



Chesapeake Energy Corporation

Company Profile

Publication Date: 12 Sep 2008

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COMPANY OVERVIEW

Chesapeake Energy is a natural gas exploration and production company involved in the discovery, acquisition and development of conventional and unconventional natural gas reserves onshore in the US. The company also focuses on exploratory and developmental drilling and corporate and property acquisitions in the Fort Worth Barnett Shale, Fayetteville Shale, Haynesville Shale, Mid-Continent, Appalachian Basin, Permian Basin, Delaware Basin, South Texas, Texas Gulf Coast and Ark-La-Tex regions of the US. It is headquartered in Oklahoma City, Oklahoma and employs 6,200 people.

The company recorded revenues of \$7,800 million in the fiscal year ended December 2007, an increase of 6.5% over 2006. The company's operating profit was \$2,649 million in fiscal year 2007, a decrease of 22.4% compared to 2006. Its net profit was \$1,229 million in fiscal year 2007, a decrease of 35.5% compared to 2006.

KEY FACTS

Head Office	Chesapeake Energy Corporation 6100 North Western Avenue Oklahoma City Oklahoma 73118 USA
Phone	1 405 848 8000
Fax	
Web Address	http://www.chkenergy.com
Revenue / turnover (USD Mn)	7,800.0
Financial Year End	December
Employees	6,200
New York Stock Exchange Ticker	CHK

BUSINESS DESCRIPTION

Chesapeake Energy Corporation (Chesapeake) is engaged in the exploration and production of natural gas and owns interests in approximately 39,200 oil producing and natural gas wells that produce approximately 2.3 billion cubic feet equivalent (bcfe) per day, 92% of which is natural gas.

The company focuses its natural gas exploration, development and acquisition efforts in six operating areas: the Mid-Continent region, which includes Oklahoma, Arkansas, southwestern Kansas and the Texas Panhandle; the Forth Worth Basin in north-central Texas; the Appalachian Basin, principally in West Virginia, eastern Kentucky, eastern Ohio and southern New York; the Permian and Delaware Basins of West Texas and eastern New Mexico; the Ark-La-Tex area of East Texas and northern Louisiana; and the South Texas and Texas Gulf Coast regions.

Chesapeake Energy Marketing, which is the company's marketing subsidiary, provides marketing services such as commodity price structuring, contract administration and nomination services for Chesapeake and its partners. Chesapeake owns and operates gathering systems in 13 states throughout the Mid-Continent and Appalachian regions. These systems are designed primarily to gather company production for delivery into major intrastate or interstate pipelines, and comprises approximately 8,900 miles of gathering lines, treating facilities and processing facilities that provide service to approximately 11,000 wells.

HISTORY

Chesapeake was founded in 1989 by Aubrey K. McClendon, and Tom L. Ward.

Chesapeake's first drilling efforts, focused on the Golden Trend and Sholem Alechem fields in southern Oklahoma and on the Giddings field in southeast Texas, began in the early 1990s.

Chesapeake drilled a major deep gas discovery in early 1994 at Navasota River in the deep portion of the Giddings Field in Texas.

In 2004, the company drilled 561 operated wells and participated in another 890 wells operated by other companies.

During the first half of 2005, the company remained active in the acquisitions market, with acquisition expenditures totaling \$885 million. In the same year, Chesapeake completed its previously announced acquisition of Columbia Natural Resources and certain affiliated entities (CNR) from Triana Energy Holdings.

In 2005, the company was approved as the highest and best bidder by the Dallas/Fort Worth International Airport Board and the cities of Dallas and Fort Worth to lease 18,000 net acres of Barnett Shale leasehold for \$181 million in cash and a 25% royalty.

Chesapeake entered into agreements with seven private companies in 2006, to acquire oil and natural gas assets located in its Barnett Shale, South Texas, Permian Basin, Mid-Continent and East Texas regions for an aggregate purchase price of approximately \$796 million in cash. In the same year, the company entered into an agreement to acquire from Four Sevens Oil Co and its equal equity partner, Sinclair Oil Corporation, 39,000 net acres of Barnett Shale leasehold, 30 million cubic feet of natural gas equivalent (mmcf) current production and \$55 million of mid-stream natural gas assets for \$845 million in cash.

In 2006, Energen Resources Corporation, the oil and gas subsidiary of Energen Corporation, and Chesapeake jointly announced that Energen Resources sold a 50% interest in its lease position in various shale plays in Alabama to Chesapeake for cash and a carried drilling interest. In addition, the two companies signed an agreement to form an area of mutual interest (AMI) to focus on the further exploration and development of these shale plays throughout Alabama.

Chesapeake Energy acquired Kerr-McGee Tower from Anadarko Petroleum Corporation and subsequent sale of the tower to SandRidge Energy in July 2007.

In January 2008, the company planned to acquire approximately 8,600 net undeveloped leasehold acres in the heart of the Barnett Shale play in Tarrant and Johnson Counties, Texas, from Paloma Barnett. In the same month, the company entered into a Land Services Agreement (LSA), according

to which Paloma would work on an exclusive basis in certain areas of Tarrant County, Texas to acquire leases for Chesapeake.

Goodrich Petroleum Corporation and Chesapeake Energy entered into a joint venture to develop Goodrich's Haynesville Shale acreage in the Bethany-Longstreet and Longwood fields of Caddo and DeSoto Parishes, Louisiana, in June 2008.

In July 2008, Chesapeake Energy and Plains Exploration & Production Company entered into a Haynesville Shale joint venture (the JV) in North Louisiana and East Texas.

BP America agreed to acquire all of Chesapeake's interests in approximately 90,000 net acres of leasehold and producing natural gas properties in the Arkoma Basin Woodford Shale play, in July 2008. In the same month, Mr. Burns Hargis was appointed as a Director of the company.

