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

THREE MONTHS ENDED:	December 31, 2010	September 30, 2010	December 31, 2009
CASH PROVIDED BY OPERATING ACTIVITIES	$ 1,145	$ 993	$ 1,226
Changes in assets and liabilities	41	75	(14)
OPERATING CASH FLOW[(a)]	$ 1,186	$ 1,068	$ 1,212

THREE MONTHS ENDED:	December 31, 2010	September 30, 2010	December 31, 2009
NET INCOME (LOSS)	$ 223	$ 558	$ (499)
Income tax expense (benefit)	140	349	(299)
Interest expense	7	3	62
Depreciation and amortization of other assets	61	56	67
Natural gas and oil depreciation, depletion and amortization	368	378	335
EBITDA [(b)]	$ 799	$ 1,344	$ (334)

THREE MONTHS ENDED:	December 31, 2010	September 30, 2010	December 31, 2009
CASH PROVIDED BY OPERATING ACTIVITIES	$ 1,145	$ 993	$ 1,226
Changes in assets and liabilities	41	75	(14)
Interest expense (income)	7	3	62
Unrealized gains (losses) on natural gas and oil derivatives	(628)	53	(186)
Realized gains on financing derivatives	185	165	101
Impairment of natural gas and oil properties	—	—	(1,400)
Gains (losses) on sale of other property and equipment	154	(17)	—
Other impairments	(1)	(20)	(8)
Gains (losses) on equity investments	(13)	155	(7)
Impairment of investments	—	(16)	—
Stock-based compensation	(36)	(44)	(36)
Other items	(55)	(3)	(72)
EBITDA[(b)]	$ 799	$ 1,344	$ (334)

(a) 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.

(b) 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.

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

TWELVE MONTHS ENDED:	December 31, 2010	December 31, 2009
CASH PROVIDED BY OPERATING ACTIVITIES	$ 5,117	$ 4,356
Changes in assets and liabilities	(569)	(23)
OPERATING CASH FLOW[(a)]	$ 4,548	$ 4,333

TWELVE MONTHS ENDED:	December 31, 2010	December 31, 2009
NET INCOME (LOSS)	$ 1,774	$ (5,805)
Income tax expense (benefit)	1,110	(3,483)
Interest expense	19	113
Depreciation and amortization of other assets	220	244
Natural gas and oil depreciation, depletion and amortization	1,394	1,371
EBITDA[(b)]	$ 4,517	$ (7,560)

TWELVE MONTHS ENDED:	December 31, 2010	December 31, 2009
CASH PROVIDED BY OPERATING ACTIVITIES	$ 5,117	$ 4,356
Changes in assets and liabilities	(569)	(23)
Interest expense	19	113
Unrealized gains (losses) on natural gas and oil derivatives	(658)	(588)
Realized gains on financing derivatives	621	154
Impairment of natural gas and oil properties	—	(11,000)
Gains (losses) on sale of other property and equipment	137	(38)
Other impairments	(21)	(130)
Gains (losses) on equity investments	107	(39)
Impairment of investments	(16)	(162)
Stock-based compensation	(147)	(140)
Restructuring costs	—	(12)
Other items	(73)	(51)
EBITDA[(b)]	$ 4,517	$ (7,560)

(a) 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.

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

THREE MONTHS ENDED:	December 31, 2010	September 30, 2010	December 31, 2009
Net income available to common stockholders	$ 180	515	$ (530)
Adjustments:			
Unrealized (gains) losses on derivatives, net of tax	392	(31)	126
Impairment of natural gas and oil properties, net of tax	—	—	875
Impairment of investments, net of tax	—	9	—
(Gain) losses on sale of other property and equipment, net of tax	(95)	11	—
Other impairments, net of tax	1	12	5
Losses on redemptions or exchanges of debt, net of tax	—	36	14
(Gains) losses on investment activity, net of tax	—	(74)	—
Adjusted net income available to common stockholders [(a)]	478	478	490
Preferred stock dividends	43	43	6
Total adjusted net income	$ 521	$ 521	$ 496
Weighted average fully diluted shares outstanding[(b)]	746	744	644
Adjusted earnings per share assuming dilution[(a)]	$ 0.70	$ 0.70	$ 0.77

(a) Adjusted net income available to common stockholders 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 stockholders 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 stockholders 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.

