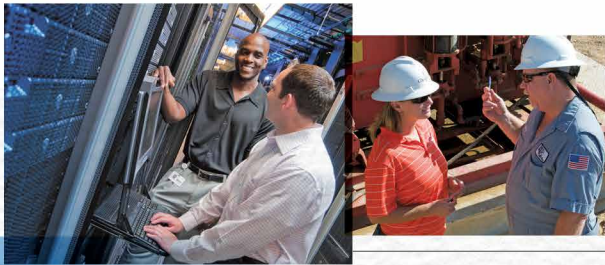




# TABLE OF CONTENTS



Letter to Our Stakeholders	1
About Chesapeake Energy Corporation	2
Our Approach to Corporate Responsibility	4
About this Report	5
Our Commitment to Corporate Governance and Compliance	8
Shareholder Engagement on Corporate Governance	10
Functioning of the Board	12
Code of Business Conduct and Ethics	13
Our Commitment to the Environment	14
Environmental Approach	17
Resource Development	18
Hydraulic Fracturing	19
Air	20
Water	21
Energy Consumption	23
Site Reclamation	23
Spills and Incident Prevention	24
Our Commitment to Health and Safety	26
Our Commitment to Communities	30
Community Engagement	31
Addressing Community Concerns	34
Chesapeake's Approach to Community Relations	36
Our Commitment to Employees	40
2011 Award Highlights	47
Chesapeake Key Performance Indicators 2011	48
Chesapeake Inaugural Corporate Responsibility Report GRI Indicators	49
Communicate with the Company	51

About the cover: From our operations in the field to the decisions of our senior management, Chesapeake takes care to protect our employees, neighbors and the environment.

This report was published in January 2013.

# Letter to Our Stakeholders

**D**uring the past 23 years, Chesapeake Energy Corporation has grown from a start-up company to the nation's second-largest producer of natural gas, the 11th largest producer of natural gas liquids and oil, and the most active driller of new wells in the United States by using an innovative approach to resource identification and development. Chesapeake has captured America's largest natural gas and liquids resource base through advances in geoscientific understanding of unconventional reservoirs, investments in horizontal drilling technology improvements and the building of a unique large-scale leasehold acquisition program.

"Leading a Responsible Energy Future" is our first corporate responsibility report and puts our success as an explorer and producer of U.S. resources in the context of our performance in economic, environmental and community leadership. We know to be successful we must:

- » Use safe and environmentally responsible practices in the production of natural gas, natural gas liquids and oil
- » Create economic growth in the communities where we operate while also providing education, philanthropy and volunteer support
- » Help rejuvenate America's manufacturing base and reduce America's dependence on foreign oil by advancing the use of clean and affordable American natural gas
- » Support the well-being of our employees and their families, and continue building a culture that has earned us a spot on *FORTUNE*'s 100 Best Companies to Work For® list for six consecutive years
- » Provide an open and constructive dialogue with stakeholders about our operations and practices

While the report details our efforts in 2011, we also have included notable activities from 2012. These include changes to our approach to corporate governance and the reconstitution of our Board of Directors. These constructive changes were made with shareholder input and align with Chesapeake's promise to consistently improve our operations and continually create value for all of our stakeholders.



I am proud of our employees and their ongoing efforts to responsibly produce America's own natural gas, natural gas liquids and oil. We have helped lead our industry's revolution in unconventional resource identification and development, and I am confident in the years ahead we will continue to deliver on the commitments we have made to our stakeholders and help lead our nation to an independent energy future.

Aubrey K. McClendon  
Chief Executive Officer  
January 2013

ABOUT OUR COMPANY

# Chesapeake Energy Corporation



Formed in 1989 with only 10 employees and \$50,000 in capital, Chesapeake Energy Corporation (NYSE:CHK) has grown into the second-largest producer of natural gas, the 11th largest producer of natural gas liquids and oil, and the most active driller of new wells in the U.S.

Headquartered in Oklahoma City, the company is focused on developing unconventional natural gas and oil fields onshore in the U.S. Chesapeake owns leading positions in the Eagle Ford Shale, Utica Shale, Granite Wash, Cleveland, Tonkawa, Mississippi Lime and Niobrara liquids plays and in the Marcellus, Haynesville/Bossier and Barnett natural gas shale plays.

For 2011, the company reported net income to common stockholders of \$1.57 billion (\$2.32 per fully diluted common share), EBITDA<sup>(1)</sup> of \$4.85 billion and operating cash flow<sup>(2)</sup> of \$5.31 billion on revenue of \$11.64 billion and production of 1.194 trillion cubic feet of natural gas equivalent.

In 2008, due to low natural gas prices and strong oil prices, Chesapeake began transforming its resource base from one almost exclusively focused on natural gas into a liquids-rich asset mix to enhance its profitability and increase its return on invested capital. This transformation has been successful. In fact, in 2011 our natural gas production growth had slowed to 9% while our liquids production growth accelerated to 72%, earning us the second-best track record of liquids production growth in the industry.

To sustain our industry-leading drilling and completion pace, Chesapeake has moved toward a vertically integrated structure and today owns many of the businesses that provide critical services or equipment for our field operations. These oilfield services affiliates provide us with greater control over the entire development process and unparalleled operational flexibility while enhancing safety and environmental performance.

More information on Chesapeake and its strategies, operations and oilfield services affiliates can be found at [chk.com](http://chk.com), where we routinely post announcements, updates and other information pertinent to our stakeholders.

<sup>(1)</sup> EBITDA represents net income (loss) before income tax expense, interest expense and depreciation, depletion and amortization expense

<sup>(2)</sup> Operating cash flow represents net cash provided by operating activities before changes in assets and liabilities

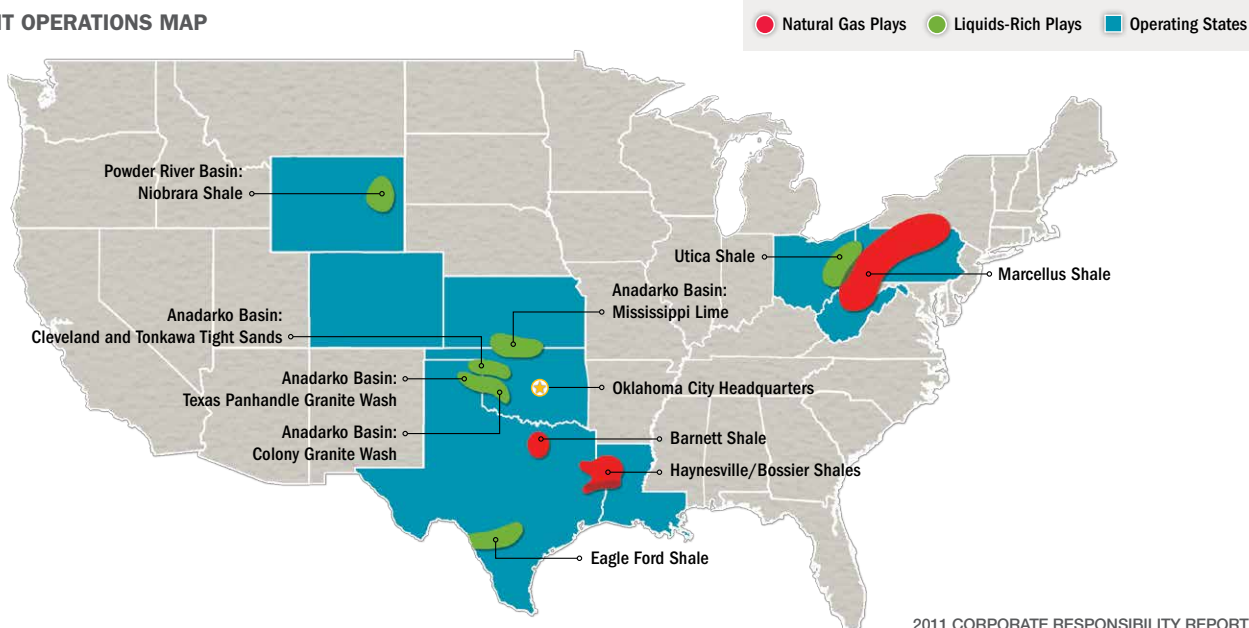
<sup>(3)</sup> Estimate per 11/1/2012 outlook

### 2012 KEY DEVELOPMENTS

Although this report focuses on 2011, these landmark events of 2012 provide an update to Chesapeake's story:

- » **Sold non-core assets of almost \$12 billion** to sharpen our focus and to pay for the transformation of our resource base from a 90% natural gas focus to a more balanced mix between natural gas, natural gas liquids and oil
- » **Discovered the Hogshooter unconventional oil play** in the Texas Panhandle and western Oklahoma while confirming our 2011 Utica Shale discovery
- » **Increased natural gas liquids and oil production by ~52% and increased natural gas production by ~13%**<sup>(3)</sup>

### CURRENT OPERATIONS MAP



OUR APPROACH TO

# Corporate Responsibility



Corporate responsibility is vital to what we do every day. We believe we lead our industry in consistent engagement with the communities where we operate. We listen to our stakeholders to better understand their concerns, and we continuously improve our operations to minimize our surface impacts, drive sustainable and profitable growth, and create value.

## About this Report

This first Corporate Responsibility Report has been prepared following the Global Reporting Initiative (GRI) G3.1 Guidelines and addresses issues that we believe are most important to our business. Each section of this report is readable independently and is organized to provide an informative and transparent view of Chesapeake's operations and practices. In this report, we highlight our activities for 2011 and address issues of high importance to our stakeholders as identified through town hall forums, bilateral meetings and surveys as well as an in-depth analysis of the marketplace and our operations. We have also included notable activities from 2012. Going

forward, we plan to report our environmental, social and governance information on an annual basis.

Our corporate responsibility efforts focus on five key areas that are essential to our long-term success: Corporate Governance and Compliance, Environment, Health and Safety, Communities and Employees. We set high ethical standards for the conduct of our employees and partners while maintaining an unwavering commitment to finding and producing America's valuable natural gas and oil resources in the most environmentally responsible manner. We implement programs that support our award-winning culture, promote the health and safety of our employees and give back to communities.



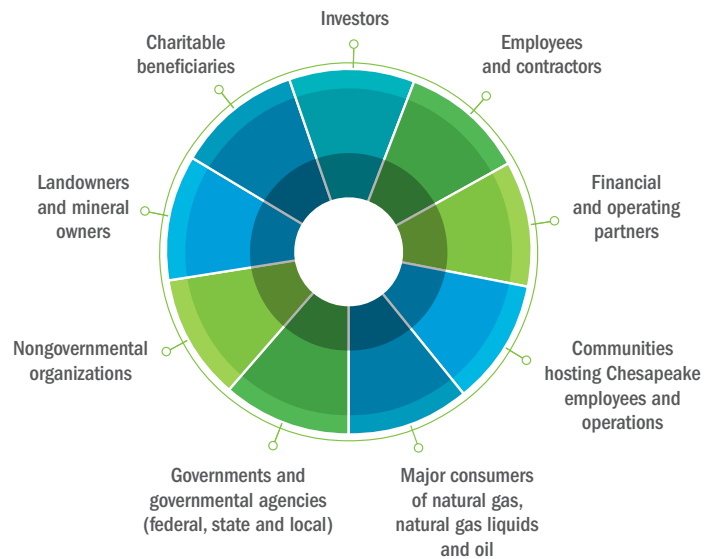
## Stakeholder Engagement

We believe transparency and open communication with our stakeholders is critical to developing and achieving our wide-ranging financial, operational and governance goals. Recognizing the diverse concerns of our stakeholders, we have implemented a number of approaches to foster dialogue.

We work with shareholders and other investors on a range of environmental, social and governance issues through a department dedicated to corporate governance. We pay close attention to concerns regarding our operations through a variety of active community engagement initiatives, including one-on-one meetings with local officials and residents, town hall meetings, community advisory panels, industry associations, nongovernmental organizations, government-led working groups and more.

We strive for transparency by developing and updating several websites, maintaining an active social media presence and participating in external disclosure websites, most notably [fracfocus.org](http://fracfocus.org). Further, we produce magazine-quality publications such as *The Play*, an in-depth look at company operations, including comprehensive articles on a variety of aspects of the drilling process, and *Community Ties*, a regionally specific newsletter highlighting Chesapeake's community engagement efforts. These documents and more are available at [chk.com/media/publications](http://chk.com/media/publications).

### STAKEHOLDERS ACTIVELY ENGAGED BY CHESAPEAKE INCLUDE:



Open house for community engagement



Discussions with landowners regarding well location and other operational items



Meetings with local officials to discuss safety and site preparation





## THE CORNERSTONES OF CHESAPEAKE™

Our corporate responsibility efforts are aligned with our core values and expressed through the Cornerstones of Chesapeake™.



### Work with integrity

We have the courage and conviction to do the right thing. We are committed to the highest standards of ethical conduct and understand that integrity is the cornerstone that underlies all business relationships and activities.



### Cultivate high performance

We have a “can do” spirit focused on execution. We are forward thinking, anticipate change and adapt quickly in all aspects of our business. We pay attention to the smallest of details without sacrificing our ability to get results. We achieve success by empowering our employees to work with urgency, diligence, creativity and integrity every day.



### Empower the team

#### Respect

A foundation of trust and respect is essential to a world-class work environment. We are committed to inclusiveness and believe that each individual can make a valuable contribution to the company's success.

#### Collaboration

We believe that genuine teamwork produces the best results. We have created an enjoyable and energetic place to work where we welcome collaboration and celebrate our achievements. Our team-based environment fosters strong professional and personal relationships.

#### Individual Growth

We provide opportunities for professional and personal growth by encouraging an entrepreneurial spirit and empowering employees to make decisions, drive change and assume responsibility for results.

### Safety and Wellness

We believe workplace safety and employee welfare are fundamental to our business philosophy and daily operations. We support attitudes, habits and activities that sustain healthy, happy and productive lifestyles for employees and their families. We provide the resources necessary to meet our commitment to safety and wellness.



### Lead the way

#### Industry

We are committed to helping shape a more independent, cleaner, lower-cost and more sustainable energy future for America. We champion new ideas and are not afraid to challenge the status quo. We develop and use innovative science and technology to our competitive advantage.

#### Environment

We operate responsibly and in an environmentally sensitive manner. We strive to advance clean and efficient technologies to reduce our environmental footprint and leave each work site in as good or better condition than when we arrived.

#### Community

We are a responsible corporate citizen and good neighbor. We strive to improve the quality of life in the communities where we operate through company support and employee involvement.