KEY EMPLOYEES

Name	Job Title	Board	Compensation
Aubrey K McClendon	Chairman and Chief Executive Officer	Executive Board	18746484 USD
Richard K Davidson	Director	Non Executive Board	
Frank A Keating	Director	Non Executive Board	
Breene M Kerr	Director	Non Executive Board	
Charles T Maxwell	Director	Non Executive Board	
Merrill A (Pete) Miller	Director	Non Executive Board	
Donald L Nickles	Director	Non Executive Board	
Frederick B Whittemore	Director	Non Executive Board	
V Burns Hargis	Director	Non Executive Board	
Marcus C Rowland	Executive Vice President and Chief Financial Officer	Senior Management	12325322 USD
Steven C Dixon	Executive Vice President, Operations and Chief Operating Officer	Senior Management	5019844 USD
J Mark Lester	Executive Vice President, Exploration	Senior Management	9391391 USD
Douglas J Jacobson	Executive Vice President, Aquisitions and Divestitures	Senior Management	5985381 USD
Martha A Burger	Senior Vice President, Human Resources and Corporate Resources	Senior Management	7155521 USD
Henry J Hood	Senior Vice President, Land and Legal and General Counsel	Senior Management	
Jeffrey A Fisher	Senior Vice President, Production	Senior Management	
Jennifer M Grigsby	Senior Vice President, Treasurer and Corporate Secretary	Senior Management	
Jeffrey L Mobley	Senior Vice President, Investor Relations and Research	Senior Management	
Thomas S Price	Senior Vice President, Corporate Development	Senior Management	
Cathy L Tompkins	Senior Vice President, Information Technology	Senior Management	
James C Johnson	President, Chesapeake Energy Marketing	Senior Management	

Name	Job Title	Board	Compensation
Michael A Johnson	Senior Vice President, Accounting, Controller and Chief Accounting Officer	Senior Management	
Stephen W Miller	Senior Vice President, Drilling	Senior Management	

KEY EMPLOYEE BIOGRAPHIES

Aubrey K McClendon

Board: Executive Board
Job Title: Chairman and Chief Executive Officer
Since: 1989
Age: 48

Mr. McClendon has been the Chairman, Chief Executive Officer and a Director at Chesapeake Energy since 1989. From 1982 to 1989, he was an Independent Producer of oil and gas in affiliation with Tom L. Ward. Mr. McClendon is a Member of the Board of Visitors of the Fuqua School of Business at Duke University.

Richard K Davidson

Board: Non Executive Board
Job Title: Director
Since: 2006
Age: 66

Mr. Davidson has been a Director at Chesapeake Energy since 2006. He is currently the Chairman of the Board of Directors at Union Pacific. He started his distinguished railroad career in 1960 with Missouri Pacific Railroad and held various positions of increasing authority before being named Vice President of Operations in 1976. In 1982, Union Pacific merged with the Missouri Pacific and Western Pacific railroads, and in 1986, Mr. Davidson was promoted to Vice President of Operations of the combined railroads. He was promoted to Executive Vice President in 1989 and became Chairman and Chief Executive Officer of Union Pacific Railroad in 1991. Mr. Davidson was named Chairman and Chief Executive Officer at Union Pacific Corporation in 1997. Mr. Davidson is currently an alternate Director of the Association of American Railroads, a Member and past Chairman of the President's National Infrastructure Advisory Council, a Director and Trustee of the Malcolm Baldrige National Quality Awards Foundation, and a Member of the Board of Advisors of Thayer Capital Partners, a private equity investment firm. In addition, he is a Director at the Horatio Alger Association of Distinguished Americans and serves on the U.S Strategic Command Consultation Committee in Omaha, Nebraska. Mr. Davidson Graduated from Washburn University in Topeka, Kansas in 1966 and has completed the Program for Management Development at Harvard University.

Frank A Keating

Board: Non Executive Board
Job Title: Director
Since: 2003

Age: 64

Mr. Keating has been a Director at Chesapeake Energy since 2003. He has been the President and Chief Executive Officer of the American Council of Life Insurers, a large trade organization based in Washington D.C., since 2003. Mr. Keating became a special agent in the FBI in 1969 and then served as Assistant District Attorney in Tulsa County, Oklahoma. In 1972, he was elected to the Oklahoma State House of Representatives. Two years later, he was elected to the Oklahoma State Senate. In 1981, Mr. Keating was appointed as the U.S. Attorney for the Northern District of Oklahoma and in 1985 he began seven years of service in the Ronald Reagan and George H.W. Bush administrations, serving as Assistant Secretary of the Treasury, Associate Attorney General in the Justice Department and as General Counsel and Acting Deputy Secretary of the Department of Housing and Urban Development.

Breene M Kerr

Board: Non Executive Board
Job Title: Director
Since: 1993
Age: 79

Mr. Kerr has been a Director at Chesapeake Energy since 1993. He is the President at Brookside Company, Easton, Maryland. Mr. Kerr founded Kerr Consolidated in 1969 and was the Chief Executive Officer until 1996 when it was sold. The company operated heavy duty truck dealerships in Oklahoma, a truck leasing firm and various real estate interests. In 1969, Mr. Kerr co-founded the Resource Analysis and Management Group and remained a Senior Partner until 1982. From 1967 to 1969, he was Vice President at Kerr-McGee Chemical. From 1951 through 1967, Mr. Kerr worked for Kerr-McGee as a Geologist and Land Manager. Mr. Kerr has served as Chairman of the Investment Committee for the Massachusetts Institute of Technology and is a Life Member of the Corporation (Board of Trustees) of that university. He served as a Director of Kerr-McGee from 1957 to 1981 and was a Member of its Audit Committee from 1973 to 1981.

