
Gain on sale of investment, net of cash	—	(51)
Loss on conversion/exchange of preferred stock	67	128
Consent fees on senior notes, net of tax	6	—
Adjusted net income available to common shareholders*	1,954	1,563
Preferred stock dividends	33	94
Interest on 2.75% contingent convertible notes, net of tax	6	—
Interest on 2.50% contingent convertible notes, net of tax	6	—
Total adjusted net income	$ 1,999	$ 1,657
Weighted average fully diluted shares outstanding**	562	517
Adjusted earnings per share assuming dilution*	$ 3.55	$ 3.21

*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)

TWELVE MONTHS ENDED:	December 31, 2008	December 31, 2007
EBITDA	$ 3,647	$ 4,736
Adjustments, before tax:		
Unrealized (gains) losses on natural gas and oil derivatives	(797)	375
(Gain) loss on exchanges or repurchases of Chesapeake debt	(237)	—
Impairment of natural gas and oil properties and other fixed assets	2,830	—
Impairment of investments	180	—
Consent fees on senior notes	10	—
Gain on sale of investment	—	(83)
Adjusted ebitda*	$ 5,633	$ 5,028

*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.

CHESAPEAKE ENERGY CORPORATION
RECONCILIATION OF PV-10
($ in millions)
(unaudited)

	December 31, 2008	December 31, 2007
Standardized measure of discounted future net cash flows	$ 11,833	$ 14,962
Discounted future cash flows for income taxes	3,768	5,611
Discounted future net cash flows before income taxes (PV-10)	$ 15,601	$ 20,573

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.

The company's December 31, 2008 PV-10 and standardized measure were calculated using field differential adjusted prices based on NYMEX year-end prices of $5.71 per mcf and $44.61 per bbl. The company's December 31, 2007 PV-10 and standardized measure were calculated using field differential adjusted prices based on NYMEX year-end prices of $6.80 per mcf and $96.00 per bbl.

CHESAPEAKE ENERGY CORPORATION
RECONCILIATION OF 2008 ADDITIONS TO NATURAL GAS AND OIL PROPERTIES
($ in millions, except per-unit data)
(unaudited)

	Cost	Reserves (in bcfe)	$/mcfe
Exploration and development costs	$ 5,797	2,843[a]	2.04
Acquisition of proved properties	355	172	2.06
Sale of proved properties	(2,433)	(702)	3.47
Drilling and net acquisition cost	3,719	2,313	1.61
Revisions – price	—	(298)	—
Acquisition of unproved properties and leasehold	7,689	—	—
Sale of unproved properties and leasehold	(5,302)	—	—
Net leasehold and unproved property acquisition	2,387	—	—
Capitalized interest on leasehold and unproved property	440	—	—
Geological and geophysical costs	314	—	—
Geological, geophysical and capitalized interest	754	—	—
Subtotal	6,860	2,015	3.40
Tax basis step-up	13	—	—
Asset retirement obligation and other	10	—	—
Total	$ 6,883	2,015	3.42

(a) Includes 1.248 tcfe of performance revisions (1.367 tcfe relating to infill drilling and increased density locations and (119) bcfe of other performance related revisions) and excludes downward revisions of 298 bcfe resulting from natural gas and oil price declines between December 31, 2007 and 2008.

CHESAPEAKE ENERGY CORPORATION
ROLL-FORWARD OF PROVED RESERVES
TWELVE MONTHS ENDED DECEMBER 31, 2008
(unaudited)

	Bcfe
Beginning balance, 01/01/08	10,879
Production	(843)
Acquisitions	172
Divestitures	(702)
Revisions – performance	1,248
Revisions – price	(298)
Extensions and discoveries	1,595
Ending balance, 12/31/08	12,051
Reserve replacement	2,015
Reserve replacement ratio [a]	239%

(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.