

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

THREE MONTHS ENDED:	June 30, 2013	March 31, 2013	June 30, 2012
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,298	\$ 924	\$ 755
Changes in assets and liabilities	72	252	140
OPERATING CASH FLOW^(a)	<u>\$ 1,370</u>	<u>\$ 1,176</u>	<u>\$ 895</u>

THREE MONTHS ENDED:	June 30, 2013	March 31, 2013	June 30, 2012
NET INCOME	\$ 625	\$ 102	\$ 1,037
Interest expense	104	21	14
Income tax expense	384	63	663
Depreciation and amortization of other assets	76	78	83
Natural gas, oil and NGL depreciation, depletion and amortization	645	648	588
EBITDA^(b)	<u>\$ 1,834</u>	<u>\$ 912</u>	<u>\$ 2,385</u>

THREE MONTHS ENDED:	June 30, 2013	March 31, 2013	June 30, 2012
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,298	\$ 924	\$ 755
Changes in assets and liabilities	72	252	140
Interest expense, net of unrealized gains (losses) on derivatives	53	15	21
Unrealized gains (losses) on natural gas, oil and NGL derivatives	576	(146)	810
Net gains on sales of fixed assets	109	49	—
Impairments of fixed assets and other	(231)	(27)	(243)
Employee retirement and other termination benefits	1	(105)	—
Gains (losses) on sales of investments	(10)	—	1,030
Earnings (losses) on investments	22	(29)	(87)
Impairment of investment	—	(10)	—
Stock-based compensation	(24)	(32)	(26)
Losses on purchases of debt	(17)	—	—
Other items	(15)	21	(15)
EBITDA^(b)	<u>\$ 1,834</u>	<u>\$ 912</u>	<u>\$ 2,385</u>

(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 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 interest expense, income taxes, 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. 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)

SIX MONTHS ENDED:	June 30, 2013	June 30, 2012
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 2,222	\$ 1,029
Changes in assets and liabilities	324	776
OPERATING CASH FLOW^(a)	<u>\$ 2,546</u>	<u>\$ 1,805</u>
SIX MONTHS ENDED:	June 30, 2013	June 30, 2012
NET INCOME	\$ 728	\$ 1,033
Interest expense, net of unrealized gains	124	26
Income tax expense	446	661
Depreciation and amortization of other assets	154	166
Natural gas, oil and NGL depreciation, depletion and amortization	1,293	1,094
EBITDA^(b)	<u>\$ 2,745</u>	<u>\$ 2,980</u>
SIX MONTHS ENDED:	June 30, 2013	June 30, 2012
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 2,222	\$ 1,029
Changes in assets and liabilities	324	776
Interest expense, net of unrealized gains on derivatives	67	28
Unrealized gains on natural gas, oil and NGL derivatives	429	540
Net gains on sales of fixed assets	158	2
Impairments of fixed assets and other	(258)	(243)
Employee retirement and other termination benefits	(104)	—
Gains (losses) on sales of investments	(10)	1,030
Losses on investments	(7)	(120)
Impairment of investment	(10)	—
Stock-based compensation	(56)	(63)
Losses on purchases of debt	(17)	—
Other items	7	1
EBITDA^(b)	<u>\$ 2,745</u>	<u>\$ 2,980</u>

(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 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 interest expense, income taxes, 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. 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 ADJUSTED NET INCOME AVAILABLE TO COMMON STOCKHOLDERS
(\$ in millions, except per share data)
(unaudited)

THREE MONTHS ENDED:	June 30, 2013	March 31, 2013	June 30, 2012
Net income available to common stockholders	\$ 457	\$ 15	\$ 929
Adjustments, net of tax:			
Unrealized (gains) losses on derivatives	(325)	94	(490)
Net gains on sales of fixed assets	(68)	(30)	—
Impairments of fixed assets and other	143	16	148
Impairment of investment	—	6	—
Employee retirement and other termination benefits	5	83	—
(Gains) losses on sales of investments	6	—	(584)
Losses on purchases of debt	44	—	—
Premium on purchase of preferred shares of a subsidiary	69	—	—
Other	3	(1)	—
Adjusted net income available to common stockholders^(a)	334	183	3
Preferred stock dividends	43	43	43
Earnings allocated to participating securities	11	—	—
Total adjusted net income	<u>\$ 388</u>	<u>\$ 226</u>	<u>\$ 46</u>
Weighted average fully diluted shares outstanding (in millions)^(b)	763	758	751
Adjusted earnings per share assuming dilution^(a)	\$ 0.51	\$ 0.30	\$ 0.06

(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 believes these adjusted financial measures are a useful adjunct to earnings under accounting principles generally accepted in the United States (GAAP) 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)

SIX MONTHS ENDED:	June 30, 2013	June 30, 2012
Net income available to common stockholders	\$ 473	\$ 858
Adjustments, net of tax:		
Unrealized gains on derivatives	(230)	(331)
Net gains on sales of fixed assets	(98)	(1)
Impairments of fixed assets and other	160	148
Impairment of investment	6	—
Employee retirement and other termination benefits	87	—
(Gains) losses on sales of investments	6	(584)
Losses on purchases of debt	44	—
Premium on purchase of preferred shares of a subsidiary	69	—
Other	—	7
Adjusted net income available to common stockholders^(a)	517	97
Preferred stock dividends	86	86
Earnings allocated to participating securities	11	—
Total adjusted net income	\$ 614	\$ 183
Weighted average fully diluted shares outstanding (in millions)^(b)	764	752
Adjusted earnings per share assuming dilution^(a)	\$ 0.80	\$ 0.24

(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 believes these adjusted financial measures are 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:	June 30, 2013	March 31, 2013	June 30, 2012
EBITDA	\$ 1,834	\$ 912	\$ 2,385
Adjustments:			
Unrealized (gains) losses on natural gas, oil and NGL derivatives	(576)	146	(810)
Impairment of investment	—	10	—
Net gains on sales of fixed assets	(109)	(49)	—
Impairments of fixed assets and other	231	27	243
Net income attributable to noncontrolling interests	(45)	(44)	(65)
(Gains) losses on sales of investments	10	—	(957)
Losses on purchases of debt	70	—	—
Employee retirement and other termination benefits	7	133	1
Other	2	(1)	6
Adjusted EBITDA^(a)	\$ 1,424	\$ 1,134	\$ 803

SIX MONTHS ENDED:	June 30, 2013	June 30, 2012
EBITDA	\$ 2,745	\$ 2,980
Adjustments:		
Unrealized (gains) losses on natural gas, oil and NGL derivatives	(429)	(540)
Impairment of investment	10	—
Net gains on sales of fixed assets	(158)	(2)
Impairments of fixed assets and other	258	243
Net income attributable to noncontrolling interests	(89)	(89)
(Gains) losses on sales of investments	10	(957)
Losses on purchases of debt	70	—
Employee retirement and other termination benefits	140	1
Other	1	5
Adjusted EBITDA^(a)	\$ 2,558	\$ 1,641

(a) Adjusted ebitda excludes certain items that management believes affect the comparability of operating results. The company believes these non-GAAP financial measures are 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.