Charles T Maxwell

Board: Non Executive Board
Job Title: Director
Since: 2002
Age: 76

Mr. Maxwell has been a Director at Chesapeake Energy since 2002. He is an energy market Strategist and has been with Weeden, an institutional research and brokerage firm located in Greenwich, Connecticut, from 1999 to the present. Entering the oil and natural gas industry in 1957, Mr. Maxwell worked for what is now known as ExxonMobil for twelve years in the US, Europe, Middle East and Africa. In 1968, Mr. Maxwell joined C.J. Lawrence, an institutional research and brokerage firm, as an Oil Analyst and was ranked by Institutional Investor magazine as No. 1 in his field in 1972, 1974,

1977 and 1981 through 1986. Mr. Kerr rose to the position of Managing Director of C. J. Lawrence/Morgan Grenfell and retired from the firm in 1997, several years after it was acquired by Deutsche Bank.

Merrill A (Pete) Miller

Board: Non Executive Board
Job Title: Director
Since: 2007
Age: 57

Mr. Miller has been a Director at Chesapeake Energy since 2007. He is the Chairman, President and Chief Executive Officer at National Oilwell Varco. He joined National Oilwell in 1996 as Vice President of Marketing, Drilling Systems and was promoted in 1997 to President of the company's Products and Technology Group. In 2000, he was named President and Chief Operating Officer; in 2001, he was elected President and Chief Executive Officer; and in 2002, he was elected Chairman of the Board. Mr. Miller served as President at Anadarko Drilling Company from 1995 to 1996. Prior to his service with Anadarko, he spent fifteen years at Helmerich & Payne International Drilling Company in Tulsa, Oklahoma, serving in various senior management positions, including Vice President, US Operations. Upon graduation, Mr. Miller served five years in the U.S. Army and received his MBA from Harvard Business School in 1980. Mr. Miller serves on the Board of Directors for the Offshore Energy Center, Petroleum Equipment Suppliers Association, Spindletop International, and is a Member of the National Petroleum Council. Mr. Miller graduated from the United States Military Academy, West Point, New York in 1972 with a degree in Applied Science and Engineering.

Donald L Nickles

Board: Non Executive Board
Job Title: Director
Since: 2005
Age: 59

Mr. Nickles has been a Director at Chesapeake Energy since 2005. He is the Founder and President at Nickles Group, a consulting and business venture firm in Washington, D.C. Mr. Nickles was first elected to represent Oklahoma in the United States Senate in 1980 where he held numerous leadership positions including Assistant Republican Leader from 1996 to 2003 and Chairman of the Senate Budget Committee from 2003 to 2005. He also served on the Energy and Natural Resources Committee and the Finance Committee. Prior to his service in the US Senate, Mr. Nickles served in the Oklahoma State Senate from 1979 to 1980 and worked for Nickles Machine in Ponca City, Oklahoma, becoming Vice President and General Manager. He is also a Director at Valero Energy, an independent oil refiner headquartered in San Antonio, Texas, and Fortress America Acquisition, an investment company which plans to invest in the homeland security industry. Mr. Nickles served in the National Guard from 1970 to 1976 and graduated from Oklahoma State University in 1971.

Frederick B Whittemore

Board: Non Executive Board
Job Title: Director
Since: 1993
Age: 77

Mr. Whittemore has been a Director at Chesapeake Energy since 1993. He has been an Advisory Director of Morgan Stanley since 1989 and was a Managing Director or Partner of the predecessor firms of Morgan Stanley from 1967 to 1989. Mr. Whittemore was Vice Chairman of the American Stock Exchange from 1982 to 1984. Mr. Whittemore is a Director at KOS Pharmaceuticals, a pharmaceutical company in Miami, Florida. Mr. Whittemore graduated from Dartmouth College in 1953 and from the Amos Tuck School of Business Administration in 1954.

V Burns Hargis

Board: Non Executive Board
Job Title: Director
Since: 2008

Mr. Hargis has been a Director at Chesapeake Energy since 2008. He currently serves as the President of Oklahoma State University and the OSU System. Mr. Hargis was named the 18th President of Oklahoma State University and the OSU System in 2007 and took office in 2008. He was Vice Chairman of the Bank of Oklahoma from 1997 to 2008. Before joining the Bank of Oklahoma, he practiced law in Oklahoma City for 28 years, most recently with the firm of McAfee & Taft. Mr. Hargis graduated from Oklahoma State University in 1967 with a degree in Accounting and received his Juris Doctorate degree from the University of Oklahoma School of Law in 1970. In 1967, he entered the United States Army as a Commissioned 2nd Lieutenant, Military Intelligence, and was honorably discharged as a Captain, US Army Reserves, in 1977. Mr. Hargis is a former President of the Oklahoma County Bar Association, former President of the Oklahoma Bar Foundation and is a Fellow of the American Bar Foundation. He previously served as the Vice Chairman of the Oklahoma State Election Board, the Oklahoma Constitutional Revision Commission, Chairman of the Oklahoma Commission for Human Services, Chairman of Regents for the Oklahoma Agricultural and Mechanical Colleges of Oklahoma State University and a Member of the Commission of the North Central Association of Colleges and Schools. Mr. Hargis was a candidate for the Republican nomination for Governor of Oklahoma.

