

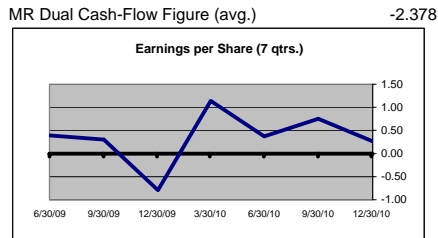
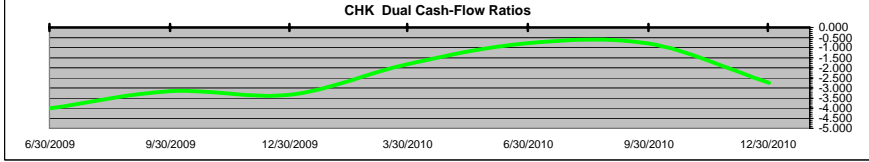
**The Merriam Report** **CHK** 12/31/10 **CHESAPEAKE ENERGY CORP**

All amounts in millions except for earnings per share

Quarterly period ending:	2 6/30/2009	3 9/30/2009	4 12/31/2009	1 3/31/2010	2 6/30/2010	3 9/30/2010	4 12/31/2010	Averages
Earnings Per Share (Incl. Ext. Items)	\$ 0.390	\$ 0.300	\$ (0.790)	\$ 1.140	\$ 0.37000	\$ 0.750	\$ 0.270	\$ 0.347
% Change in E.P.S. (from prev. qtr.)		-23.1%	-363.3%	244.3%	-67.5%	102.7%	-64.0%	-28.5%
Total Revenues	167300.0	181100.0	222200.0	279800.0	201200.0	258100.0	197500.0	215314.3
% Change in Revenues (from prev. qtr.)		8.2%	22.7%	25.9%	-28.1%	28.3%	-23.5%	5.6%
Cost of Revenues	55400.0	562000.0	586000.0	564000.0	606000.0	661000.0	664000.0	528342.9
Accounts Receivable:	112200.0	129800.0	132500.0	141900.0	135900.0	145400.0	197400.0	142157.1
% Change in Receivables (from prev. qtr.)		15.7%	2.1%	7.1%	-4.2%	7.0%	35.8%	10.6%
DSO's (# of days it took customers to pay)	61.0	65.2	54.3	46.2	61.5	51.3	91.0	61.5
Inventories:	2115200.0	2073200.0	351600.0	159000.0	169900.0	183700.0	154500.0	743871.4
% Change in Inventory (from prev. qtr.)		-2.0%	-83.0%	-54.8%	6.9%	8.1%	-15.9%	-23.5%
Inventory as a % of Sales	1264.3%	1144.8%	158.2%	56.8%	84.4%	71.2%	78.2%	408.29%
Prepaid Expenses:	113,300.00	53,800.00	69,200.00	129,700.00	96,500.00	108,700.00	94,700.00	95128.6
Other Current Assets:	13900.0	15200.0	9800.0	0.0	9300.0	12300.0	10400.0	10128.6
Property, Plant & Equip. (net):	2673600.0	2637800.0	2671000.0	2565500.0	2783000.0	2948000.0	3237800.0	2788100.0
% Change in P,P & E (from prev. qtr.)		-1.3%	1.3%	-3.9%	8.5%	5.9%	9.8%	3.4%
Accounts Payable:	97100.0	93200.0	95700.0	129600.0	156400.0	177300.0	206900.0	136600.0
% Change in Payables (from prev. qtr.)		-4.0%	2.7%	35.4%	20.7%	13.4%	16.7%	14.1%
Quarterly period ending:	6/30/2009	9/30/2009	12/31/2009	3/31/2010	6/30/2010	9/30/2010	12/31/2010	
Total Liabilities:	1846700.0	1774100.0	1847000.0	1807200.0	1735400.0	1906000.0	2191500.0	1872557.1
Shareholder equity:	1200200.0	1197800.0	1144400.0	1221600.0	1481500.0	1527300.0	1526400.0	1328457.1
Retained Earnings (Accum. Deficit)	-92900.0	-73700.0	-126100.0	-66500.0	-41000.0	5700.0	19000.0	-53642.9
Operating Cash Flow (OCF)	1076521.1	1091428.9	988597.7	1127027.6	1413804.7	1496486.8	1512360.8	1243746.8
OCF as % of Revenues	643.5%	602.7%	444.9%	402.8%	702.7%	579.8%	765.8%	591.73%
Balance Sheet Cash Flow (BSCF)	1846666.4	1774070.8	1846969.3	1807159.9	1735360.2	1905955.6	2191449.1	1872518.7
BSCF as % of Revenues	1103.8%	979.6%	831.2%	645.9%	862.5%	738.5%	1109.6%	895.87%
Spread between OCF & BSCF	-770145.2	-682641.9	-858371.5	-680132.3	-321555.5	-409468.8	-679088.3	-628771.9
Ratios								
Spread to Revenues	-460.34%	-376.94%	-386.31%	-243.08%	-159.82%	-158.65%	-343.84%	-3.041
Spread to OCF	0.583	0.615	0.535	0.624	0.815	0.785	0.690	0.664
MR Dual Cash-Flow Figure	-4.020	-3.154	-3.328	-1.807	-0.783	-0.801	-2.748	-2.378