(b) 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 NET INCOME AVAILABLE TO COMMON STOCKHOLDERS
($ in millions, except per-share data)
(unaudited)

TWELVE MONTHS ENDED:	December 31, 2010	December 31, 2009
Net income (loss) available to common stockholders	$ 1,663	$ (5,853)
Adjustments:		
Unrealized (gains) losses on derivatives, net of tax	364	311
Impairment of natural gas and oil properties, net of tax	—	6,875
Impairment of investments, net of tax	9	102
(Gains) losses on sale of other property and equipment, net of tax	(84)	24
Other impairments, net of tax	13	81
Losses on redemptions or exchanges of debt, net of tax	80	24
(Gains) losses on investment activity, net of tax	(74)	—
Restructuring costs, net of tax	—	21
Adjusted net income available to common stockholders [(a)]	1,971	1,585
Preferred stock dividends	111	23
Total adjusted net income	$ 2,082	$ 1,608
Weighted average fully diluted shares outstanding[(b)]	706	631
Adjusted earnings per share assuming dilution[(a)]	$ 2.95	$ 2.55

(a) Adjusted net income available to common stockholders 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 stockholders 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 stockholders 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.

(b) 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, 2010	September 30, 2010	December 31, 2009
EBITDA	$ 799	$ 1,344	$ (334)
Adjustments:			
Unrealized (gains) losses on natural gas and oil derivatives	628	(53)	186
Impairment of natural gas and oil properties	—		1,400
Impairment of investments	—	16	—
(Gains) losses on sale of other property and equipment	(154)	17	—
Other impairments	1	20	8
Losses on redemptions or exchanges of debt	—	59	21
(Gains) losses on investments	—	(121)	—
(Income) attributable to noncontrolling interest	—	—	(25)
Adjusted EBITDA[(a)]	$ 1,274	$ 1,282	$ 1,256

(a) 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 ADJUSTED EBITDA
($ in millions)
(unaudited)

TWELVE MONTHS ENDED:	December 31, 2010	December 31, 2009
EBITDA	$ 4,517	$ (7,560)
Adjustments:		
Unrealized (gains) losses on natural gas and oil derivatives	658	588
Impairment of natural gas and oil properties	—	11,000
Impairment of investments	16	162
(Gains) losses on sale of other property and equipment	(137)	38
Other impairments	21	130
Losses on redemptions or exchanges of debt	129	40
(Gains) losses on investments	(121)	—
Restructuring costs	—	34
(Income) attributable to noncontrolling interest	—	(25)
Adjusted EBITDA[a]	$ 5,083	$ 4,407

(a) 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 2010 ADDITIONS TO NATURAL GAS AND OIL PROPERTIES
BASED ON SEC PRICING OF TRAILING 12-MONTH AVERAGE PRICES AT DECEMBER 31, 2010
($ in millions, except per-unit data)
(unaudited)

	Cost	Proved Reserves Bcfe[a]	$/Mcfe
Drilling and completion costs[b]	$ 5,430	5,092 [c]	1.07
Acquisition of proved properties	243	89	2.73
Sale of proved properties	(2,876)	(1,493)	1.93
Drilling, completion and net acquisition costs of proved properties	2,797	3,688	0.76
Revisions – price	—	189	—
Acquisition of unproved properties and leasehold	6,266	—	—
Sale of unproved properties and leasehold	(1,524)	—	—
Net unproved properties and leasehold acquisition	4,742	—	—
Capitalized interest on leasehold and unproved property	711	—	—
Geological and geophysical costs	157	—	—
Capitalized interest and geological and geophysical costs	868	—	—
Subtotal	8,407	3,877	2.17
Asset retirement obligation and other	2	—	—
Total costs	$ 8,409	3,877	2.17

CHESAPEAKE ENERGY CORPORATION
ROLL-FORWARD OF PROVED RESERVES
TWELVE MONTHS ENDED DECEMBER 31, 2010
BASED ON SEC PRICING OF TRAILING 12-MONTH AVERAGE PRICES AT DECEMBER 31, 2010
(unaudited)

	Bcfe[a]
Beginning balance, 01/01/10	14,254
Production	(1,035)
Acquisitions	89
Divestitures	(1,493)
Revisions – changes to previous estimates	(6)
Revisions – price	189
Extensions and discoveries	5,098
Ending balance, 12/31/10	17,096
Proved reserves growth rate	20%
Proved developed reserves	9,143
Proved developed reserves percentage	53%
Reserve replacement	3,877
Reserve replacement ratio [d]	375%

(a) Reserve volumes estimated using SEC reserve recognition standards and pricing assumptions based on the trailing 12-month average first-day-of-the-month prices as of December 31, 2010, of $4.38 per mcf of natural gas and $79.42 per bbl of oil, before field differential adjustments.