Marcus C Rowland

Board: Senior Management
Job Title: Executive Vice President and Chief Financial Officer
Since: 1998
Age: 55

Mr. Rowland has been the Executive Vice President and Chief Financial Officer at Chesapeake Energy since 1998. He has been the company's Chief Financial Officer since 1993. Mr. Rowland served as Senior Vice President from 1997 to 1998 and as Vice President, Finance from 1993 until 1997. From 1990, Mr. Rowland was Chief Operating Officer of Anglo-Suisse, assigned to the White Nights Russian Enterprise, a joint venture of Anglo-Suisse, and Phibro Energy, a major foreign operation which was granted the right to engage in oil and gas operations in Russia.

Steven C Dixon

Board: Senior Management

Job Title: Executive Vice President, Operations and Chief Operating Officer

Since: 2006

Age: 49

Mr. Dixon has been the Executive Vice President of Operations and Chief Operating Officer at Chesapeake Energy since 2006. He was Senior Vice President of Production from 1995 to 2006 and served as Vice President of Exploration from 1991 to 1995. Mr. Dixon was a self-employed Geological Consultant in Wichita, Kansas from 1983 through 1990. He was employed by Beren in Wichita, Kansas from 1980 to 1983 as a geologist. Mr. Dixon graduated from the University of Kansas in 1980.

J Mark Lester

Board: Senior Management

Job Title: Executive Vice President, Exploration

Since: 2006

Age: 55

Mr. Lester has been the Executive Vice President of Exploration at Chesapeake Energy since 2006. He served as Senior Vice President, Exploration, from 1995 to 2006 and served as Vice President, Exploration from 1989 to 1995. From 1986 to 1989, Mr. Lester was self-employed and acted as a Consultant to McClendon and Tom L. Ward. He was employed by various independent oil companies in Oklahoma City from 1980 to 1986. He worked for Union Oil Company of California from 1977 to 1980 as a Geophysicist. Mr. Lester graduated from Purdue University in 1975 with a B.S. in Engineering Geology and in 1977 with an M.S. in Geophysics.

Douglas J Jacobson

Board: Senior Management

Job Title: Executive Vice President, Aquisitions and Divestitures

Since: 2006

Age: 54

Mr. Jacobson has been the Executive Vice President of Acquisitions and Divestitures at Chesapeake Energy since 2006. He served as Senior Vice President of Acquisitions and Divestitures from 1999 to 2006. Prior to joining the company, Mr. Jacobson was employed by Samson Investment Company from 1980 until 1999, where he served as Senior Vice President of Project Development and Marketing from 1996 until 1999. Prior to joining Samson, Mr. Jacobson was employed by Peat, Marwick, Mitchell & Co. Mr. Jacobson has served on various Oklahoma legislative commissions, which have addressed issues in the oil and gas industry, including the Commission of Oil and Gas Production Practices and the Natural Gas Policy Commission. Mr. Jacobson is a Certified Public Accountant and graduated from John Brown University in 1976 and from the University of Arkansas in 1977.

Martha A Burger

Board: Senior Management

Job Title: Senior Vice President, Human Resources and Corporate Resources

Since: 2007

Age: 55

Ms. Burger has been the Senior Vice President of Human Resources and Corporate Resources at Chesapeake Energy since 2007. Previously, she served as the Treasurer in 1995 and as the Senior Vice President, Human Resources in 2000. Ms. Burger was the company's Vice President, Human Resources, from 1998 until 2000, Human Resources Manager from 1996 to 1998 and Corporate Secretary from 1999 until 2000. From 1994 to 1995, she served in various accounting positions with the company, including Assistant Controller, Operations. From 1989 to 1993, Ms. Burger was employed by Hadson as Assistant Treasurer. From 1993 to 1994, he served as Vice President and Controller of Hadson Corporation. Prior to joining Hadson, Ms. Burger was employed by The Phoenix Resource Companies as Assistant Treasurer and by Arthur Andersen.

Henry J Hood

Board: Senior Management

Job Title: Senior Vice President, Land and Legal and General Counsel

Since: 2006

Age: 47

Mr. Hood has been the Senior Vice President of Land and Legal and General Counsel at Chesapeake Energy since 2006. He has served as Senior Vice President of Land and Legal since 1997. Mr. Hood served as Vice President of Land and Legal from 1995 to 1997. Mr. Hood was retained as a Consultant to the company during the two years prior to his joining the company, and he was associated with the law firm of White, Coffey, Galt & Fite from 1992 to 1995. Mr. Hood was associated with of the law firm of Watson & McKenzie from 1987 to 1992. He is a Member of the Oklahoma and Texas Bar Associations. Mr. Hood graduated from Duke University in 1982 and from the University of Oklahoma College of Law in 1985.

Jeffrey A Fisher

Board: Senior Management
Job Title: Senior Vice President, Production
Since: 2006
Age: 48

Mr. Fisher has been the Senior Vice President of Production at Chesapeake Energy since 2006. He was Vice President of Operations, for Chesapeake's Southern Division from 2005 to 2006 and served as Operations Manager from 2003 to 2005. Prior to joining Chesapeake, Mr. Fisher held the position of Asset Manger for BP in the Mid Continent Business Unit from 2000 to 2003. From 1993 to 2000, he worked for Vastar Resources as an Engineering Manager. Mr. Fisher began his professional career with ARCO in 1983 as an Engineer and served in engineering and operations positions of increasing responsibility until 1993. Mr. Fisher graduated from Oklahoma State University in 1983 and is a member of the Society of Petroleum Engineers.

Jennifer M Grigsby

Board: Senior Management
Job Title: Senior Vice President, Treasurer and Corporate Secretary
Since: 2007
Age: 39

Ms. Grigsby has been the Senior Vice President, Treasurer and Corporate Secretary at Chesapeake Energy since 2007. She has been the Corporate Secretary since 2000. She served as Vice President from 2006 to 2007 and as Assistant Treasurer from 1998 to 2007. From 1995 to 1998, she served in various accounting positions with the company. From 1994 to 1995, Ms. Grigsby was employed by Commander Aircraft Company as Supervisor of Finance and Human Resources. From 1991 to 1994, she served as a Senior Auditor for Deloitte & Touche. Ms. Grigsby is a Certified Public Accountant and Certified Equity Professional. She graduated from Oklahoma State University in 1991 and from Oklahoma City University in 1999.