*The Cornerstones of Chesapeake were adopted in 2011.*

OUR COMMITMENT TO

# Corporate Governance and Compliance



Good corporate governance is critical to our shareholders and essential to our long-term performance. Chesapeake's Board of Directors oversees the company and a corporate governance structure that reinforces a culture of integrity, fosters the pursuit of our long-term strategic goals of growth and profitability, and ensures the quality and continuity of our leadership.

The past year provided many challenges for our company and, while not falling within the 2011 reporting period of this report, we believe any disclosure pertaining to corporate governance would be incomplete without a discussion of the events of 2012. Based on feedback from both the 2012 Annual Shareholder Meeting and our largest shareholders, Chesapeake's Board and management have made fundamental changes to our corporate governance structure to help restore our stakeholders' confidence. Those changes include:

- » **Separating the chairman and CEO roles**, appointing Archie W. Dunham, former Chairman of ConocoPhillips and former CEO of Conoco, to be Chesapeake's new independent non-executive chairman.
- » **Putting majority voting into effect** and applying the policy to the election of directors at our 2012 annual meeting.
- » **Reconstituting Chesapeake's nine-member Board** and appointing four new replacement independent directors in addition to the new independent chairman following consultation with major shareholders. Biographies of all of our independent directors, including our new directors Archie W. Dunham, Vincent J. Intrieri, Frederic M. Poses, R. Brad Martin and Bob G. Alexander, are available on [chk.com/about/boardofdirectors](http://chk.com/about/boardofdirectors).
- » **Committing to annual Board elections** for future annual meetings rather than three-year staggered elections.

Our Board recognizes that good governance is not static, but must evolve continuously to ensure our company's success. The reconstituted Board is undertaking a comprehensive review of the company's general corporate governance practices as part of an ongoing commitment to strengthen its oversight function.

As a result of ongoing review, the Board recently committed to a number of additional meaningful enhancements to the company's corporate governance structure. These enhancements include introducing management proposals at the 2013 annual meeting to implement proxy access and remove supermajority voting standards in the company's certificate of incorporation and bylaws.

These types of changes are considered by many to reflect corporate governance ideals and, if approved by shareholders at our 2013 annual meeting, will give shareholders a stronger voice at the table. For more information about the company's recent corporate governance enhancements, please see the company's Form 8-K filed with the Securities and Exchange Commission (SEC) on January 7, 2013, available on [chk.com/investors](http://chk.com/investors).



*Solid foundation — the Board of Directors is responsible for ensuring Chesapeake is on a sustainable path for long-term success.*

## Shareholder Engagement on Corporate Governance

Ongoing shareholder dialogue is vital to Chesapeake's success, and over the years we have developed an active outreach program to engage with our shareholders. Additionally, shareholders have the opportunity to submit proposals for inclusion in the Chesapeake proxy statement to be voted on at the annual meeting of shareholders each year. Upon receiving a shareholder proposal, the company's Corporate Governance Department initiates a dialogue with the proponent and the Nominating, Governance and Social Responsibility Committee, while working with management, and then considers the proposal and its likely impact on the interests of the company and all of its shareholders.

After thoughtfully considering the interests of the company and our shareholders, our Board has taken concrete action in response to feedback we have received during the past several years through multiple conversations with shareholders.

For example, in 2011 the Board engaged an independent compensation consultant and implemented substantial changes to the company's executive compensation program, including the transition to a compensation system that incorporates substantial objective performance-based elements. Further details of our executive and Board compensation structure can be found in Chesapeake's proxy statement available at [chk.com/investors](http://chk.com/investors).

Based on input from stakeholders, the company also made significant progress on environmental issues in 2011. This included adopting and publicly announcing operational principles that include progressive operational, environmental and safety standards for employees, contractors, suppliers and vendors and implementing progressive environmental and safety standards, improving water recycling, reducing additives used in hydraulic fracturing and disclosure of the additives used in hydraulic fracturing. Our Commitment to Environmental Excellence principles are listed on page 17.

Other recent initiatives reflecting shareholder input include announcing plans to reduce company debt and restructuring director compensation.

»» After thoughtfully considering the interests of the company and our shareholders, our Board has taken concrete action in response to feedback we have received.

---





*Cathy Tompkins, Senior Vice President – Information Technology & CIO, is one of three female senior vice presidents on Chesapeake’s management team.*

### Diversity in the Boardroom

Chesapeake has a strong commitment to diversity, as we recognize the richness that different backgrounds bring to our workplace. To help overcome the challenges of operating in a historically male-dominated industry, in 2012 the Board amended the charter of the Nominating, Governance and Social Responsibility Committee to make it part of the committee’s responsibilities to include diverse candidates in all director searches, taking into account diversity of race, gender, age, culture, thought and geography.

*Senior managers meet socially with other employees to discuss the political process and issues affecting our business.*

### Political Participation

Chesapeake operates in a highly regulated and politicized industry and is committed to constructive, responsible and ethical participation in the political process. It is appropriate for the company to advocate for sound energy policies and those that encourage a healthy business environment. Exercising this fundamental right is critical because of the special knowledge and experience we bring to the debate on policy issues that impact our business.

In recent years, some shareholders have expressed a general concern for the financial, legal and reputational risks associated with corporate political spending and lobbying activities, emphasizing the Board’s role in establishing effective oversight of these issues. In response, Chesapeake’s Board formalized and made public the policies it uses to evaluate the costs, benefits and potential risks associated with corporate political participation.

Those policies are available at [chk.com/about/governance](http://chk.com/about/governance). Furthermore, the Board has increased the frequency with which the Nominating, Governance and Social Responsibility Committee reviews reports detailing charitable, political and trade association contributions from an annual to a quarterly basis.

We believe that public participation is crucially important to companies in the energy industry and that our present level of public participation is aligned with the best interests of the company and its shareholders. The Board believes that the company’s existing rigorous oversight program successfully mitigates any risks of corporate political participation.



## Functioning of the Board

Chesapeake's Board of Directors meets in person at least four times each year and holds other meetings as necessary to carry out its responsibilities. During the past 12 months, our directors have met nearly 20 times for full board meetings, either in person or telephonically, and met separately in over 20 in-person or telephonic committee meetings. Non-executive Chairman Archie W. Dunham presides at all Board meetings and establishes the meeting agenda and schedules. Five members of our nine-member Board are new directors; six are independent directors who have served less than two years and were recommended by large shareholders. With the exception of the company's co-founder and CEO Aubrey K. McClendon, all directors satisfy the independence requirements set forth in the New York Stock Exchange Listed Company Manual and Chesapeake's Corporate Governance Principles.

The Board has standing Audit and Compensation committees as well as a standing Nominating, Governance and Social Responsibility Committee, which was renamed from Nominating and Corporate Governance Committee in 2012. Independent directors comprise these committees. The members and chairs of these committees are recommended by the chairman and the Nominating, Governance and Social Responsibility Committee and appointed by the full Board.

- » **The Audit Committee** oversees the integrity of Chesapeake's financial statements, its compliance with legal and regulatory requirements, and the qualifications and performance of the corporation's internal and independent auditors.
- » **The Compensation Committee** establishes and monitors Chesapeake's compensation system. The committee also evaluates the CEO and other non-executive officers' pay and performance and ensures that steps are taken to assure the succession of qualified officers of the company.
- » **The Nominating, Governance and Social Responsibility Committee** identifies and recommends qualified candidates for Board and committee positions. It also makes recommendations about the composition of the Board and its committees, monitors compliance with good corporate governance standards, and develops and recommends to the Board corporate governance principles and other policies applicable to the corporation.

In 2012, the Board also assigned oversight of the company's corporate responsibility initiatives to this committee and made it one of its charter's central purposes. The Board

believes this arrangement will ensure that corporate responsibility matters are considered in more depth than would be possible at full Board meetings. The Board retains oversight of matters of environmental, health and safety performance.

### Risk Oversight

Chesapeake's senior management, subject to Audit Committee and Board oversight, monitors and, to the extent possible, mitigates the negative impact of uncertainty in the business environment on our operations and our financial objectives through an enterprise risk-management program. Significant risks and the potential approaches to mitigate them are presented to the Board and our internal audit group to assess the impacts on our business.

Other processes at the Board level that support Chesapeake's risk-management efforts include reviews of our long-term strategic plans, capital budget and certain capital projects, hedging policy, significant acquisitions and divestitures, capital markets transactions, and the delegation of primary responsibility to our management and the supervision of their actions.

**DO THE RIGHT THING**

**Ethics violations can hurt people, as well as the reputation of the company.**  
A violation consists of any kind of harassment, discrimination, theft, violence, fraud, irregular accounting, unsafe activities or any other type of wrongdoing.

The helpline is monitored by an independent third party and is guaranteed to be safe, secure and totally confidential.

Report an ethics violation through the Chesapeake Ethics and Integrity Helpline:

877-CHK-8007  
877-245-8007  
chkethics.com

Chesapeake Energy ethics point

The poster features two images: one of a person in a dark shirt and jeans in a break room, and another of a person sitting at a desk with multiple computer monitors.

*Ethics posters hang in company break rooms reminding employees what to do should they witness an ethics violation.*

## Code of Business Conduct and Ethics

We believe that being honest and trustworthy with co-workers, business partners, royalty owners, community citizens and other stakeholders makes Chesapeake a responsible leader. All Chesapeake directors, employees and contractors are expected to comply with our rigorous standards of operation. Employees indicate their commitment by signing Chesapeake's Code of Business Conduct and Ethics Policy. This code serves as a guide for employees to apply legal and ethical practices to their everyday work and to explain the types of behavior that will help us meet our commitment to operate with the highest standards of ethical conduct. The code is available at [chk.com/about/governance](http://chk.com/about/governance).

### Ethics Training

As part of Chesapeake's new employee orientation process, all corporate employees receive ethics training within the first two weeks of their employment. Training includes a review of the company's Code of Business Conduct and Ethics, with emphasis on conflicts of interest, vendor gifts, protection of company assets and information, company policy on retaliation and how to report an issue or concern. Members of the Corporate Security and Ethics Department also provide ethics training to field employees, vendors and suppliers highlighting Chesapeake's commitment to high ethical standards, our ethical expectations of both vendors and employees, how to report a concern and the company's policy on non-retaliation.

### Corporate Security and Ethics Department

To ensure ethical business conduct, Chesapeake maintains a Corporate Security and Ethics Department responsible for the timely investigation and reporting of all ethics complaints received against the company, employees and vendors. The department also investigates thefts, fraud and any other security matters brought to our attention by complaint or otherwise. Chesapeake's Fraud and Forensics group, embedded in the department, proactively looks for indications of employee or third-party fraud.

Our security and ethics personnel are comprised of highly trained individuals with extensive experience in law enforcement and private security. They have also participated in ethics and human rights training. Security contractors on our main campus and throughout the company are active-duty law enforcement officers or licensed private security professionals who have received similar training through their departments and companies as required by law.



Chesapeake provides security and ethics training for both employees and community partners.

### 2011 CHESAPEAKE SECURITY AND ETHICS DATA

67

Full-time security and ethics employees

100

Ethics training sessions

3,196

Business partners trained in security and ethics

2,376

Employees trained in security and ethics

1,845

Potential vendors and suppliers screened by our Corporate Security and Ethics Department

102

Companies with which Chesapeake declined relationships after security and ethics screenings

46%

Increase in vendor and supplier screenings in 2011 over 2010

6

Vendors removed from our approved vendor list as a result of ethics investigations

28

Ethics reports utilizing the Chesapeake Ethics and Integrity Helpline

84

Ethics investigations initiated from phone calls, email, personal meetings and other investigations

\$1.5 million

Amount recovered through ethics investigations

OUR COMMITMENT TO THE  
**Environment**





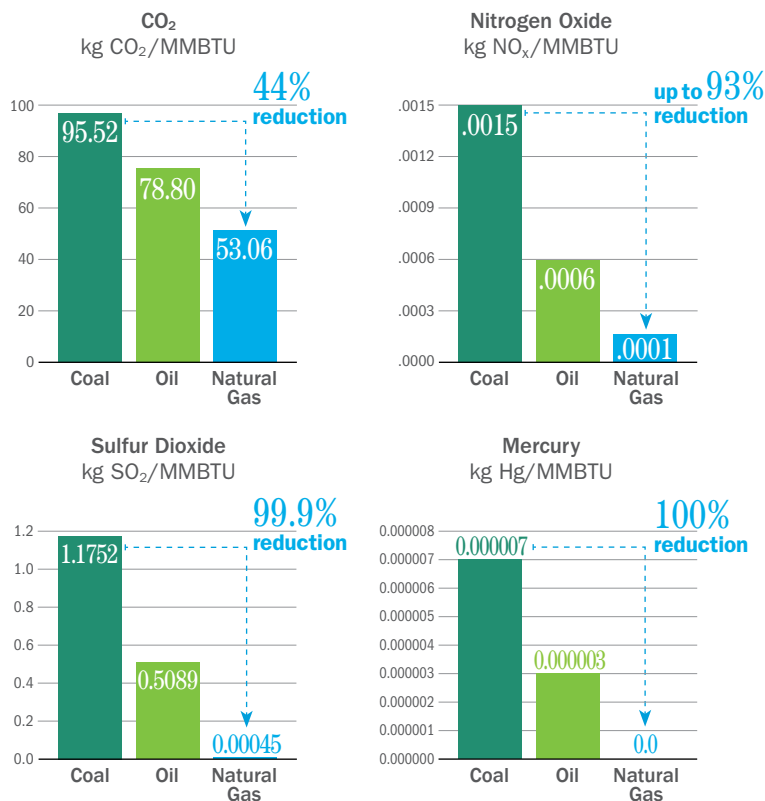
Chesapeake plays a leading role in producing the natural gas and oil that contribute to our nation's energy independence. Each day, we are working hard to provide Americans with natural gas, a cleaner and more flexible fuel, while also working to reduce the environmental impact of our operations.

We know that environmental performance is key to our overall success as a company, and we constantly improve our technologies and practices to minimize our impact on land, air and water.

We also understand the value of natural gas for a cleaner environment. We believe that our success in discovering and developing vast new unconventional deposits of this abundant American resource — to generate commercial and residential power in particular — helps reduce our country's greenhouse gas emissions.

According to the U.S. Environmental Protection Agency (EPA) and U.S. Energy Information Administration, natural gas produces significantly less carbon dioxide (CO<sub>2</sub>) emissions than oil or coal. In power generation, natural gas reduces CO<sub>2</sub> emissions by up to 44%, nitrogen oxide (NO<sub>x</sub>) emissions by up to 93%, sulfur dioxide (SO<sub>2</sub>) emissions by 99.9% and mercury (Hg) emissions by 100% when compared to coal.