Quarterly period ending:	6/30/09	9/30/09	12/31/09	3/31/10	6/30/10	9/30/10	12/31/10
MR Dual Cash-Flow Figure	-4.020	-3.154	-3.328	-1.807	-0.783	-0.801	-2.748

Merriam Report Signals:  
 Recent Bearish  
 Recent Bullish  
 Confirmed Bullish



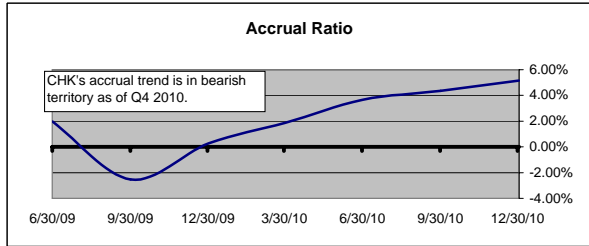
P/E	06/30/09	09/30/09	12/31/09	03/31/10	06/30/10	09/30/10	12/31/10	7.46571
P/S	-4.2	-2.65	-2.7	19.22	18.22	14.52	9.85	1.717
P/FCF	0.86	2.1	2.06	1.8	1.5	1.75	1.95	7.72931
PEG	-2.5699	-21.7873	78.7988	16.607	-23.6292	12.0111	-5.3253	0.082
Earnings Yield	0.0433	0.0061	0.0024	0.1682	0.1478	0.1277	0.078	-0.101
Cash-to-Total-Asse	-0.238	-0.3775	-0.3698	0.052	0.0549	0.0689	0.1015	0.015
Debt-to-Assets	0.0182	0.0175	0.0103	0.017	0.0187	0.0177	0.0027	0.392

Accrual Ratios	6/30/09	9/30/09	12/31/09	3/31/10	6/30/10	9/30/10	12/31/10
Average Accruals	1.98%	-2.53%	0.28%	1.88%	3.66%	4.36%	5.15%

Revenue Metrics (as % of Sales)	Recent Qtr.	Combined Avg.
Research & Development	0.00%	0.00%
Cost of Sales	33.62%	27.85%
S/G/A	52.46%	38.86%
Payables	104.76%	63.44%

Capital Productivity	Recent Qtr.	Combined Avg.
Inventory / Revenues	\$ 0.782	\$ 3.455
Receivables / Revenues	\$ 0.9995	\$ 0.6602
Inventory & Receivables / Revenues	\$ 1.782	\$ 4.115
P,P&E / Revenues	\$ 16.394	\$ 12.949