Jeffrey L Mobley

Board: Senior Management
Job Title: Senior Vice President, Investor Relations and Research
Since: 2006
Age: 39

Mr. Mobley has been the Senior Vice President of Investor Relations and Research at Chesapeake Energy since 2006. He was Vice President of Investor Relations and Research from 2005 to 2006. From 2002 to 2005, Mr. Mobley was Vice President of Equity Research at Raymond James & Associates focusing on the exploration and production sector. From 1998 to 2002, Mr. Mobley worked in energy investment banking for Prudential Securities and ABN Amro Securities. Mr. Mobley also worked in the Principal Investments Group and Energy Finance Group at Enron Capital & Trade Resources from 1995 to 1998. Mr. Mobley is a CFA Charterholder and graduated from New Mexico

State University in 1991 and the Wharton School of Business at the University of Pennsylvania in 1995.

Thomas S Price

Board: Senior Management
Job Title: Senior Vice President, Corporate Development
Since: 2005
Age: 56

Mr. Price has been the Senior Vice President of Corporate Development at Chesapeake Energy since 2005. He was Senior Vice President of Investor and Government Relations from 2003 to 2005, Senior Vice President of Corporate Development from 2000 to 2003, Vice President of Corporate Development from 1992 to 2000 and a Consultant to the company during the prior three years. He was employed by Kerr-McGee Corporation, Oklahoma City, from 1988 to 1989 and by Flag-Redfern Oil Company from 1984 to 1988. Mr. Price is on the executive committee of the Texas Oil and Gas Association and a board member of the Oklahoma Independent Petroleum Association and the New Mexico Oil and Gas Association. Mr. Price graduated from the University of Central Oklahoma in 1983, from the University of Oklahoma in 1989 and from the American Graduate School of International Management in 1992.

Cathy L Tompkins

Board: Senior Management
Job Title: Senior Vice President, Information Technology
Since: 2006
Age: 46

Ms. Tompkins has been the Senior Vice President of Information Technology and Chief Information Officer at Chesapeake Energy since 2006. She served as the Vice President of Information Technology from 2005 to 2006. Prior to joining Chesapeake in 2004 as Director, Applications and Programming, Ms. Tompkins spent 20 years in IT management and technical positions at various companies including Devon Energy Corporation, Ocean Energy, Cabot Oil and Gas Corporation, Price Waterhouse and Shell Oil Company. Ms. Tompkins graduated from the University of Alabama in 1983.

James C Johnson

Board: Senior Management
Job Title: President, Chesapeake Energy Marketing
Since: 2000
Age: 50

Mr. Johnson has been the President at Chesapeake Energy Marketing, a wholly-owned subsidiary of Chesapeake Energy, since 2000. He served as Vice President of Contract Administration at the company from 1997 to 2000 and as Manager of Contract Administration from 1996 to 1997. From 1980 to 1996, Mr. Johnson held various gas marketing and land positions with Enogex, Delhi Gas Pipeline, TXO Production and Gulf Oil. Mr. Johnson is a Member of the Natural Gas & Energy Association of Oklahoma and graduated from the University of Oklahoma in 1980.

Michael A Johnson

Board: Senior Management

Job Title: Senior Vice President, Accounting, Controller and Chief Accounting Officer

Since: 2000

Age: 42

Mr. Johnson has been the Senior Vice President of Accounting, Controller and Chief Accounting Officer at Chesapeake Energy since 2000. He served as Vice President of Accounting and Financial Reporting from 1998 to 2000 and as Assistant Controller from 1993 to 1998. From 1991 to 1993, Mr. Johnson served as Project Manager at Phibro Energy Production, a Russian joint venture. From 1987 to 1991, he served as Audit Manager for Arthur Andersen & Co.

Stephen W Miller

Board: Senior Management

Job Title: Senior Vice President, Drilling

Since: 2001

Age: 51

Mr. Miller has been the Senior Vice President of Drilling at Chesapeake Energy since 2001. He served as Vice President of Drilling from 1996 to 2001; and as District Manager, College Station District from 1994 to 1996. Mr. Miller held various engineering positions in the oil and gas industry from 1980 to 1993. Mr. Miller is a registered Professional Engineer in Texas and a Member of the Society of Petroleum Engineers. Mr. Miller graduated from Texas A&M University in 1980.

MAJOR PRODUCTS AND SERVICES

Chesapeake Energy is a natural gas exploration and production company. The company's key products and activities include the following:

Products:

Natural gas
Oil

Activities:

Exploration and production of oil and natural gas
Discovers, acquires and develops natural gas reserves

TOP COMPETITORS

The following companies are the major competitors of Chesapeake Energy Corporation

Anadarko Petroleum Corporation
Chevron Corporation
ConocoPhillips
ExxonMobil Corporation
Petroleos Mexicanos
Shell Oil Company
Marathon Oil Corporation

COMPANY VIEW

A statement by Aubrey K McClendon, Chief Executive Officer and Chairman of the board at Chesapeake Energy Corporation is given below. The statement has been taken from the company's website

Welcome to the Age of Natural Gas! Just as the 17th century and before was the Age of Wood, the 18th and 19th centuries the Age of Coal and the 20th century the Age of Oil, the 21st century will be the Age of Natural Gas. No other company is better positioned than Chesapeake to prosper in this new age.