#### EMISSIONS BY FUEL TYPE



#### NATURAL GAS CONTRIBUTES TO 20-YEAR LOW IN U.S. CARBON DIOXIDE EMISSIONS

In May 2012, the International Energy Agency reported that U.S. CO<sub>2</sub> emissions had fallen 7.7% since 2006, a 20-year low and a larger reduction than in any other country. This reflects a substantial shift from fueling electrical power plants with coal to employing low-priced, domestically produced natural gas. The speed of that transition, though surprising to some observers, is also triggering dramatic reductions in other air pollutants. The U.S. Government Accountability Office reports that coal-fired power plants produce 90 times as much SO<sub>2</sub>, five times as much NO<sub>x</sub> and twice as much CO<sub>2</sub> as plants that run on clean-burning natural gas.

Some suggest the reduction in CO<sub>2</sub> emissions in coal-fired plants comes at the cost of increased methane emissions from natural gas production. Many studies, including one by the Environmental Defense Fund, have shown that natural gas, when produced with methane emissions reduction techniques, such as Chesapeake uses, provides an environmentally responsible alternative to coal.



### CHAMPIONING NATURAL GAS VEHICLES

When used as a transportation fuel, natural gas produces up to 30% less greenhouse gas emissions in light-duty vehicles and up to 20% fewer emissions in medium- to heavy-duty vehicles than gasoline and diesel. With the average U.S. gasoline price in 2012 at \$3.65 per gallon and natural gas priced 40–60% less, we believe this will help the economy and lower driving costs for millions of Americans.

Chesapeake has made strategic investments in infrastructure and technology to promote adoption of natural gas vehicles. One such investment is a \$10 million partnership with 3M Corporation (NYSE: MMM) to revolutionize the design and manufacturing of compressed natural gas (CNG) tanks, which are the most expensive component of a CNG fueling system. We have also invested approximately \$2.5 million in a partnership with Love's Travel Stops & Country Stores, a leading fuel retailer in America, to add CNG fueling equipment to a number of its stations. In 2011, we announced our first two venture capital investments in Clean Energy Fuels Corp. (\$150 million over three years) and Sundrop Fuels, Inc. (\$155 million over three years) to capitalize on new infrastructure and technologies that use domestic supplies of natural gas.

We are also starting to use natural gas to fuel our own operations and have converted approximately 1,200 of our own fleet vehicles — about 25% — to CNG. In addition, all of our assigned fleet-vehicle drivers are required to participate in a driving behavior program, which promotes more fuel-efficient driving.

»» 1,283 fleet vehicles converted to CNG

#### CHESAPEAKE'S 2011 CNG FLEET IMPACTS



2,795 lbs.	Annual CO <sub>2</sub> reduction by each green driver
7%	Fuel-efficiency improvement by removing brush guards from fleet vehicles
11%	Increase in miles per gallon by removing unnecessary guards, racks and equipment from fleet vehicles
50%	Proportion of fleet vehicles with flexible fuel option to use E85 as energy source
26,525	Employees carried annually on CNG shuttles instead of personal vehicles
\$2.3 million	Amount saved on fuel costs as a result of fleet conversions to natural gas, which Chesapeake is reinvesting into additional fleet conversions

Leading by example — Chesapeake's campus shuttle buses run 100% on clean-burning and affordable compressed natural gas.



## Environmental Approach

A key priority at Chesapeake is to protect our nation's air and water by reducing our environmental impact. In 2011, we developed our Commitment to Environmental Excellence initiative that guides our decision making, and we expect the same commitment from our contractors and vendors. It is based on the following values:

- » **Business Philosophy** — We commit to protect our country's natural resources, care for the environment and comply with all applicable local, state and federal laws and regulations as part of our daily operations.
- » **Operational Excellence** — We strive for excellence, move quickly to rectify any environmental problems associated with our operations and address any issues that arise.
- » **Commitment of Resources** — We provide the human, physical and financial resources to achieve our environmental protection objectives, and we expect our employees, contractors, suppliers and vendors to do the same to ensure our operations are clean and safe.
- » **Continuous Improvement** — We continue to evaluate evolving environmental protection measures with the goal of improving our operating practices and further reducing our environmental footprint by using the latest technologies and operational procedures.
- » **Support of Industry Regulation** — We support science-based regulation at the appropriate level of government that ensures natural gas and oil wells are drilled, completed and produced safely and responsibly.
- » **Community Focus** — We strive to be charitable, engaged and responsible partners in the communities where we live and work.

These values are backed up by action. Our most important programs include:

- » **Transparency in the Use of Chemicals** — We have and will continue to disclose the ingredients contained in hydraulic fracturing fluids to state agencies charged with regulating natural gas and liquid hydrocarbons operations and the hydraulic fracturing chemical disclosure registry at [fracfocus.org](http://fracfocus.org).
- » **Water Sourcing and Use** — We plan, manage and, where possible, reduce the use of freshwater associated with our operations.



- » **Managing Produced Water** — We recycle produced water as much as possible. We store produced water in enclosed surface water tanks with secondary containment until disposed of in a government-approved underground injection well.
- » **Preserving Air Quality** — We strive to reduce air emissions associated with the production of natural gas and liquid hydrocarbons. We design, build and monitor the integrity of our facilities and pipelines to further reduce the environmental impact and likelihood of potential incidents.
- » **Well Design and Construction** — We strive to meet or exceed state law requirements in the design, drilling, completion and testing of wellbores.
- » **Limiting Surface Impacts** — We reduce impacts to landowners, communities and the environment by limiting the size and number of well sites, roads, pipelines and other surface disturbances to the minimum area reasonably needed to fully develop natural gas and liquid hydrocarbon resources. We exercise great care to avoid or minimize impact to environmentally sensitive and culturally significant areas. Existing infrastructure is used when practical. Road use maintenance agreements are developed to protect and maintain the roads we use.
- » **Pre-construction Environmental Assessment** — Before construction, we conduct reviews to identify environmentally sensitive habitats, wetlands and other water resources, and culturally significant locations. We avoid operating in these sensitive areas to the extent practical.
- » **Waste Management** — We make it a priority to handle, transport and dispose of waste generated from our operations according to applicable regulations. We use the most current technology practical to reduce the likelihood of spills and waste volumes, and recycle those volumes where appropriate. We create and maintain waste management plans that provide for disposal at a pre-approved site.
- » **Best Management Practices (BMPs)** — We apply and continuously improve our BMPs to achieve and maintain an industry-leading position in safe and clean operations.
- » **Public Outreach and Collaboration** — We continue to engage and educate shareholders, stakeholders and affected parties of our operations, and to identify opportunities for further improvement, as well as support and promote high-quality research and provide public education.

## Resource Development

In 2011, we were the most active driller in the U.S., drilling 1,628 operated wells and participating in another 1,351 wells drilled by other companies. In every region where we drill, we work with the environmental regulatory agencies to minimize our impact on the air, water and land.

### Site Selection

We carefully consider each well location before we begin drilling, including assessing geography and topography; location of access roads, pipelines and utilities; available water sources; and the proximity to schools, sensitive wildlife habitat or significant archaeological sites. Of the 23,680 facilities we operated in 2011, less than 1% were in critical habitat areas and wildlife protection areas.

We frequently perform baseline water sampling to monitor important water resources. These are conducted by an independent laboratory three to six months before operations begin. In 2011 alone, Chesapeake collected more than 17,000 water samples and shared results with landowners and state agencies so they would have an accurate picture of the water in the area.

Of the more than 13,000 samples collected from 2009 to 2011 in northern Pennsylvania, test results indicated that the water quality for 47% of the samples failed to meet one or more of EPA's primary or secondary drinking water standards prior to our planned natural gas or oil development. To further explain the

results and suggest ways to enhance local water quality, we often host town hall meetings with local landowners and explain the baseline data and what it means for them and their drinking water.

### Site Construction

After a site is selected and before we begin drilling, we build a padsite designed to minimize our surface footprint. During the four-to-six-week construction and grading process, we install secondary containment, diversion berms and other safety and environmental protection measures. As appropriate, each of our sites is permitted and regulated by federal, state and/or local agencies.

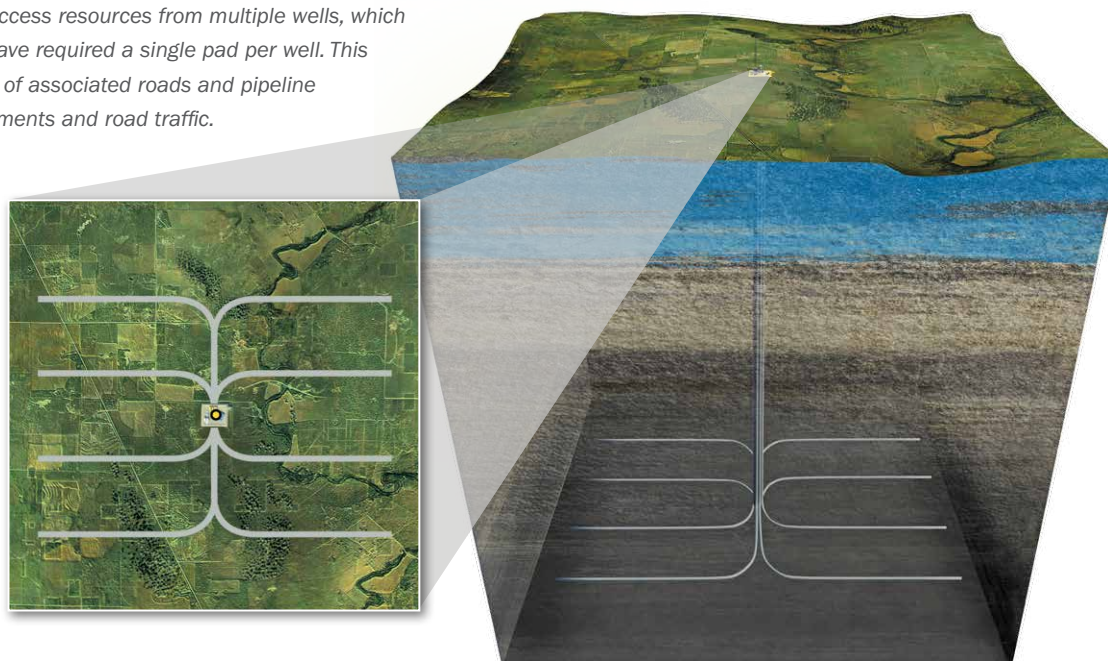
After the padsite is completed, we move our drilling equipment there to begin the two-to-six-week drilling process. We begin by drilling a vertical hole, and then most wells are turned to be drilled horizontally to maximize the recovery of natural gas and oil reserves. Horizontal drilling results in fewer wells, and in many geological formations, it is the only method that leads to a commercially viable well. It also allows us to drill multiple wells from a single location, which reduces the number of padsites and lowers our surface impact.

Our horizontal wells range in depth from about 5,000 to 13,000 feet, while our vertical wells can exceed 20,000 feet in depth. These targeted geological formations are almost always a mile — and often two miles — below domestic and public water supply wells, which are typically less than 1,000 feet below the surface.

### MULTIWELL PADSITES REDUCE DRILLING FOOTPRINT

*Multiwell padsites and horizontal drilling allow us to construct a single padsite to access resources from multiple wells, which traditionally would have required a single pad per well. This reduces the number of associated roads and pipeline construction requirements and road traffic.*

-  Padsite
-  Gas Well
-  Wellbore



## Hydraulic Fracturing

We recognize public interest in hydraulic fracturing and understand that, like any industrial process, there are risks when not properly performed. However, we believe that hydraulic fracturing is among the safest of all large-scale industrial operations.

For example, we use advanced well designs, including multiple layers of steel casing and cement to separate the flow of natural gas and oil from groundwater aquifers. On the surface, we are equally careful in the handling of chemical additives used in the process. Our Environmental, Health and Safety Department offers extensive training for employees, contractors and vendors regarding the proper handling and use of chemicals.

As part of our operational practices, we put impermeable mats under all the chemical tanks during fracturing operations and build secondary containment barriers around our equipment and sites. These protect the environment in the unlikely event of a surface spill.

To further minimize the impact of fracturing, we recycle produced water whenever economically possible through our innovative Aqua Renew® program. When this is not feasible, we dispose of produced water through governmentally permitted injection wells.

*Continual monitoring of hydraulic fracturing operations is essential to protecting the environment and our employees and contractors.*



### LEADING THE CHARGE

We are committed to finding opportunities to reduce the environmental impact of hydraulic fracturing. In October 2009, we founded our Green Frac® initiative. Green Frac evaluates each chemical additive to determine its necessity and environmental friendliness. To date, we have eliminated approximately 25% of the additives used in our hydraulic fracturing fluids in our major shale plays and are constantly searching for new ways to reduce our chemical usage even further.

This industry-leading program is also establishing additional safety guidelines and helping increase public understanding of the hydraulic fracturing process and its necessity to American energy production.

We understand the public's desire to know more about what is involved in our operations, so we voluntarily disclose all chemicals used in hydraulic fracturing activities through [fracfocus.org](http://fracfocus.org).

### HYDRAULIC FRACTURING FLUIDS

Fracturing fluids are comprised of approximately 98% of water and sand and about 2% chemical additives, many of which are used in common household products.



**Other: <2%**

**Acid**

*Used in swimming pools*

**Anti-bacterial Agent**

*Used in disinfectants*

**Breaker**

*Used in hair color*

**Clay Stabilizer**

*Used in IV fluids*

**Corrosion Inhibitor**

*Used in plastics*

**Crosslinker**

*Used in laundry detergents*

**Friction Reducer**

*Used in cosmetics*

**Gelling Agent**

*Used in toothpastes*

**Iron Control**

*Used in food additives*

**pH Adjusting Agent**

*Used in water softeners*

**Scale Inhibitor**

*Used in household cleaners*

**Surfactant**

*Used in deodorant*

### HOW IT WORKS

Developed in the late 1940s, hydraulic fracturing has been used safely more than 1 million times since then, including more than 50,000 times in 2011. The process of hydraulic fracturing is relatively simple. A mixture that is approximately 98% water and sand and 2% chemical additives is pumped at a high pressure into the formation to create small fractures within the impermeable rock. These newly created micro-fractures are held open by the sand grains, which allow the long-trapped natural gas and oil to flow through the well to the surface. Because scientists and engineers study each formation before a well is ever drilled or fractured, this highly developed process is typically only performed once during the lifetime of a well.

## Air

We understand that methane emissions are an area of great concern for our stakeholders. Accordingly, we have a robust methane-emissions reduction program and actively participate in the EPA's Natural Gas STAR Program. We also have hosted technology-sharing workshops for Natural Gas STAR Program member companies and integrated many of the practices promoted by the program into our daily operations.