(b) Net of drilling and completion carries of $1.151 billion associated with the Statoil, Total and CNOOC-Eagle Ford joint ventures.

(c) Includes 6 bcfe of downward revisions resulting from changes to previous estimates and excludes positive revisions of 189 bcfe resulting from higher natural gas and oil prices using the average first-day-of-the-month price for the twelve months ended December 31, 2010, compared to the twelve months ended December 31, 2009.

(d) 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.

CHESAPEAKE ENERGY CORPORATION
RECONCILIATION OF 2010 ADDITIONS TO NATURAL GAS AND OIL PROPERTIES
BASED ON 10-YEAR AVERAGE NYMEX STRIP PRICES AT DECEMBER 31, 2010
($ in millions, except per-unit data)
(unaudited)

	Cost	Proved Reserves Bcfe[a]	$/Mcfe
Drilling and completion costs[b]	$ 5,430	5,062 [c]	1.07
Acquisition of proved properties	243	82	2.96
Sale of proved properties	(2,876)	(1,574)	1.83
Drilling, completion and net acquisition costs of proved properties	2,797	3,570	0.78
Revisions – price	—	(470)	—
Acquisition of unproved properties and leasehold	6,266	—	—
Sale of unproved properties and leasehold	(1,524)	—	—
Net unproved properties and leasehold acquisition	4,742	—	—
Capitalized interest on leasehold and unproved property	711	—	—
Geological and geophysical costs	157	—	—
Capitalized interest and geological and geophysical costs	868	—	—
Subtotal	8,407	3,100	2.71
Asset retirement obligation and other	2	—	—
Total costs	$ 8,409	3,100	2.71

CHESAPEAKE ENERGY CORPORATION
ROLL-FORWARD OF PROVED RESERVES
TWELVE MONTHS ENDED DECEMBER 31, 2010
BASED ON 10-YEAR AVERAGE NYMEX STRIP PRICES AT DECEMBER 31, 2010
(unaudited)

	Bcfe[a]
Beginning balance, 01/01/10	15,540
Production	(1,035)
Acquisitions	82
Divestitures	(1,574)
Revisions – changes to previous estimates	350
Revisions – price	(470)
Extensions and discoveries	4,712
Ending balance, 12/31/10	17,605
Proved reserves growth rate	13%
Proved developed reserves	9,399
Proved developed reserves percentage	53%
Reserve replacement	3,100
Reserve replacement ratio [d]	300%

(a) Reserve volumes estimated using SEC reserve recognition standards and 10-year average NYMEX strip prices as of December 31, 2010 of $5.67 per mcf of natural gas and $93.53 per bbl of oil, before field differential adjustments. Futures prices, such as the 10-year average NYMEX strip prices, represent an unbiased consensus estimate by market participants about the likely prices to be received for our future production. Chesapeake uses such forward-looking market-based data in developing its drilling plans, assessing its capital expenditure needs and projecting future cash flows. Chesapeake believes these prices are better indicators of the likely economic producibility of proved reserves than the trailing 12-month average price required by the SEC's reporting rule.

(b) Net of drilling and completion carries of $1.151 billion associated with the Statoil, Total and CNOOC-Eagle Ford joint ventures.

(c) Includes 350 bcfe of positive revisions resulting from changes to previous estimates and excludes downward revisions of 470 bcfe resulting from lower natural gas prices using 10-year average NYMEX strip prices as of December 31, 2010 compared to NYMEX strip prices as of December 31, 2009.

(d) 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.

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

	December 31, 2010	December 31, 2009
Standardized measure of discounted future net cash flows	$ 13,183	$ 8,203
Discounted future cash flows for income taxes	1,963	1, 246
Discounted future net cash flows before income taxes (PV-10)	$ 15,146	$ 9,449

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 Accounting Standards Topic 932. 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, 2010 PV-10 and standardized measure were calculated using the trailing 12-moth average first-day-of-the-month prices as of December 31, 2010 of $4.38 per mcf and $79.42 per bbl. The company's December 31, 2009 PV-10 and standardized measure were calculated using the trailing 12-month average first day-of-the-month prices as of December 31, 2009 of $3.87 per mcf and $61.14 per bbl.