The cover of this year's annual report features an image representing the very simple and elegant molecular structure of natural gas – CH₄, one atom of carbon and four atoms of hydrogen. This molecular structure provides the key to understanding why the 21st century will be the Age of Natural Gas – it's clean, abundant, affordable and American. We are proud to highlight these key advantages of our superior product in this year's report.

Natural gas is 80% hydrogen, the most abundant form of matter on earth and listed first in the periodic table of elements because it's the lightest of all elements. When burned, hydrogen creates only light, heat and water and it represents the ultimate prize in meeting the world's energy needs. A world powered by an abundant fuel that is 80% hydrogen is a world fueled by a clean energy source that is superior to the more complex carbon-filled molecules of coal (commonly C₁₃₅H₉₆O₉NS) or oil (ranging C₅H₁₂ to C₃₆H₇₄).

As the Age of Natural Gas unfolds, my goal for Chesapeake is to be at the forefront of developing and producing the new supplies of "carbon-light" natural gas that our nation and our world will increasingly require in order to meet the dual challenges of more energy and less pollution.

2007 In Review

The past year stands out as a year of outstanding achievement for Chesapeake. In 2007, we became the largest independent producer of U.S. natural gas and ended the year with our largest-ever backlog of future drilling opportunities – more than 36,000, representing approximately 100 trillion cubic feet of natural gas equivalent (tcf) of potential future reserves. Despite volatile oil and natural gas prices, modestly lower realized hedging gains and slightly higher operating costs than in 2006, our company generated the strong financial and operating results highlighted below:

Average daily oil and natural gas production increased 23% from 1.59 billion cubic feet of natural gas equivalent (bcfe) to 1.96 bcfe;

Proved oil and natural gas reserves increased 21% from 9.0 tcf to 10.9 tcf;

Reserve replacement for the year reached 369% at a drilling and acquisition cost of \$2.08 per thousand cubic feet of natural gas equivalent (mcf) (1);

Revenues rose 6% from \$7.3 billion to \$7.8 billion;

Adjusted ebitda (2) increased 13% from \$4.4 billion to \$5.0 billion;

Operating cash flow (3) grew 14% from \$4.0 billion to \$4.6 billion; and

Chesapeake's stock price increased by 35%, from \$29.05 per share to \$39.20 per share.

We are pleased with the market's recognition of our accomplishments over the years and the value delivered to shareholders through our stock price increase from \$1.33 per share at our IPO in February 1993 to more than \$46 today. This accomplishment is the second-best stock price performance in our industry during the past 15 years.

What were the keys to delivering this strong operational and financial performance in 2007? As we have discussed in the past, Chesapeake's major advantage is our singular focus on delivering a great product, natural gas, and the consistent execution of a business strategy that is underpinned by our industry's three key building blocks of success – people, land and science. Each of these building blocks is vital for significant achievement in our industry and Chesapeake has abundant inventories of all three.

Creating Shareholder Value

People – We always begin discussions about creating shareholder value with a focus on our employees, 6,200 strong at year-end 2007. Last year, we added more than 1,300 employees as the company continued to grow its exploration and production (E&P) activities and its service operations. Approximately 60% of our employees work in our E&P business while 40% work for the service companies that manage our drilling rigs and provide other field services that support our primary mission of finding and producing natural gas as efficiently as possible.

We are especially proud that Chesapeake was named one of the FORTUNE 100 Best Companies to Work For® in 2008.(4) Two other Oklahoma City-based companies received this honor, giving our hometown the distinction of having more of the FORTUNE 100 Best Companies to Work For® per capita than any other major city in the U.S. In addition, Forbes magazine honored us during the past year as “The Best Managed Oil and Gas Company (5) and we were also named the “Hydrocarbon Producer of the Year” at the 9th Annual Platts Global Energy Awards in New York. We appreciate receiving these accolades and look forward to maintaining our high rankings in these surveys.

Chesapeake continues to place a particularly strong focus on expanding our capabilities in the geoscience, engineering, operations and land departments. During 2007, we added more than 400 new employees in these technically focused departments, an increase of approximately 20%. We also are hiring many new young people throughout the company because our industry faces a wave

of retirements during the next 10-15 years. Today, 40% of our Oklahoma City headquarters work force of 2,400 is comprised of employees younger than 30 years old. We have created an attractive corporate campus and a distinctive corporate culture, enabling us to attract the dozens of talented and dedicated new employees needed every month to meet the increasing size and scope of our operations. Our early recognition of the challenges of expanding the industry's work force has been a key advantage for the company in executing its growth plans during the past few years and will serve us especially well in years to come.

Land – To deliver great results, great people need great assets and I believe Chesapeake has the best assets in the U.S. E&P industry. We now own interests in approximately 38,500 producing wells and we are adding more than 3,600 wells every year. Our assets are located entirely onshore in the U.S. and they are characterized by low operating costs, predictable decline curves and substantial upside potential. In an industry that until very recently was incapable of growing its natural gas production, Chesapeake has led the way in building a backlog of future drilling opportunities, operating the nation's most active drilling program and leading the industry in natural gas production growth.

This drilling activity enabled the company to increase its average daily natural gas production in 2007 by more than 23% compared to 2006, or approximately 350 million cubic feet (mmcf) per day. Including our partners' working and royalty interests, our drilling efforts directly and indirectly accounted for approximately one-third of the industry's increase in U.S. natural gas production during 2007. Remarkably, we accomplished this performance using only one-twelfth of the nation's drilling rigs.