Reduced-emission completions and green completions are the largest contributor to our emissions reductions. Another best practice that generated significant emissions reduction is the installation of improved process control devices at thousands of our wellsites. Other examples of these practices include:

- » Installing low-bleed pneumatic level controllers
- » Installing plunger lifts
- » Installing no-bleed chemical pumps
- » Installing vapor recovery units
- » Performing proactive pipeline leak repairs
- » Recovering dehydrator flash gas
- » Installing electric glycol circulation pumps
- » Maximizing glycol circulation rates

In 2011, we recorded NO<sub>x</sub>, SO<sub>2</sub> and volatile organic compounds emissions at sites that require air permits, and this information is closely reviewed to ensure compliance with air quality regulations. We have developed new processes to comply with Subpart W and Subpart OOOO that will enable more robust reporting in the future.

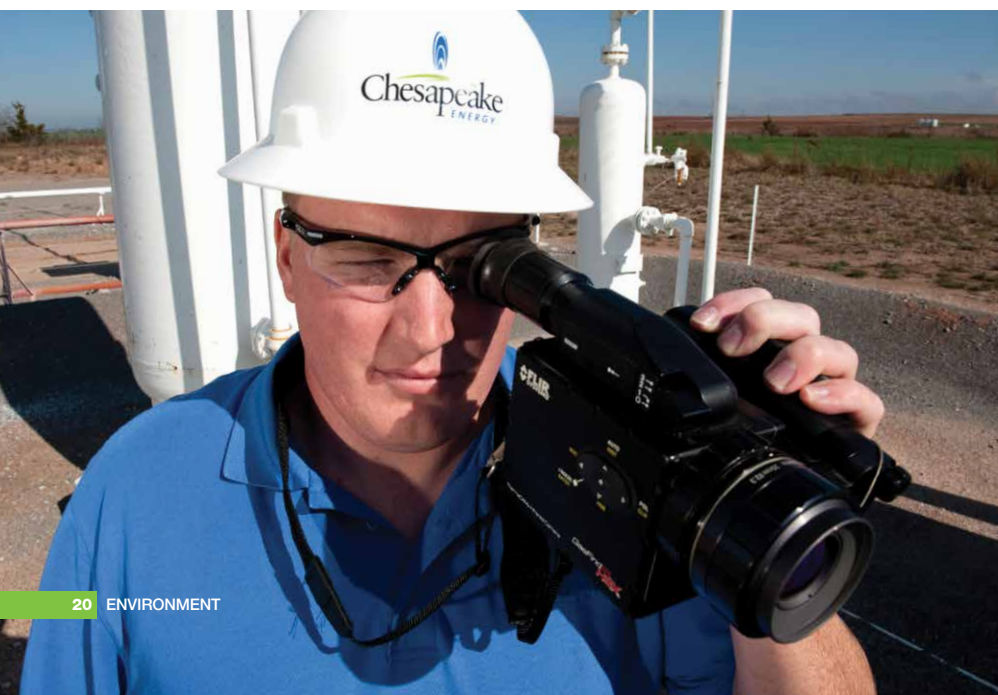
## Flaring

The practice of flaring — burning off natural gas in the production of primarily oil-producing wells before pipeline connections have been completed — is also a concern for our stakeholders. Chesapeake only employs flaring when it is absolutely necessary, such as when excess natural gas cannot be economically recovered and delivered to market, consumed on-site or reinjected into the original formation. In other cases, flaring may be mandatory because of safety or air-permitting requirements, or when engineering or economic analyses are incomplete.

In a number of areas, flaring is a direct result of the lack of pipelines needed to carry natural gas to market, and operators are forced to temporarily flare to safely dispose of natural gas. This is most common in areas focused on oil production, where natural gas is produced as a byproduct of petroleum. Almost always these wells are ultimately connected to a natural gas gathering system.

We believe that the infrastructure necessary to move natural gas to market in our core operating areas has matured to a point that our need to employ flaring has been reduced to a minimum. That infrastructure is in place largely as a result of billions of dollars in past investments by Chesapeake.

» Methane emissions reduction practices help prevent product loss and shrink our environmental footprint.



*FLIR (forward-looking infrared) cameras capture video in infrared and allow Chesapeake employees to monitor sites to eliminate any unwanted methane emissions.*

## Water

Water is essential to all life and to all energy resource development. We are, and will continue to be, committed to managing water resources responsibly throughout our operations. We use water for two primary functions:

- » **Drilling** — A mixture of water and clay is used to carry rock cuttings to the surface and control underground pressures.
- » **Hydraulic fracturing** — A mixture of water, sand and chemical additives is injected into the target formation at a high pressure to create small micro-fractures in the formation rock, allowing natural gas or oil to flow to the wellbore.

### Water Sourcing

We use multiple sources of water for our operations, including municipal water resources, regional water districts, river authorities, ponds and lakes, and groundwater wells — all of which require permission and payment of fees to access. We also evaluate the potential to purchase other water resources, including discharge water from industrial or city wastewater treatment plants, power plant cooling water, marginally saline groundwater not suitable for consumption and water produced from our operations. In these cases, purchased water is properly permitted to ensure that water usage considers the available

supply for other consumers or users and that it does not adversely affect stream flow, aquatic life, recreational resources or sensitive environments. We always work collaboratively with federal, state and local agencies to ensure that water used for natural gas and oil development coincides with water use plans for the relevant watershed.

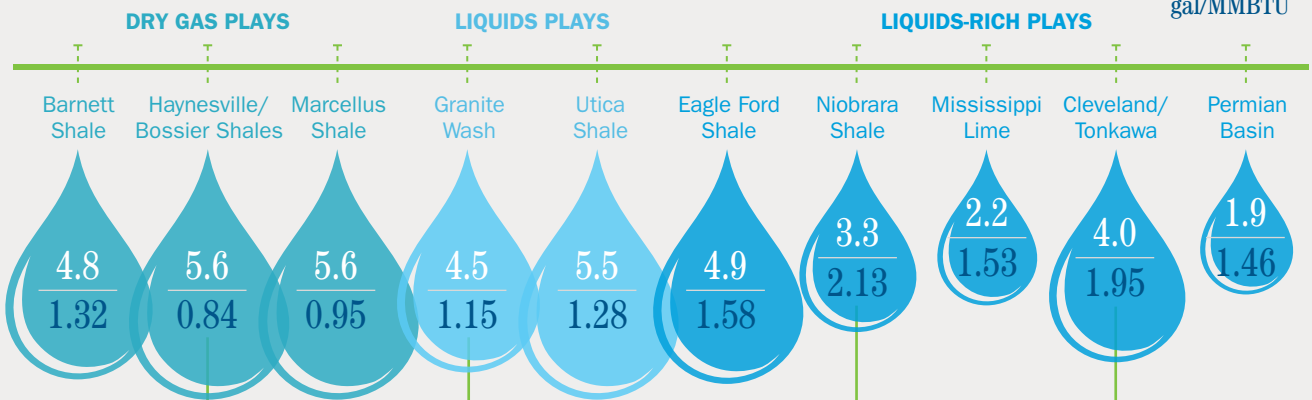
### Water Usage

In 2011, the average amount of water required to drill and fracture a typical Chesapeake well was approximately 5 million gallons. This varies considerably depending on the geology of the formation, the number of stages being fractured and the length of the horizontal wellbore.

WATER-EFFICIENT ENERGY SOURCES	
Energy Resource	Range of gallons of water used per MMBTU of energy produced
Conventional Natural Gas	1 – 3
Chesapeake Natural Gas Using Hydraulic Fracturing	1 – 3
Coal	2 – 32
Nuclear	8 – 14
Conventional Oil	8 – 20
Chesapeake Oil Using Hydraulic Fracturing	8 – 20
Synfuel (Gas made from Coal)	11 – 60
Oil Sands Petroleum	27 – 68
Enhanced Oil Recovery (EOR)	21 – 2,500
Biofuels (Irrigated Corn Ethanol, Irrigated Soy Biodiesel)	> 2,500

### WATER USED TO DRILL AND FRAC A CHESAPEAKE WELL

million gal/well  
gal/MMBTU



#### Comparisons:

New York City consumes 5.6 million gallons in less than eight minutes

A 1,000-megawatt coal-fired power plant uses 4.5 million gallons in 11 hours

A five-acre corn field consumes 3.3 million gallons in 11 hours

A golf course uses 4.0 million gallons to irrigate every three weeks



To reclaim produced water as a way to conserve water, we developed Aqua Renew® in 2006 through a partnership with the Barnett Shale Water Conservation and Management Committee in North Texas. We also collaborated with the City of Fort Worth, Texas, to explore possibilities of recycling produced water in the Barnett.

Our Marcellus and Utica shale districts now treat and recycle a vast majority of the produced water from our operations. At each Marcellus and Utica wellsite, produced water is collected and stored in on-site holding tanks before being transferred to central filtration locations where it is pumped through filters that remove any suspended particles. The water is tested for salt and other mineral content to determine the rate at which it can be blended with freshwater to ensure proper quality and quantity for reuse by Chesapeake operations. It is then stored in on-site tanks or transported to the next well scheduled for hydraulic fracturing. This process has allowed us to filter and reuse 97% of the wastewater associated with our operations in the Marcellus North, 52% of the wastewater in the Marcellus South, and 89% of the wastewater in the Utica district.

Although we still must mix recycled produced water with some incremental supplies of freshwater to ensure the proper mixture for hydraulic fracturing, every gallon of produced water we filter and reuse is one less gallon of water that must be trucked to a disposal well and one less gallon of freshwater we must purchase and use, making this a win-win for our bottom line and our environmental conservation efforts.

Aqua Renew continues to expand across our operating areas. While freshwater is the preferred fluid, we are experimenting with newer additives and higher concentrations of salt in our base fluids. In fact, several wells in the Mississippi Lime play of northwestern Oklahoma were hydraulically fractured using 100% produced water. Chesapeake is monitoring these

wells to determine if any long-term adverse production impacts occur from this process. We also are exploring the use of brackish, nonpotable aquifers as potential sources for fracturing fluids. For example, in West Texas we have used nonpotable water from the Santa Rosa formation in several fracture stimulation treatments.

### What is Produced Water?

Produced water includes water trapped in the producing geological formation, and is a byproduct of natural gas and oil extraction. Generally, this water contains various salts, sand and silt found naturally in the Earth and travels from the producing formation through the wellbore to the surface with natural gas and oil during completion and production operations.

Not all produced water can be recycled or reused for other drilling operations due to water quality and state regulations.

»» In 2011,  
we filtered and reused more than  
**229 million gallons**  
of produced water.

*Reduce, reuse — our Aqua Renew program means less freshwater is needed during operations.*





## Energy Consumption

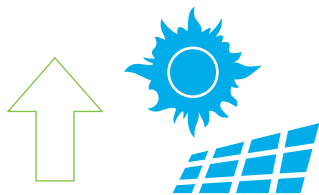
Our business activities require the use of a variety of fuels, including natural gas, diesel, gasoline and electricity. Although there are some monitoring systems for energy consumption, there is not yet a companywide system to adequately capture our total energy consumption. For example, at present, diesel purchased to power drilling rigs and pump equipment and for fleet use is tracked by volume and price by individual business units; gasoline for fleet use is tracked by volume and managed by Chesapeake's Fleet Department; and the natural gas from utilities is tracked on an individual business unit basis.

Fuel consumption estimates for Chesapeake operations will be generated for mandatory EPA greenhouse gas reporting in the near future.

To further reduce our energy consumption, we have increased the use of solar technologies in our operations. Solar panels are installed on virtually all of our new wellsites to capture and supply the energy necessary to power equipment including meters, gauges, compression engines and site gates. By using solar panels, we avoid using valuable power from the nation's electrical grid. In fact, the amount of energy we save is the equivalent to what is consumed by approximately 100 homes a day.

---

IN 2011, WE INCREASED THE NUMBER OF



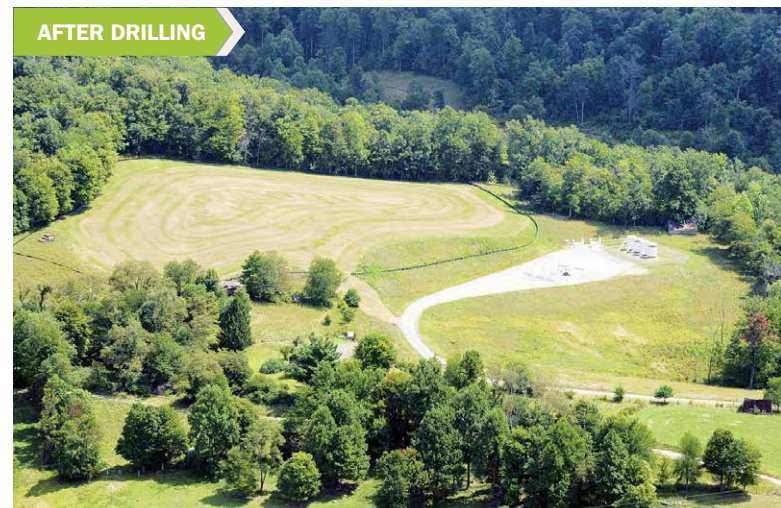
solar panels for pumps,  
gates and valves to  
**6,167**  
from 4,299 in 2010

---

## Site Reclamation

Throughout our operations, Chesapeake works to minimize our surface impact. This includes reducing and reclaiming portions of our wellsites once drilling and completion activities are finished. We remove gravel, add topsoil and replant local vegetation to shrink the size of our locations to as small as possible to allow continued production.

We restore each wellsite with plants native to the area. We adhere to all federal, state and local laws and regulations when production ceases and wells need to be plugged and abandoned. In some cases, improvements are also made to the area surrounding the wellsite. Our goal is for each site to be returned to as good, if not better, condition than when we began our operations.



*Cleaning up — green grass replaced equipment and gravel in this West Virginia meadow once drilling activities were completed on the Skinner pad in Upshur County. Nearly all of the site was reclaimed.*

## Spills and Incident Prevention

Any spill and its resulting environmental impact is unacceptable, however, we strive to lead the industry in spill prevention. For example, Chesapeake's spill rate of crude oil compared with barrel of oil equivalent (BOE) produced was only 0.0014% in 2011. To better address this issue and identify potential underlying causes, we are working to implement in 2013 a more robust measuring system beyond regulatory requirements. Through these efforts, we aim to continuously improve our spill prevention and protection measures and provide better training for our employees, contractors and vendors to prevent future incidents.