-5.77% -13.60%

## Summary of Merriam Report Signals

Dual Cash-Flow Figures

Recent Bearish

Confirmed Bearish

Recent Bullish

Confirmed Bullish

Operating Cash-Flow Trend  
Balance Sheet Cash-Flow Trend

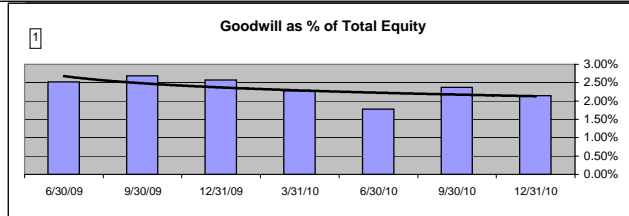
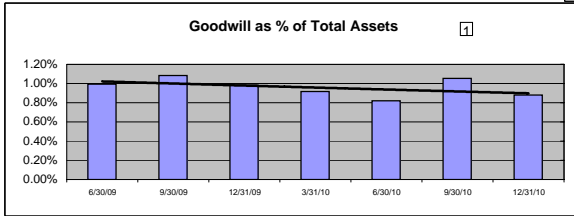
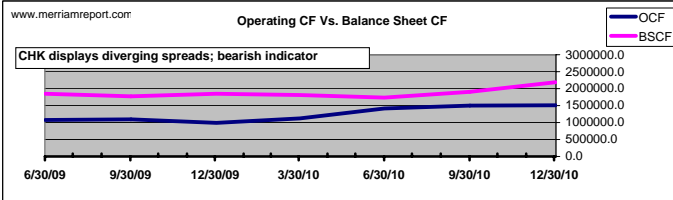


	6/30/09	9/30/09	12/31/09	3/31/10	6/30/10	9/30/10	12/31/10
OCF	1076521.1	1091428.9	988597.7	1127027.6	1413804.7	1496486.8	1512360.8
BSCF	1846666.4	1774070.8	1846969.3	1807159.9	1735360.2	1905955.6	2191449.1

### Comparison of Recent Quarter Changes to Average

EPS  
Revenues  
Accounts Receivable  
Days Sales Outstanding  
Inventory  
Accounts Payable  
Accrual Ratios

Bearish



1. Other Assets (non-current)	6/30/09	9/30/09	12/31/09	3/31/10	6/30/10	9/30/10	12/31/10	AVG.	
Goodwill as % of Total Assets	0.99%	1.08%	0.98%	0.92%	0.82%	1.05%	0.88%	0.96%	1
Goodwill as % of Total Equity	2.52%	2.69%	2.57%	2.28%	1.78%	2.37%	2.14%	2.34%	1
	2.54	2.48	2.61	2.48	2.17	2.25	2.44	2.43	-1
									1

Dual Cash Flow Trend	-2
Financial Ratios (conventional)	0
Balance Sheet and Income Statement	-10
Accrual Ratios	-1
Revenue Metrics and Capital Productivity	-3
Goodwill Trends	1
<b>Merriam Report Score</b>	<b>-15</b>

CHESAPEAKE ENERGY CORP	12/31/2010	3/18/2011
Ending Period Share Price	25.91	\$ 33.66
Estimated Fair Value	\$ 22.57	
End Price to Est. FV	0.95%	49.12%

SHORT CANDIDATE  
AVOID   
HOLD  
BUY  
STRONG BUY

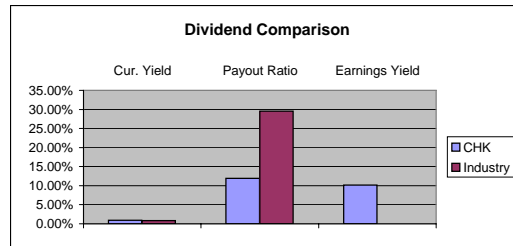
Valuation  
**OVERVALUED**  
Earnings Quality

Oil & Gas Operations  
Energy  
Crude Petroleum and Natural Gas

	CHK	Industry
Cur. Yield	0.90%	0.85%
Payout Ratio	11.95%	29.58%
Earnings Yield	10.15%	0.00%

Adjustments (Payables)	\$	(0.09)
Adjustments (Receivables)	\$	(0.92)
Adjustments (DSO)	\$	(1.76)
Adjustments (OCF)	\$	0.83
Adjustments (BSCF)	\$	(0.87)
Adjustments (Inventory)	\$	(0.28)
<b>Total Adjustments</b>	<b>\$</b>	<b>(3.09)</b>

Next Earnings 5/16/2011



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