Chesapeake now owns more than 13 million net acres of leasehold and we believe this is the independent E&P industry's largest inventory of leasehold. Why is lease ownership so important? It's easy – without the lease, any good geological or engineering idea is just that, an idea. Our job is to turn ideas into leases and leases into production and production into shareholder value. We have assembled a large and efficient lease-buying machine to do just that. We now employ 700 professionals in our land and lease records departments, plus we support more than 3,000 independent leasing agents in the field who are researching land ownership records and buying new leases for Chesapeake.

As the industry has discovered that unconventional formations, especially many types of shale, can now be made productive through advanced horizontal drilling and completion technologies, a great land run has occurred during the past five years to stake claims to newly prospective areas. In the exciting and historic tradition of the great Oklahoma land runs of the late 1800s, we believe Chesapeake has won the great land run of the early 2000s. We now own some of the largest stakes in the best shale plays in the U.S. including the Barnett, Fayetteville, Woodford, Marcellus, Lower Huron and, most recently, and perhaps most importantly, the Haynesville. These shale plays complement our ownership in other great plays, such as the East Texas tight sands, the massive Sahara play in northwest Oklahoma and the Granite Wash plays of the Anadarko Basin in Oklahoma and the Texas Panhandle. Wherever there is a big new onshore play in the U.S., east of the Rockies, unconventional or conventional, you will very likely find Chesapeake right in the middle of it.

Science – There has never been a more exciting time to be a scientist in the E&P industry. In addition to the marvels of horizontal drilling, advances in 3-D seismic technology have made understanding

the complexities of the earth easier and locating hidden deposits of natural gas reserves more successful than ever before. Chesapeake leads the industry in onshore 3-D seismic information with more than 19 million acres of data now in inventory and under evaluation. In 2008, we have budgeted \$250 million to acquire even more 3-D, likely the largest budget for 3-D in the U.S. Our view on 3-D is simple – we have yet to shoot a 3-D seismic survey that has failed to significantly improve our odds of finding natural gas reserves. In 2008 and beyond, we plan to extend our leadership in this area and will continue generating and delivering the significant benefits of this very important scientific asset.

Perhaps the most distinctive 3-D seismic survey we have ever acquired was the one we shot across the 18,000-acre Dallas/Fort Worth International Airport (DFW) in late 2006 and early 2007. This survey is the only 3-D seismic survey ever conducted at a major U.S. airport. Restricted to shooting only at night and acquired under the strictest of safety, homeland security and regulatory oversight rules, Chesapeake's 3-D survey has been critical to our success in drilling Barnett Shale wells at DFW. Using this 3-D information to avoid intersecting major faults in the Barnett Shale, we have been able to drill more than 50 successful wells to date and will drill another 250 or so during the next three years. We are producing approximately 60 mmcfe per day from the DFW lease and project that peak gross production may reach 250 mmcfe per day by 2010, which should rank it as a Top-30 U.S. natural gas producer if it were a stand-alone company!

Another notable scientific achievement in 2007 was the completion of our Reservoir Technology Center (RTC). Opened last April, the RTC is where we "crack the code" in evaluating new shale plays through our proprietary analysis of shale core samples. Not all shales are created equally. It is essential for us to determine whether shale formations are likely to be productive prior to investing hundreds of millions of dollars leasing and drilling in a new play. There were several shale plays that Chesapeake avoided this past year because the RTC was able to predict they would not be commercially productive. The RTC also allows us to more quickly evaluate new ideas and accelerate commercialization of unconventional shale plays, thereby giving Chesapeake a tremendous head start on our competition. We believe it's the only such proprietary shale core research lab in the industry and it provides a critical scientific advantage for the company.

Results – Putting land, people and science together working on great assets with the right business strategy can create impressive operational results and significant increases in shareholder value. Although we have 17 operating districts and dozens of individual fields and plays generating impressive results, I thought highlighting our three most important plays could help provide a better understanding of how value is created at Chesapeake.

The most productive of these three areas is the Barnett Shale. Centered around Fort Worth in North Texas, the Barnett Shale has quickly become the largest producing natural gas field in the U.S. Chesapeake made its first investment in the Barnett in late 2004 with an 18,000-acre acquisition that included just 25 mmcfe per day of production. At the time, that made us barely a Top-10 player in the field. However, in less than four years we have become the second-largest producer of natural gas from the Barnett with gross production exceeding 650 mmcfe per day. We believe we can continue growing our Barnett production by 300-500 mmcfe per day during each of at least the next three years as we work through the company's backlog of more than 3,500 undrilled locations on

our 260,000 net acres of Barnett leasehold. This play could ultimately provide nearly 10 tcf of potential natural gas reserves for Chesapeake. To accelerate production and value creation from the Barnett, we recently announced a planned increase in our Barnett rig count from 40 rigs currently to 45 rigs by year-end 2008.

Our second-biggest shale play is the Fayetteville Shale located in north-central Arkansas. We entered this play in early 2005 and drilled our first wells in 2006. Today we own almost 600,000 net acres of prospective leasehold in the core area and are producing 150 mmcf per day, making Chesapeake the second-largest producer in the Fayetteville. The company's future looks very bright in the Fayetteville – we have only drilled 150 wells to date, yet have a drilling backlog that exceeds 5,700 future wells. This play could ultimately provide nearly 12 tcf of potential natural gas reserves for Chesapeake. To accelerate production and value creation from the Fayetteville, we recently announced a planned increase in our Fayetteville rig count from 12 rigs currently to 25 rigs by year-end 2008.

Finally, I would like to highlight our newest shale success story – the Haynesville Shale in Louisiana. This is a project developed in-house two years ago and through great geoscience and engineering skill, combined with early and aggressive leasing work, we have made a major new discovery. Although for competitive reasons we have not yet disclosed any detailed technical information about the play, we believe we have potentially discovered at least 7.5 tcf underlying our more than 200,000 net acres in the play. We believe the Haynesville will be among the three biggest projects in Chesapeake's inventory for years to come and that it could potentially have a larger impact on the company than any other play in which Chesapeake has participated to date. To accelerate development and value creation from the Haynesville, we recently announced a planned increase in our rig count from four rigs currently to 10 rigs by year-end 2008.