There are a number of incident-prevention measures that are a part of our daily operations. For example, specialized equipment called blowout preventers (BOPs) are installed to protect against pressure events during the drilling process. A BOP is a large set of valves at the top of a well that can be closed immediately if there is a significant change in pressure while drilling operations are under way. An automatic alarm will sound if the pressure becomes too high or too low. BOPs are critically important to the safety of the crew and are inspected, tested and refurbished regularly.

In addition to BOPs, each rig is equipped with a pit volume totalizer, also known as a pit-level indicator, which continuously monitors the level of drilling mud in mud tanks. If the mud level drops too low or rises too high, an alarm sounds to warn the driller of a loss of circulation or a pressure kick, which is a flow of reservoir fluids into the wellbore during drilling operations.

We train all on-site supervisors in fundamental well control concepts. The training covers topics such as preventive well control measures and recognition of well control events. These employees are required to become recertified every two years.

We have also developed and implemented preventive maintenance and integrity management plans, control and countermeasure plans, and inspection protocols for each facility and transport system. For example, we use automatic shutoff control valves on many pipelines to prevent uncontrolled flow in the event of a system failure.

### Response Process

Protecting the well-being of our employees, neighbors and the environment is of utmost importance. That is why, although incidents are rare, Chesapeake developed and implemented an extensive incident and crisis response program in 2011, and employs the same emergency response structure used by first responders — the National Incident Management System (NIMS). In 2011, all Chesapeake employees designated to respond to an incident completed the level 100 and 200 NIMS training along with standard Hazwoper Training. In addition, each regional team is well versed in our internal crisis management procedure and knows how to respond in an emergency situation.

While we strive to incorporate a number of safe, environmentally sound practices into our daily operations, such as placing secondary containment areas around our storage containers and tanks, we do recognize that incidents can occur and we take them very seriously.

*Regular environmental and safety training is part of the job at Chesapeake.*



In the instance of a spill, we implement an immediate, organized and focused response. We carefully report spills to the appropriate authorities and respond by:

- » **Assessing the hazards** — First responders assess the extent of the spill to determine the appropriate level and type of response. This assessment includes site personnel and public safety, environmental impacts and other logistical concerns.
- » **Response to spill** — Employees, contractors and responders follow well-established steps to efficiently contain and stop a spill.
- » **Reporting the spill** — Chesapeake follows reporting requirements established by federal, state and local regulations.
- » **Cleaning up and restoring** — The site is restored to its original condition.
- » **Evaluating the response** — Chesapeake evaluates the response efforts taken by all involved, including the effectiveness of our prevention and response strategies to ensure compliance and continued improvement.

### Violations and Penalties

Chesapeake takes all notices of violations (NOVs) seriously and investigates each one to better understand the cause, as well as identify any necessary corrective actions including modifying our operations and/or procedures to prevent the situation from reoccurring. Upon investigation of NOVs, we perform a variety of modifications to wells, such as installing new pumps and/or water purification units and/or replacing the well to address potential groundwater issues. In addition, we developed and implemented specialized training for our employees directly responsible for standard operating procedures that have been associated with our NOVs.

In 2011, Chesapeake paid penalties associated with two NOVs where each penalty exceeded the SEC materiality threshold of \$100,000 and, as such, were reported in filings with the SEC.

### ATGAS SPILL RESPONSE

Chesapeake focuses proactively on reducing the risk of incidents in our operations, but despite these measures, incidents have occurred. For example, on April 19, 2011, a well-control incident at our Atgas #1H wellsite in north-eastern Pennsylvania occurred due to a mechanical failure that resulted in a surface release of hydraulic fracturing fluid and naturally occurring saltwater from the formation for a period of approximately four hours.

In collaboration with the Pennsylvania Department of Environmental Protection (PADEP) and the EPA, we responded immediately to the incident. Our preventive measures were in place and the emergency response to this incident ensured that most of the fluids were held in pre-constructed sediment catchment basins at the base of the wellsite or collected by vacuum trucks. A portion of the fluids flowed into a nearby drainage swale area that entered a tributary which flowed into Towanda Creek. This release amounted to approximately 240 barrels.

After the event, several hundred individual samples from area water wells, springs, surface waters and swales were collected by Chesapeake, the PADEP and the EPA for analytical testing against a comprehensive list of chemicals. According to independent reports filed with the PADEP by consultants Science Applications International Corporation, none of the nearby private water wells were adversely impacted by the event. There was minor impact to the land and minimal, temporary impact to a small tributary and Towanda Creek.

We understand that any adverse impact to the environment is too much. That is why following this incident, we immediately re-evaluated our processes and made improvements that will help us better safeguard our operations, communities and environment. We can report that based on these efforts, we have not experienced a similar incident since the Atgas event.

OUR COMMITMENT TO  
Health and Safety



Providing a safe and healthy work environment for our employees, contractors, landowners and residents in the communities where we operate is of critical importance to us. We work diligently to prevent accidents and promptly respond to and learn from those that do occur. To help meet our goal of creating an incident-free work environment, we continually enhance our operations, employee training and contractor oversight.

Our programs address safety, compliance and environmental stewardship throughout our operations. Each program is developed by our Environmental, Health and Safety (EHS) professionals and our Operations teams to create a comprehensive process. These programs promote safety by clearly defining responsibilities and outlining processes for sound decision making, planning and communication.

#### Employee, Contractor and Vendor Training

Chesapeake's safety and environmental efforts include approximately 350 EHS professionals at the field, district and corporate levels. These individuals conduct regular site visits, mentor employees and provide frequently scheduled training. We strive to reinforce personal responsibility with all employees and contractors while ensuring compliance with internal policies and federal, state and local laws and regulations.

Every incident is evaluated and tracked for internal review and, if necessary, correction purposes. Minor incidents are reviewed by department-level managers on a weekly basis. Analyses are performed for all serious incidents at Chesapeake. The results and corrective actions of the analyses are reviewed by executive management and shared throughout the respective organizations so that improvements can be made. An investigation report detailing allegations of fraud, conflict of interest, environmental issues or officer misconduct is then delivered to the company's Board of Directors each quarter.

We also ensure that every authorized visitor to a Chesapeake location is properly trained. Employees receive extensive training on the company's policies and procedures to address the potential hazards and conditions present at our locations. These policies also state that employees have the right and responsibility to stop any work that they believe may adversely impact the environment or the health and safety of employees, contractors, vendors or the public. We set performance-based organizational and personal safety goals, and employees are awarded compensation bonuses based on individual and organizational success.

In 2011, our EHS team led nearly 400 courses covering a wide range of topics from first aid and CPR to safe driving and Occupational Safety and Health Administration (OSHA) compliance and emergency response through our internal, behavioral-based Chesapeake SAFE (Stay Accident Free Everyday) program.

*Stay Accident Free Everyday — Steve Dixon, Chief Operating Officer and Executive Vice President – Operations, talks about the importance of safety with employees.*



IN 2011,



**386** courses led by the EHS team

**8,789** employees trained

**224,982** hours in class

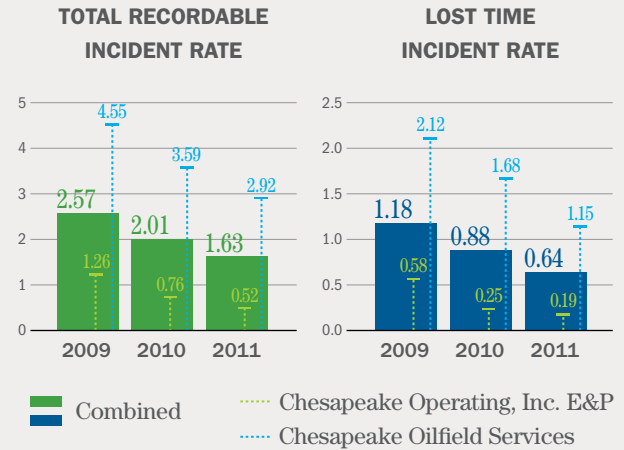
**CHESAPEAKE SAFE PROGRAM**

To promote a culture of safety at Chesapeake, we developed our SAFE (Stay Accident Free Everyday) program, in partnership with Intertek, to train our employees on the importance of individual accountability and responsibility to contribute to a safe working environment. Intertek is a leader in developing and implementing behavior-based safety training and programs designed to promote a culture of safety.

SAFE focuses on keeping employees safe and accident free through knowledge, empowerment and accountability. In 2011, more than 2,700 employees participated in the two-day training, bringing the total number of employees who have completed SAFE to 5,676.

Typically in our industry, increases in workforce lead to increases in total recordable incident rates (TRIR). In 2010 and 2011, Chesapeake's employment increased 25%, yet we realized a 60% decrease in TRIR. Chesapeake's SAFE program is helping the company take the steps necessary to reach our zero-incident goal for employees whether they are working at a desk or on a drilling rig.

This chart demonstrates safety improvements over a three-year period for Chesapeake Operating, Inc., which includes exploration and production and shared services employees, and Chesapeake Oilfield Services, which includes our drilling services and trucking employees.



*Safety first — every Chesapeake employee is empowered and encouraged to stop work if he or she notices a safety problem.*

IN 2011,



**2,700+** employees completed SAFE training



## Fleet Safety

Safety on the road is also a very high priority for us, and we maintain an extensive safe-driving program to reduce accidents and provide for the safety of our employees and citizens in the communities where we operate. In 2011, we trained more than 4,000 employees through our safe-driving program, representing more than 14,000 man hours in class. In 2011, our accident rate was 3.77 motor vehicle accidents (MVA) per million miles, down from 4.24 MVA/million miles in 2010.

## Drug Testing and Substance Abuse Training

Chesapeake conducts employee testing for drugs and alcohol to ensure employees are not impaired while performing tasks that could cause physical harm to themselves or others. Our supervisors also complete a substance-abuse training session to help them learn the behavioral signs exhibited by an employee impaired by drugs or alcohol, as well as sessions related to Chesapeake's policy and state and federal regulations concerning drug and alcohol issues. In 2011, 486 supervisors completed this training session.

## Manager-to-Employee Ratios

In 2011, across all divisions, we had 857 field operations managers (around 60% of all managers) supervising an average of about 10 employees each. The company believes this structure provides excellent oversight to keep operations running safely and efficiently.

## Contractor Health and Safety

We require all of our contractors to complete our vendor approval process before they can perform work. This process includes a background check, execution of our Master Service Agreement (MSA) and posting certificates of insurance that comply with the insurance requirements in the MSA. In addition, some contractors must create and maintain an account with a third-party contractor management database that independently verifies contractor responses to an extensive questionnaire detailing information regarding OSHA statistics, training and other matters. Contractors who do not meet our expectations are not approved to perform work.

We also conduct field inspections of vendors while they are performing work on Chesapeake sites. Feedback from those inspections is discussed with vendors to drive improvement in performance. We utilize contractor management databases to monitor contractors' performance on an ongoing basis, and those with unacceptable performance levels are removed from our approved contractor list. In 2011, more than 3,100 approved contractors participated in our management database.

## Emergency Response

Our emergency response plan outlines emergency procedures that are designed to prudently respond to incidents, should one occur. This plan emphasizes our priorities for the safety of all people, protection of our environment, integrity of our assets and preservation of our good reputation. Through our partnership with local first responders such as fire departments and 911 operators, we are able to promptly and efficiently respond should an accident occur. Chesapeake's emergency response plan provides the framework and guidelines needed to determine a clear course of action for everyone involved.

As part of our ongoing emergency response efforts, we also make sure that employees at all levels understand the value of:

- » **Training** and its role in emergency response
- » **Establishing partnerships** with local first responders and professional, experienced emergency response contractors
- » **Conducting regularly scheduled meetings** with our vendors and contractors to discuss environmental, health and safety issues including emergency response



*Collaboration at all levels ensures safety protocols are followed in every operation.*

OUR COMMITMENT TO  
**Communities**





As natural gas and oil development remains a relatively new industry in several areas where we operate, it is critical that we engage local communities to better understand their concerns and, at the same time, create opportunities to explain our activities. In each of our operating areas, we promote open dialogue with members of the community and work together to identify and implement solutions.

We believe our engagement efforts educate communities about our operations and help demystify processes, like hydraulic fracturing, that are essential to the production of natural gas and oil.

Our extensive outreach efforts to local stakeholders (e.g., community leaders, public officials, regulatory agencies, academic institutions, landowners and lessors, local emergency responders, the local and national media, and environmental groups) consist of a variety of approaches, including site tours, landowner meetings, community meetings, advisory panels and extensive community education employing traditional and digital avenues to connect, interact and educate.

## Community Engagement

### Site Tours

We frequently conduct tours of our operations so that our communities can learn about our operations firsthand and ask questions directly to our on-site teams. These tours provide stakeholders with opportunities to learn about the equipment we use and see how we apply environmental and safety protocols and processes in well drilling, completion, production, compression and midstream operations. We attempt to correct misconceptions about our operations and emphasize our adherence to our

innovative Best Management Practices. Participants also view our detailed Drilling 101 presentation and ask questions about drilling and completion processes. We discuss the process of hydraulic fracturing, the use of water in our operations and our participation in [fracfocus.org](http://fracfocus.org), a website where people can view hydraulic fracturing fluids used in specific wells.

The presentation also features our Aqua Renew® produced water recycling program where we recycle nearly 100% of our flowback water in the northern Marcellus and Utica areas. Tours give us the opportunity to present economic and environmental benefits from using natural gas for electricity generation and transportation as well. In addition, we have resources on [chk.com](http://chk.com) in our Educational Library for stakeholders to learn more about our operations.



*Seeing is believing — a group of local business owners and media tours a Chesapeake drilling site in Pennsylvania.*

IN 2011, WE CONDUCTED



256  
rig tours



for  
3,189  
participants

## Landowner Meetings

To ensure landowners understand the natural gas and oil production process, we conduct frequent informational meetings across our operating areas where we explain the processes and answer questions about our operations. The meetings help us build trust and establish positive relationships with landowners.

### IN 2011, WE HELD



184  
landowner  
meetings



for  
5,695  
attendees



*A roadside meeting brings together Chesapeake construction and completion superintendents with a representative from the University of Texas Systems, which owns mineral and surface rights to more than 2 million acres in West Texas.*

## Community Meetings

We know that our operations affect people other than just landowners and leaseholders. To address this and demonstrate our commitment to the communities in which we operate, we frequently host meetings for community members. We discuss the issues and opportunities that drilling presents in a community and try to help alleviate concerns through open dialogue. These community meetings give residents who may not be landowners or leaseholders access to Chesapeake personnel for information.