Creating a Better World

Certainly this is an ambitious title for the next section of this letter, but I believe our shareholders should understand that while Chesapeake's primary focus is on creating shareholder value, we are also focused on creating a better world around us. Fortunately, we believe that is much easier to do when you produce a product as environmentally friendly as natural gas. But in addition to selling a great product, Chesapeake goes above and beyond the normal requirements of good corporate citizenship in a number of areas worth highlighting.

Environmental Stewardship – How a great product is produced is sometimes just as important as the value of the product itself. That is why Chesapeake has been a driver and adopter of the best environmental practices in our industry. For example, we have been a leader in developing the ability to use one surface padsite from which to drill many wells. The fewer the padsites, the smaller the footprint we make on the earth's surface and the happier our surface owners are. We have also been a leader for the past 15 years in the development of horizontal drilling, which allows us to recover from one well what could take as many as 10 vertical wells to recover. Again, less drilling means a smaller footprint, more environmental benefits and greater capital efficiency.

We are also pleased to report that in 2007, the American Clean Skies Foundation (ACSF) was formed through grants from Chesapeake and others. It is a Washington, D.C.-based foundation dedicated to promoting energy conservation and the greater use of cleaner fuels, including natural gas, to meet our country's need for more electricity and less pollution. More information on ACSF can be found at www.cleanskies.org and its online television affiliate can be viewed at www.cleanskies.tv.

Finally, we made some new friends this year. We reached out to two leading environmental organizations, the Sierra Club and the Natural Resources Defense Council (NRDC), to discuss areas where our interests might be aligned. In discussions during 2007 and thus far in 2008, we have determined that there are many areas where Chesapeake, Sierra and NRDC can work together. We believe this collaboration is unique in the industry and will benefit both Chesapeake and these environmental organizations for years to come.

Community Stewardship – Chesapeake owns assets in 17 states and we currently have drilling operations that stretch from the Finger Lakes region of central New York through the mountains of West Virginia to the hills of central Alabama, and then west through the piney woods of northern Louisiana and East Texas to the plains of North Texas and Oklahoma out to the deserts of West Texas and New Mexico. In dozens of areas, ranging from wide-open farm and ranch country to rural, suburban and urban communities, Chesapeake is deeply engaged in the lives of the communities in which we operate.

Our employees donate their time and Chesapeake donates its resources to ensure that we are always focused on improving the quality of life in the areas in which we operate. During 2007, more than 1,200 Chesapeake employees volunteered for dozens of projects and the company donated more than \$20 million to various philanthropic and charitable endeavors.

One of our most satisfying and important areas of stewardship is education. From our various mentoring programs at local grade schools to our Chesapeake Scholars Program in colleges and universities, we are investing in the lives of young people across our areas of operation. The Chesapeake Scholars Program has become especially effective. We now have awarded scholarships to more than 225 students at 32 universities and colleges in 12 states. This program gives us the opportunity to invest in the lives of many deserving young people and also helps increase the number of qualified job candidates for Chesapeake employment.

Looking Forward

As much as I always enjoy writing this letter and looking back at the year just ended to reflect on the accomplishments of the company and the value created for our shareholders, I enjoy looking into the future even more. Not that I have any special insight into what the future holds – it's just that I strongly believe this management team is comfortable anticipating and responding to opportunities and challenges in our industry. In fact, I would hope that observers see Chesapeake as the most dynamic and adaptable company in our industry.

Ever since entering this industry 27 years ago, I have been energized by studying and anticipating trends in the industry. We were early to recognize the value of horizontal drilling and to recognize the value of natural gas. More recently we have been among the earliest to understand the impact that unconventional plays would have on our industry and our country.

Today we are entering a fascinating period when both the U.S. and the world will be grappling with one of the great challenges of our time – how to supply more energy, but with less pollution. It is increasingly clear that natural gas is the only clean fuel the U.S. has in sufficient quantities to meet this daunting challenge. The problem is that most policymakers and consumers believe we are running out of natural gas and that it can not be depended upon to meet the growing need for more energy, especially more clean-burning energy.

That is where Chesapeake has a rewarding opportunity and an important responsibility – first, to convince policymakers and consumers that our country and our world has a rich endowment of natural gas, and second to remain an industry leader in increasing natural gas production year after year so that our nation can continue counting on the promise of natural gas – it's clean, abundant, affordable and American.

The Age of Natural Gas is now upon us and I believe there is no other company in our industry better positioned in this new age than Chesapeake to create and deliver shareholder value. I appreciate the investments our shareholders have made in Chesapeake over the years as we have grown 740-fold from a \$50 million enterprise value company at the time of our IPO in 1993 to a \$37 billion enterprise value industry leader today.

I also recognize and appreciate the efforts of our Board of Directors, our management team and our 6,200 employees on Chesapeake's very successful 2007. I look forward with great optimism to 2008 and beyond.

LOCATIONS AND SUBSIDIARIES

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Chesapeake Operating, Inc. Oklahoma USA	Gene D. Yost & Son, Inc. Oklahoma USA
Nomac Drilling Corporation Oklahoma USA	Diamond Y Enterprise, Incorporated Pennsylvania USA
Bluestem Gas Services, L.L.C. Oklahoma USA	Carmen Acquisition, L.L.C. Oklahoma USA
Chesapeake Appalachia, L.L.C. Oklahoma USA	Chesapeake Exploration, L.L.C. Oklahoma USA