For example, meetings with residents in the Marcellus South region located in the West Virginia panhandle produced several constructive ideas we implemented to improve safety. The ideas included:

- » **Blackout times on truck traffic** — Working with transportation directors, including those from schools with concerns about school bus schedules, we initiated blackout times to manage our truck traffic. We created signs with blackout hours and worked with landowners to place the signs along our hauling routes.
- » **Staging areas for our vehicles** — To address residents' concerns about multi-truck convoys traveling along narrow country roads, we set up staging areas allowing traffic managers to arrange trips to and from our locations. The convoys are limited to three trucks with an accompanying pilot vehicle for added safety.

Also, in the Haynesville Shale in northwest Louisiana, we hosted community meetings specifically to help royalty owners learn about mineral development and ask questions regarding contracts related to their ownership in the well and payment details. During these meetings, our local teams heard numerous questions about natural gas marketing, royalty payments and the role of the midstream division to build infrastructure. Our local teams responded by developing educational pages to post on microsites within the Haynesville Shale section of [AskChesapeake.com](http://AskChesapeake.com).



*Open communication — town hall meetings allow the public to share ideas and opinions, and hear directly from Chesapeake leaders.*

### Community Advisory Panels

Another unique way we engage and build advocates in our Marcellus operations is through Community Advisory Panels (CAPs). We created CAPs to provide a high level of interaction with engaged community members and provide an important and effective way to hear community perspectives and address them constructively. The CAPs, moderated by a contracted third party, are composed of approximately 30 individuals, including local residents, government officials, community leaders and Chesapeake representatives. We have adopted many ideas and suggestions from CAP meetings to improve our safety and outreach practices.

2011 COMMUNITY ENGAGEMENT DATA	
Rig Tours	256
Attendees at Rig Tours	3,189
Landowner Meetings	184
Attendees at Landowner Meetings	5,695
Community Meetings	618
Attendees at Community Meetings	23,733
Community Advisory Panels	60
Attendees at Community Advisory Panels	4,462

### Online Public Education

We maintain a dynamic online presence through our website [AskChesapeake.com](http://AskChesapeake.com), which has pages tailored to regional interests or points of concern. We also maintain active engagement and interaction on social media outlets — including Facebook, Twitter, YouTube and LinkedIn. These platforms are easily accessible ways for the public to ask specific questions and receive individual responses. The sites also enable us to demonstrate our commitment to cooperation and collaboration.

### Working with Public Officials

We work with elected officials to help them address concerns from their constituents regarding energy development. In the Niobrara Shale in north-central Wyoming, for example, we implemented an advanced notification system alerting officials of exploration and production activity in their respective districts, which they are encouraged to share with their constituents.

*Safety first — educating first responders prepares them in the event of an emergency.*



## Addressing Community Concerns

When residents raise concerns, we take them seriously. We often drill in remote places where road conditions are a major concern. When a West Virginia resident found his narrow road could not accommodate both our heavy vehicles and his truck with an attached camper, we developed a solution. We gave the resident a two-way radio and specified a channel for him to announce his departure times to our traffic manager so we could give him clear travel.

When another landowner living near our Utica Shale operations complained of noise from a compressor at one of our wells, we worked with a consultant to conduct a sound assessment and installed a permanent sound wall to dampen the noise.

To address local community concerns on road maintenance and the complexity of the variability of terms, fees and processes across nearly 11 Ohio counties, we proposed that a uniform model road maintenance agreement should be adopted by all roadway authorities and gas and oil operators. To advance the agreement in the local communities, our team:

- » **Held preliminary meetings** with individual county engineers and township trustee associations to gain support for the idea
- » **Conducted meetings** with the Ohio Township Association, the Ohio County Engineers Association and the County Commissioners Association to petition support
- » **Conducted a series of presentations** to the DOT District 11 director, representatives from the DOT and governor's office, and the general public explaining the problem and outlining the proposed solution
- » **Crafted a draft road maintenance agreement** that was used as a model for discussion among the stakeholders

The agreement was accepted, and a working group was formed composed of stakeholders from government and industry.

### LITTER CONTROL

We know the litter sometimes created by our operations and employees is a community concern. To address this problem, we have worked with vendors and suppliers to implement trash control efforts to prevent litter. We have also implemented area-specific initiatives, such as the Keep South Texas Clean campaign in the Eagle Ford Shale, to raise awareness of the need for litter removal.

### NATIVE AMERICAN RELATIONS

We have leasehold interests on approximately 3,200 federal or Native American-owned properties. The wells we operate on these properties are all reported in cooperation with the U.S. Office of Natural Resources Revenue. To promote cooperation with, and understanding of, the rights of Native Americans, we created a Federal/Native American working group to properly identify and comply with federal rules and regulations. Meeting monthly, the group has increased communication and coordination between Chesapeake departments to ensure Native Americans' community needs are met. We also maintain an ongoing dialogue with the U.S. Bureau of Indian Affairs.

### Community Concern Tracking and Response

To make communicating with our company as easy as possible, every Chesapeake well, pipeline and other asset displays a metal sign with a toll-free phone number to report an incident or emergency. The phone is answered by one of our two operations centers, staffed around the clock, 365 days per year. The centers serve as single points of contact for employees, first responders and the public. Incidents are logged in a geospatial-based ticketing system with follow-ups tracked to ensure that issues have been resolved. Twice monthly, detailed reports of calls, along with comments on resolutions from district managers, are provided to senior operations management and key environmental, health and safety department personnel. At these state-of-the-art centers, we monitor electronic security systems, radio dispatch security patrols and contact field personnel in response to an event. Our operations center staff members speak with a person (as opposed to sending an email) for accurate and prompt resolution.

*Standing by — representatives are always ready to take calls about our facilities.*

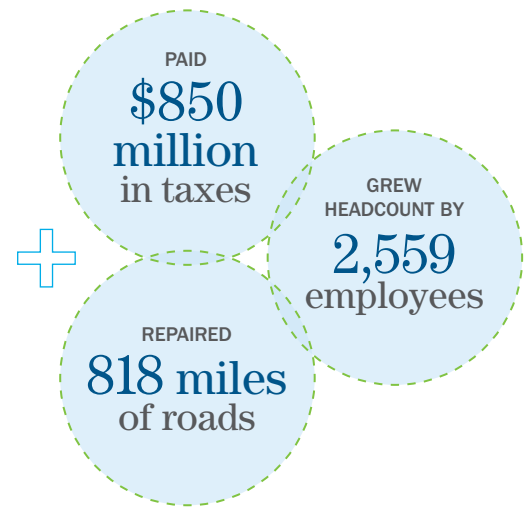


## Community Catalyst

We play a key economic role in the communities in which we operate by creating high-paying jobs, serving as a catalyst for economic activity and paying state and local taxes that help fund essential educational, health, roads, parks and safety services for local communities.

In 2011, Chesapeake's employee count grew by nearly 25% from 10,021 employees in 2010 to 12,580 employees in 2011, and we paid about \$850 million in taxes, including ad valorem, severance, sales, employer, and corporate income and franchise taxes stemming from our operations. We repaired 818 miles of roads in our operating areas in the last two years, employing local companies, such as engineering firms and contractors, to complete road improvement work.

Chesapeake also collaborates with local communities and emergency responders to support emergency response training in each operating area to strengthen and protect each community.



### IMPROVING OUR COMMUNITIES

Our activities in the areas where we operate illustrate how we help transform communities. For example, working with local officials, we built a training and residential facility in Sayre, Pennsylvania, in the heart of our Marcellus Shale operations. The 40,000-square-foot facility serves approximately 275 workers and ensures we have access to a steady flow of well-trained



*Training facility in Sayre, Pennsylvania*

and qualified people to staff our rigs. We also provided \$50,000 to Lackawanna College toward the establishment of the college's Natural Gas Technology program to teach students to become well operators, and provided technical assistance to support the development of a compression mechanic program at the college.

In addition, Chesapeake supports the ShaleNET program through our partnership with the Pennsylvania College of Technology, which teaches technical skills in identified high-priority occupations for our industry.

### EMPLOYING LOCAL TALENT AND VENDORS

For our field operations, we conduct candidate searches in the communities where we are seeking to fill local positions. In 2011, we held 55 field-recruiting events across our operating areas, conducting more than 1,800 interviews. Whenever possible, we also promote field operations employees in their own communities, providing leadership opportunities for local talent.

In the Utica Shale in northwestern Ohio, we created the Utica Prospective Vendor Utility to engage with the local vendor community. Our early outreach activities revealed a disconnect between prospective vendors who found it difficult to understand our rigorous vendor quality-control process. Our solution was to create a tool that communicates our vendor process guidelines to the local vendor community and allows them to introduce their products or services to our company.



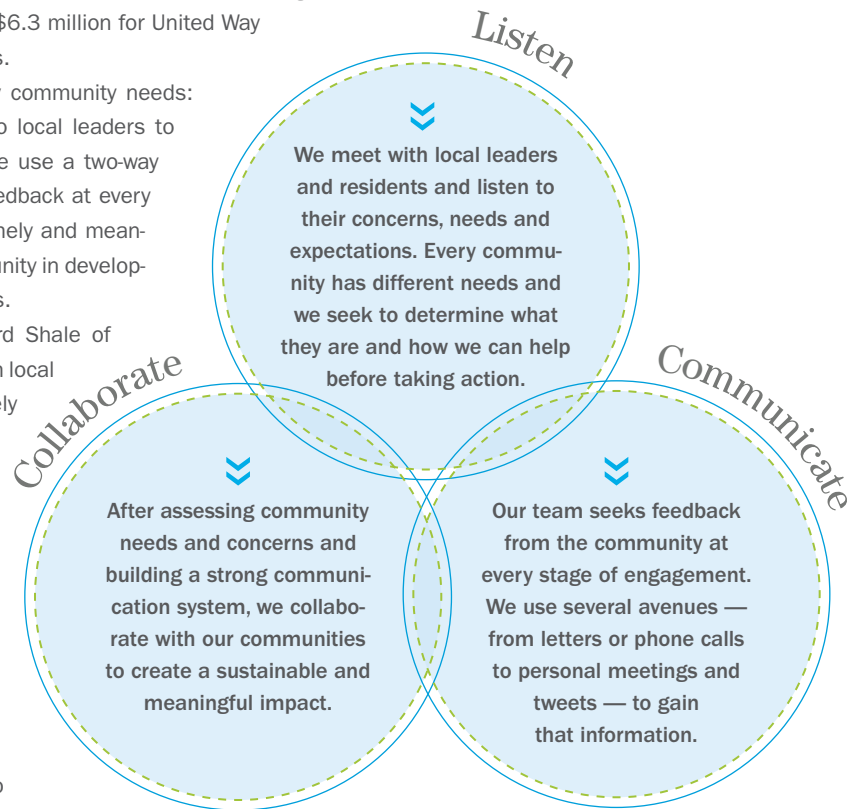
*Contractors at Chesapeake-owned Nomac Drilling rig #311 in Jefferson County, Ohio*

## Chesapeake's Approach to Community Relations

The success of our business depends on the strength, good will and vitality of the communities in which we operate. In 2011, we distributed more than \$31 million to 1,300 charitable organizations and projects across our operating areas, focusing primarily on community development, education, health and social services. Through our employee giving program, we raised more than \$6.3 million for United Way to support vital health and human services charities.

We employ a three-phased approach to identify community needs: Listen, Communicate and Collaborate. We listen to local leaders to identify needs and determine how we can help. We use a two-way communication channel to seek and respond to feedback at every stage of our engagement process and strive for timely and meaningful dialogue. And we collaborate with each community in developing sustainable projects, fundraisers and campaigns.

Our work in McMullen County in the Eagle Ford Shale of South Texas exemplifies our approach to working with local groups. In McMullen County, population approximately 800, Chesapeake met with local officials and heard from residents who wanted a place where they could meet, host events and let their children play. We soon recognized that the schools in this southern Texas county also served as de facto community centers. Chesapeake supported one school's Project Play initiative, which helped make possible a new gathering place for the community through new playground equipment. To address another local concern, Chesapeake also helped the county purchase two ambulances to replace ones in poor condition.



### CHESAPEAKE COMMUNITY PLAZA

The Chesapeake Community Plaza in Oklahoma City exemplifies innovation in community relations. Located near the Chesapeake corporate campus, the Plaza offers about 64,000 square feet of office and warehouse space at a reduced rate to qualified local nonprofits. In addition to the discounted rent rate, the Chesapeake Community Plaza offers conference rooms free of charge as a benefit to both the leasing tenants and other area nonprofit groups. Our goal is to bring nonprofits together to help them reduce operating costs and create a collaborative environment. The Plaza houses more than 25 nonprofits. For example, one local nonprofit, the Oklahoma Center for Nonprofits, has saved \$9,500 and added 365 square feet of space by relocating to the Plaza.



*The Chesapeake Community Plaza in Oklahoma City reduces the financial burdens of nonprofits through subsidized rent, while fostering partnerships among community agencies.*



Investing in the next generation — a student at Belle Isle Middle School in Oklahoma City explains his science project to his Chesapeake mentor.

#### SUPPORTING EDUCATION

The future of America depends on the leadership and creativity of the next generation and beyond. That explains why Chesapeake considers it a priority to invest in educational institutions and programs. From preschools to universities, we donated \$9.4 million to education in 2011. Of that \$9.4 million, Chesapeake allotted \$2.4 million to support educational initiatives and programming support for universities, schools, academic chairs, scholarships and other educational planning. Chesapeake continues to engage with university faculty and students through the Chesapeake Scholars Program, campus tours, curriculum development and University Partners Day. The Scholars Program, established in 2003, provides scholarships to students in our operating areas to attend local colleges and universities. The program pledges more than \$1 million annually and has enabled more than 400 students to attend 34 colleges across 13 states.

In addition, some of our operating areas provide regional scholarships. In the Barnett Shale of north-central Texas, Chesapeake furnished a \$1.25 million grant in 2007, challenging the cities of Fort Worth and Dallas to match that gift, which they did within a year. Chesapeake doubled down on its commitment to education, adding another \$1.25 million in 2008, bringing the total to \$3.75 million. Since its inception through 2011, the program has funded the cost of higher education for 65 minority students, giving each student up to \$20,000 annually for four years to attend college. By the end of 2011, more than \$1.3 million had been distributed to deserving students.

#### DISCOVERING TOMORROW'S LEADERS

Discovering Tomorrow's Leaders, a Chesapeake community outreach program that began in 2007, serves schools in counties within our areas of operation. The program encourages community members, teachers and parents to nominate students who demonstrate outstanding leadership qualities in their community. Each week, a young leader is recognized and awarded a refurbished computer and/or school supplies for his or her school. After eight weeks of announcing winners, Chesapeake sponsors a winners' banquet at which two nominees receive personal laptop computers.





### VOLUNTEERISM THROUGH THE CHESAPEAKE H.E.L.P. INITIATIVE

Our employees volunteer in many local and national programs because they consider community service essential to building stronger communities. Chesapeake's H.E.L.P. (Helping Energize Local Progress) Initiative provides employees with meaningful opportunities to serve their neighbors and support their communities.

The H.E.L.P. Initiative has seasonal cam-



paigns and year-round opportunities for Chesapeake employees to make giving back a regular part of their work life. These programs include Joshua's Hope, H.E.L.P. for the Holidays, Operation Blue and the Chesapeake Mentoring Program, which is among the company's first volunteer programs and is now the largest corporate mentoring program in Oklahoma, serving approximately 500 students each week. Two of Chesapeake's seasonal volunteering campaigns, Operation Blue and H.E.L.P. for the Holidays, have received tremendous accolades and positive responses from communities and nonprofits nationwide.

### OPERATION BLUE

Operation Blue is an annual campaign that gives employees four hours of company time to give back to their communities by volunteering for the organizations of their choice.

Operation Blue grew out of the company's 20th anniversary celebration in the summer of 2009, when Chesapeake challenged employees to complete 20,000 hours of community service in just five weeks. Employees stepped up to exceed the goal by donating more than 26,000 hours.

In the summer of 2011, employees logged more than 31,000 hours through Operation Blue, assisting nearly 450 nonprofit organizations in more than 120 communities across the U.S.

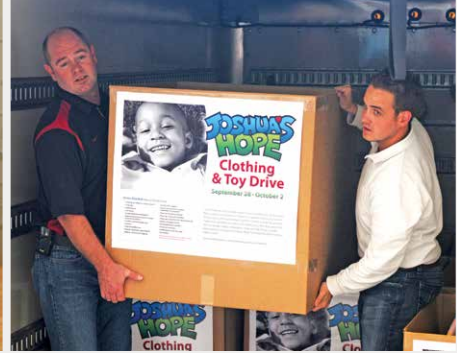


### EMPLOYEES RESPOND TO TROPICAL STORM LEE

Our employees are quick to help when their communities need it most. In September 2011, Tropical Storm Lee devastated parts of the Marcellus Shale region of northeastern Pennsylvania. Our employees responded within hours of the floods to help repair and revitalize the damaged communities, with some providing aid for several weeks. In the Towanda area, they mobilized Chesapeake equipment to clean up the area in less than five days. More than 80 Chesapeake employees and contractors in the Marcellus Shale donated more than 4,500 volunteer hours to clean up affected areas and provide disaster relief funding to local charities including the United Way in Susquehanna and Wyoming counties. A grassroots effort initiated by Chesapeake's Oklahoma City employees raised more than \$6,500 in 48 hours to help communities in Pennsylvania, including some of their own co-workers. A year after the flood, Athens, Pennsylvania, Mayor George Whyte honored Chesapeake employees by handing a key to the city to Chesapeake representatives Jane Clements and Joe Jones.

2011 H.E.L.P. Initiative total =  
42,000 hours





### JOSHUA'S HOPE

As an example of how the Chesapeake attitude promotes our culture, the Joshua's Hope Initiative started when two Chesapeake Oklahoma City employees met a boy named Joshua through the company's mentoring program. They learned he was living at a shelter for abused or neglected children. After visiting the shelter, the issue of child abuse and neglect inspired a vision to help the nearly 75 children staying at the Pauline Mayer Emergency Children's Shelter. Employees have assisted hundreds of children by spending their lunch breaks at the shelter and providing emotional support and mentorship. More than 100 Chesapeake employees visit the shelter weekly and spend one-on-one time with a child. Monthly birthday parties often include special visits, such as an appearance by the Oklahoma City Thunder's mascot, Rumble. Additionally, we hold two drives annually on our company's corporate campus for clothing, toys, backpacks and school supplies. For several years, each child living at the shelter has received new clothes, a winter coat, a backpack full of supplies and a special toy.



### THIS SCHOOL ROCKS

This School Rocks is an educational program through which Chesapeake and its employees promote technology, science and innovation and spark student interest in science, engineering and other careers critical to our success. This School Rocks is a companywide program that teaches elementary through high school students about geology, hydrocarbons and the world underground. Chesapeake geologists, engineers and other natural gas and oil professionals visit schools, museums and other locations to explain how the company finds natural gas and oil, and drills wells to bring it to the surface. Demonstrations using common materials such as sand, water and vegetable oil show young learners what happens thousands of feet below the surface and help them visualize how to extract natural gas and oil from rocks far below the Earth. In 2011, This School Rocks made 65 presentations to more than 30 schools across our operating areas, benefiting almost 3,500 students aged 6 – 17.

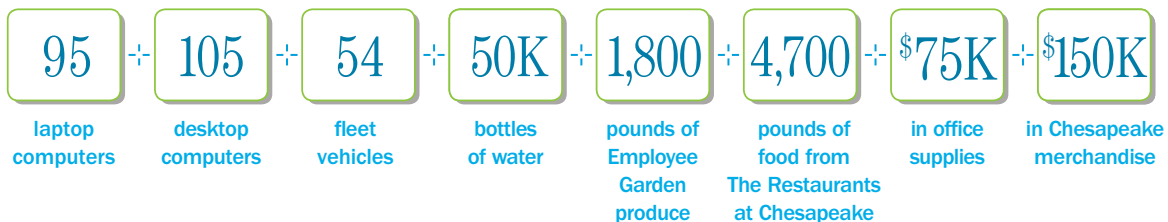


### In-Kind Donations

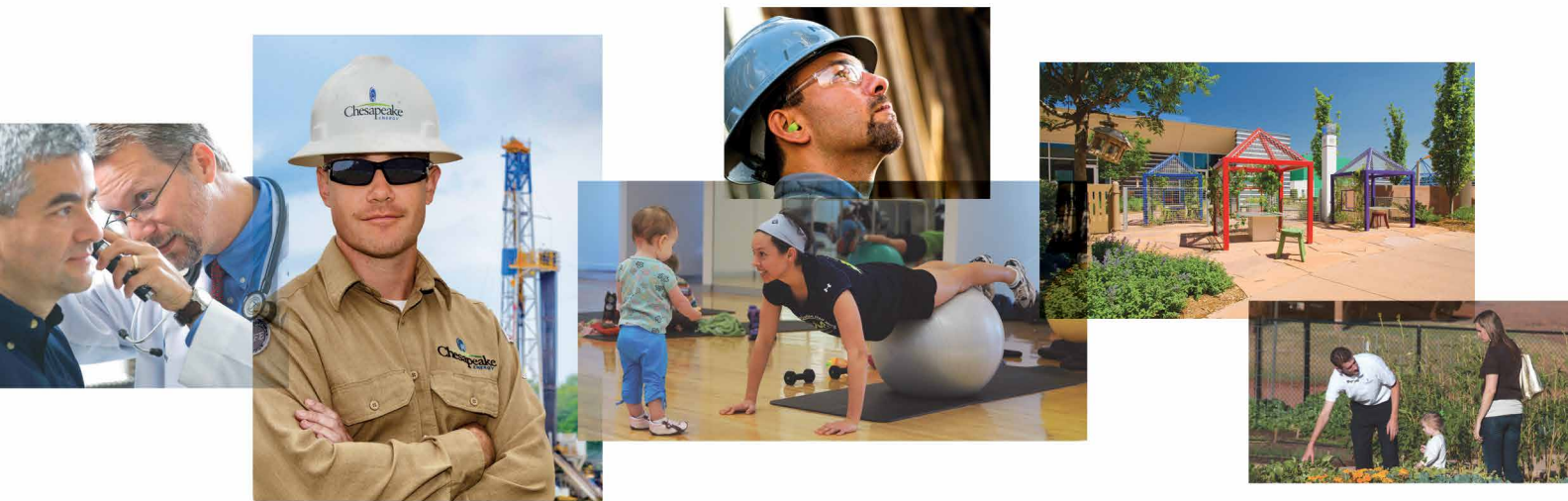
For many nonprofit organizations, securing resources to complete their missions is a constant challenge. Chesapeake works closely with our neighbors to see how we can recycle some of our resources. From reconditioned fleet trucks to Christmas lights or used office equipment, the company looks for opportunities to benefit nonprofits through in-kind donations.

For example, during "Green Cleaning Week" in 2011, Chesapeake employees collected thousands of office supplies to be repurposed or recycled for nonprofit organizations housed in the Chesapeake Community Plaza as well as for local schools. Computers were repurposed and donated to public school districts, health care centers, fire departments and museums in Pennsylvania, Louisiana, Texas, Ohio and West Virginia. Fleet vehicles, including trucks and SUVs, were donated to fire departments across the country. Used office furniture, equipment and supplies were donated to The Foundation for Oklahoma City Public Schools and Oklahoma City elementary schools. Clothing, food and catering services were donated to food banks, Ronald McDonald House Charities and other nonprofits serving homeless populations. By passing on serviceable used resources, we provide much-needed items for numerous nonprofit organizations.

#### 2011 IN-KIND DONATIONS



OUR COMMITMENT TO  
**Employees**



## To recruit and retain the best talent in a highly competitive industry, Chesapeake has created a high-performance culture that supports the health and well-being of our employees through excellent benefits and best-in-class training efforts.

At the core of our approach is a wide array of benefits to promote healthy lifestyles, personal financial stability and work-life balance. Employees who work more than 30 hours per week are eligible for our medical, dental and prescription drug programs. We also provide wellness insurance premium discounts to employees who participate in our CHK Health Check program and offer a generous 401(k) plan and stock ownership to help employees build a strong financial future.

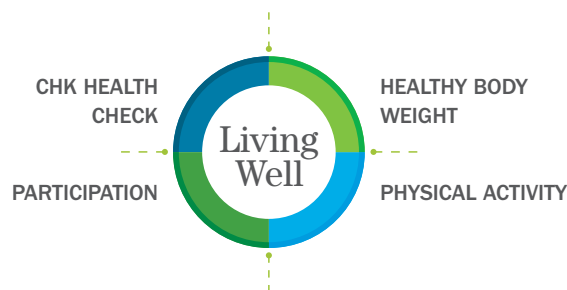
### Creating a Strong and Valuable Corporate Culture

We did not develop our distinctive and nationally recognized work environment overnight. Our culture evolved in response to fulfilling strategic business needs, and as a result, Chesapeake has grown into an innovative and highly desirable company for which to work. In early 2000, we noticed an industry trend — what came to be known later in the decade as the “graying of the natural gas and oil workforce.” Many experienced industry professionals whose positions are critical to discovering and producing natural gas and oil were nearing retirement age, and there was not a large pool of candidates to take their place and lead the business into the next generation. That is why we focused on our culture and developed employee benefit programs to help attract and retain the industry’s best and brightest. In January 2013, we were named to *FORTUNE* Magazine’s 100 Best Companies to Work For® list for the sixth consecutive year, achieving a ranking of #26 overall and #2 in the energy industry.

### Health and Wellness

Studies show that employees who participate in wellness programs are more productive, have fewer accidents on the job, record fewer sick days and enjoy lower health insurance premiums. That is why we have dedicated substantial resources and programs to develop innovative approaches to improving employees’ health and wellness. From programs that incentivize employees to exercise to our state-of-the-art fitness facility, wellness is central to Chesapeake’s culture.

Our Living Well program, a year-long incentive program to encourage healthy lifestyles, allows employees to earn cash rewards by participating in each of the program’s four areas:



As part of the Living Well program, we provide group exercise classes, lunch-and-learn sessions, nutrition challenges, education on preventive measures, recreation and sports, strength and conditioning training, and health coach services. We also support tobacco cessation efforts. Our Quit for Life program assists employees through telephone-accessible coaches.

Through the CHK Health Check, we also screen and report health-risk factors through a voluntary biometric screening. In 2011, 60% of our employees participated in the screenings, which help track possible health concerns. For employees with out-of-range numbers, a health coach is available to provide one-on-one assistance to modify unhealthy behaviors and reduce the risk of serious health issues.

Chesapeake field locations receive additional support through a network of Wellness Ambassadors — dedicated Chesapeake employees who raise awareness of the company’s wellness initiatives and encourage participation.

In 2010, we launched the award-winning Your Life Matters campaign to help employees balance career, personal and family issues. The program provides information and resources for those challenged by depression, anxiety, addiction or financial stress.

Chesapeake’s Employee Assistance Program provides free, confidential services including consultation on legal and financial matters, help locating child care, assistance for estate and college planning, resources for purchasing a home and other life events or issues. In 2011, the program drew more than 16,000 visits to the internal web page and more than 1,700 calls placed to the Employee Assistance Program hotline.

## Health Clinic

Chesapeake's on-site health clinic at its Oklahoma City headquarters campus provides comprehensive medical and dental services to employees and their family members. Clinic staff also offers assistance with:

- » Tobacco cessation
- » Diabetes management and chronic disease support
- » Flu shots
- » Blood pressure check stations
- » Health-related educational group sessions (sun safety, diabetes, pregnancy, etc.)

We also offer special events at the clinic to promote healthier lifestyles, including:

- » Women's Health Week
- » Men's Health Week
- » Skin Cancer Screening Week
- » Bone Density Screening Week
- » Heart Scan Discount Month

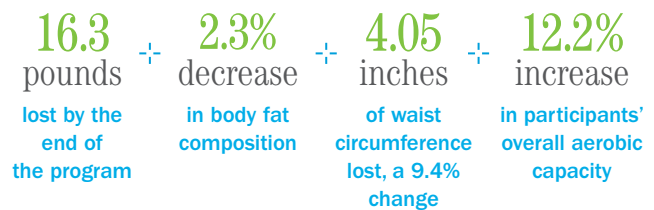
## Fitness Center

In an effort to improve the health of our employees and help them increase their productivity and longevity, we opened a 72,000-square-foot world-class fitness center on our Oklahoma City headquarters campus in 2004. This facility is staffed with personal trainers and dieticians and features basketball, volleyball and racquetball courts, weight and circuit training rooms, aerobics rooms and an indoor swimming pool. In 2011, more than 81% of employees in Oklahoma City were members of the fitness center, bringing the employee membership to more than 3,600. Spouses and children added another 2,400 memberships. The fitness center encourages employees to lead healthy lives, which reduces Chesapeake's health care costs and absenteeism, while also fostering camaraderie and positive mental attitudes.

*Employees sweat it out at the Fitness Mania event held annually in January. Members can try a variety of new classes to kick off the new year.*

## Live Better Forever Program

While many employees enjoy Chesapeake's Fitness Center, some expressed that they were not comfortable going to the Fitness Center because they were not yet physically ready to begin training on the equipment and participating in the classes. Employees in this group were often those suffering from serious health conditions including obesity, diabetes and heart disease. The company held focus groups with these employees and, as a result, created a tailored program called Live Better Forever. A collaborative effort between Chesapeake's fitness staff, dietician and our health center personnel, this program includes meal planning, education, personal training, scheduled exercise sessions and doctor visits. The objective is to create more than a diet or exercise regime, but a way of life. Results from 2011 produced an average of:



## Training and Development

Learning is an important element of our continuous improvement culture. To help foster the development of our employees, we provide regular performance evaluations where they discuss career development and training objectives with their managers. We then ensure they have access to the newest technologies, innovations and best practices within their areas of expertise. Our field employees typically receive more intensive training than non-field employees because many of their positions are safety sensitive. As noted in the health and safety section, we also provide safety training to contractors and vendors and promote an incident-free workplace through our Chesapeake SAFE program.

In 2011, we provided more than 534,000 hours of training across all of Chesapeake's operating areas and affiliates. Our training and development opportunities include:

- » Safety
- » Professional development
- » Technical/specialized training
- » Leadership development

## IN 2011, WE PROVIDED



534,000+  
hours of training

## CREATING WORK-LIFE BALANCE FOR GEOLOGISTS

An important component of our efforts to attract and retain an industry-leading geoscience workforce is listening and responding to the needs of employees. Geology is an integral part of our business and critical to finding and producing our natural gas and oil resources. As Chesapeake's operations grew, geologists were tasked



with monitoring more and more wells. Since most drilling operations operate around the clock and wells drill faster than in the past, this created a work-life balance problem for many of our geology employees. We noticed an increasing turnover rate within the department and set up advisory committees to determine how to improve retention and job satisfaction within this vital employee group. In response to feedback, we created the Drilling Operations Center in Oklahoma City during 2011. This center allows teams of geologists to monitor active wells in shifts, rather than leaving one primary geologist to be responsible for it 24/7. This new process dramatically improved the work-life balance for hundreds of geologists and improved the quality of our drilling efforts. In addition to the Drilling Operations Center, we developed the following programs and initiatives:

- » **Leadership Coaching** — A team of executive coaches provided insight to 42 geology leaders. This executive coaching program improved communication and leadership skills.
- » **Leadership Training** — Each geology leader attended a series of high-level training sessions to help become a better leader and performance manager.
- » **Geology Mentoring Program** — A formal senior-to-associate mentoring program fostering learning and sharing of best practices. Mentors help mentees develop career goals and objectives, monitor learning progress and ensure that mentees are getting the opportunities to grow in their field.
- » **Competencies and Performance Management** — A competency model was developed so employees would understand the specific characteristics necessary to be successful at Chesapeake.
- » **Geology Town Hall Meetings** — Quarterly meetings keep employees informed and up-to-date on department business and employee initiatives. Our senior vice president of geoscience conducts these meetings and also conducts bimonthly leadership meetings to communicate department goals and objectives.
- » **Job Analysis and Time Management** — A job analysis of the geologist position was conducted to determine processes that could be refined and tasks that could be delegated to technical staff. Job analysis results also helped develop a customized time-management training class for all geoscience employees.



*CEO Aubrey McClendon takes a moment during a special Veterans Day event to thank employees who have served our country.*

### Supporting Veterans

Chesapeake values members of our military and respects the sacrifices they have made for America. We have committed to hiring veterans and members of the Armed Forces and have created a dedicated Military Relations Team. This team is responsible for building partnerships with military bases and other organizations and creating a pipeline for qualified veterans to transition to our company. Many of the skills learned in the Armed Forces easily transfer to Chesapeake operations, including a strong work ethic, attention to detail, making safety a priority, teamwork and leadership.

IN 2011,

**857**  
veterans worked  
at Chesapeake



Chesapeake offers benefits tailored to our veteran employees. For example, we offer veterans an extra week of vacation since many are in the reserves and may be required to use their vacation time to serve.

In 2011, Chesapeake had 857 active employees, or approximately 7% of our workforce, who identified themselves as veterans, and we employed 51 former Junior Military Officers, most of who are graduates of one of the three service academies. In the same year, we were recognized by *G.I. Jobs* magazine as a Top 100 Military Friendly Employer for the second year in a row. Part of this recognition stems from our commitment to recruiting and hiring. In 2011, 52% of our recruiting events were military specific with many taking place at military bases.

Chesapeake also participates in the U.S. Chamber's Veterans Employment Advisory Council, which is comprised of 30 of America's largest employers across a variety of industries. The council's responsibilities include hiring veterans and military spouses, establishing best practices, reporting hiring metrics and providing mentors to transitioning service members.

## Supporting Parenthood

Chesapeake is committed to supporting working parents by providing the tools and flexibility they need to be successful. This includes offering part-time maternity return-to-work schedules for up to eight weeks following a paid maternity leave of six weeks to birth and adoptive mothers. We also opened a child development center in 2011 on our Oklahoma City headquarters campus, which provides daily care to approximately 300 children. To support our employees seeking to start a family, Chesapeake offers assistance through adoption and infertility benefits.

## Equal Employment Opportunities

We maintain a culture where every employee can enjoy equal opportunities in their employment at Chesapeake. This applies to employees and job applicants regardless of race, color, religion, creed, age, sex, national origin or ancestry, marital status, sexual orientation, status as a veteran, or status as a qualified individual with a disability. We retain, promote, terminate and otherwise treat equally any and all employees and job applicants on the basis of merit, qualifications, competence and attitude.

## Employee Feedback

We actively solicit employee feedback on all aspects of our business to ensure that we are continually evolving our programs and benefits to attract and retain top talent.

We listen to our employees through a variety of different channels including surveys and online tools such as:

- » Intranet feedback that includes Ask Aubrey and Idea Box
- » Fitness Center member satisfaction survey
- » Living Well member satisfaction survey
- » HR benefits and programs satisfaction survey
- » Training evaluations
- » IT customer service surveys
- » Restaurant satisfaction survey
- » Employee events satisfaction survey
- » Child Development Center communication survey
- » FORTUNE Magazine's 100 Best Companies to Work For® annual employee survey

We have a robust committee structure to gather employee feedback to help enact positive change. Each diverse 10- to 20-member committee solicits feedback from co-workers and shares those concerns with management on a regular basis. Our committees include:

- » Geology Advisory
- » Employee Benefits and Compensation
- » Fleet
- » Data Integrity
- » Records Management Steering
- » Graphic Information Systems Task Force
- » Wellness Advisory
- » Green Committee

We also visit frequently with field employees, build relationships and listen to concerns. This enables us to create and sustain a positive work environment across all Chesapeake operations. HR Pulse visits, conducted by a team of HR representatives and field operations leadership, are focus group-like meetings that allow us to gain valuable employee feedback.

Our Big Blue Appreciation Crew program sends corporate employees to field offices and drilling rigs with catered lunches encouraging greater collaboration and sharing of ideas.

HR Pulse and Big Blue Appreciation Crew visits have prompted positive changes at Chesapeake. For example, at the Athens, Pennsylvania, field office in the Marcellus Shale play, increased communication from the field operators to management improved the downhole drillout practices and post-drillout flowback practices, prompting increased productivity and safety.

In addition, when an employee chooses to leave the company or transfer to another position, Chesapeake conducts exit surveys to identify the cause and any department trends. The senior leadership team reviews the exit and transfer data quarterly.



The Big Blue Appreciation Crew provides a catered lunch to their co-workers in the field.



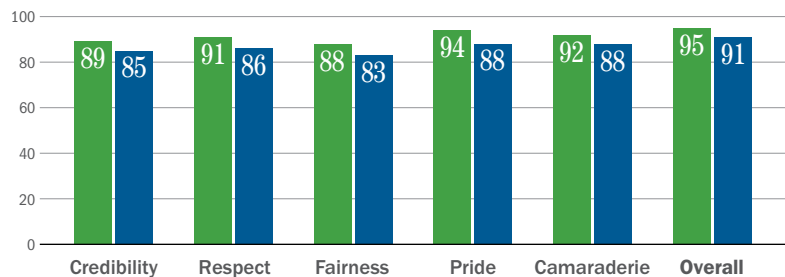
#### 2011 GREAT PLACE TO WORK INSTITUTE TRUST INDEX® BENCHMARK

We work hard to maintain a world-class environment for our employees. As a result, Chesapeake has been recognized as a great place to work by several external organizations. Each year a random sample of our employees takes an anonymous Trust Index® survey administered by the Great Place to Work Institute. This survey is used by the institute to rank companies for *FORTUNE*'s list. We are honored that our employees rated Chesapeake higher than the average of *FORTUNE*'s 100 Best Companies to Work For® in all five categories: Credibility, Respect, Fairness, Pride and Camaraderie.

In addition, 95% of our employees agreed or strongly agreed with the statement: "Taking everything into account, I would say this is a great place to work."

“This is  
a great place  
to work.”

#### CHESAPEAKE EMPLOYEES' RATINGS OF TRUST INDEX® CATEGORIES COMPARED TO FORTUNE AVERAGES



Chesapeake Average  
1,110 responses

100 Best Companies Average  
96,973 responses



## 2011 Award Highlights

### Corporate Citizen

- » **Champion of Youth Award** — Boys and Girls Club of Oklahoma County
- » **Community Partner of the Year** — Oklahoma Department of Rehabilitation Services
- » **Beacon of Justice Award** — Oklahoma City University School of Law

### Best Employer

- » **100 Best Companies to Work For®** — *FORTUNE* Magazine
- » **Best Places to Work** — *Dallas Business Journal*
- » **Best Places to Work** — *Outside Magazine*
- » **Best Places to Work in IT** — *ComputerWorld Magazine*
- » **Top 100 Places to Work** — *Dallas Morning News*
- » **100 Best Adoption-Friendly Workplaces** — Dave Thomas Foundation for Adoption
- » **Breastfeeding Friendly Worksite Gold Star Employer** — Oklahoma State Department of Health

### Military Employer

- » **Top 100 Military Friendly Employers** — *G.I. Jobs Magazine*
- » **Hiring Our Heroes Recognition** — U.S. Chamber of Commerce
- » **Most Valuable Employers for Military** — *CivilianJobs.com*
- » **Pro Patria Award Employer** — Support of the Guard and Reserve
- » **Above and Beyond Award Employer** — Support of the Guard and Reserve

### Industry

- » **Industry Leadership Award** — Platts Global Energy
- » **Industry Excellence Award, Exploration and Production Category** — Oracle Oil & Gas
- » **Deal of the Year Award** — Platts Global Energy
- » **Excellence in Safety Award** — Oklahoma Safety Council
- » **Chairman's Stewardship Award** — Interstate Oil and Gas Compact Commission (IOGCC)

### Health and Wellness

- » **Certified Healthy Business Certificate of Excellence** — Oklahoma Turning Point Council
- » **Fit-Friendly Company Platinum Achievement** — The American Heart Association

### CEO Recognition, Aubrey McClendon

- » **CEO 20-20 Club** — *Forbes Magazine*
- » **National Entrepreneur of the Year** — Energy, Cleantech and Natural Resources, Ernst & Young



# Chesapeake Key Performance Indicators 2011

Economic		Health & Safety	
Total revenues	\$11.64 billion	EHS training hours	224,982
Net income available to common shareholders	\$1.57 billion	Number of employees safety trained	8,789
EBITDA	\$4.85 billion	Violations resulting in fines in excess of \$100,000	2
Net income (loss) before income tax expense, interest expense and depreciation, depletion and amortization expense.		Combined Chesapeake employee total recordable incident rate	1.63
Operating cash flow	\$5.31 billion	Combined Chesapeake employee lost time incident rate	0.64
Net cash provided by operating activities before changes in assets and liabilities.		Chesapeake Operating, Inc. E&P employee total recordable incident rate	0.52
Average daily production	3.27 bcf	Chesapeake Operating, Inc. E&P employee lost time incident rate	0.19
Cash dividends declared per common share	\$0.3375	Chesapeake Oilfield Services employee total recordable incident rate	2.92
		Chesapeake Oilfield Services employee lost time incident rate	1.15
		Contractors total number of OSHA-recordable incidents	252
		ISNet world contractor screening	3,193
		At-fault motor vehicle accident (MVA) rate	3.77 MVA/ million miles
Corporate Governance		Community	
Board members	9	Total charitable giving	\$31 million
		Organizations receiving donations	1,300
		United Way giving	\$6.3 million
		Employee volunteer hours	41,530
		Volunteer organizations	569
		Landowner meetings	184 meetings, 5,695 attendees
		Community meetings	618 meetings, 23,733 attendees
		Community advisory panels	60 panels, 4,462 attendees
		Rig tours	256 tours, 3,189 attendees
		Miles of roads repaired or rebuilt	818 miles
Environment		Employees	
Air emissions reportable releases	7	Employee count (year end)	12,580
Total water use (million gal/well)	1.9 – 5.6	Women in workforce	21%
Total water use (gal/MMBTU)	0.84 – 2.13	Women in workforce at Oklahoma City headquarters	45%
Number of wells drilled	1,628	Women in SVP level and above positions	20%
Number of operated wells	24,800	Multicultural workforce	16%
Spill rate of crude oil to produced fluids	0.0014%	Median workforce age	34
Solar panels installed for pumps, gates, valves	6,167		
% of net leasehold acres located in national forest areas	3.30%		
% of active/producing facilities located in national forest areas	1.58%		
% of net leasehold acres located in critical habitat areas	0.02%		
% of active/producing facilities located in critical habitat areas	0.01%		
% of net leasehold acres located in wildlife protection areas	0.20%		
% of active/producing facilities located in wildlife protection areas	0.34%		

# Chesapeake Inaugural Corporate Responsibility Report GRI Indicators

Indicator	Description	Reported	Page
1.1	Statement from the most senior decision-maker of the organization.	Fully	Letter to Our Stakeholders on Page 1
1.2	Discussion of key impacts, risks and opportunities.	Fully	Letter to Our Stakeholders on Page 1; Our Approach to Corporate Responsibility on Page 5
2.1	Name of the organization.	Fully	About Chesapeake Energy Corporation on Page 3
2.2	Primary brands, products and/or services.	Fully	About Chesapeake Energy Corporation on Page 3
2.3	Operational structure of the organization.	Fully	About Chesapeake Energy Corporation on Page 3
2.4	Location of organization's headquarters.	Fully	About Chesapeake Energy Corporation on Page 3
2.5	Number of countries where the organization operates and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	About Chesapeake Energy Corporation on Page 3
2.6	Nature of ownership and legal form.	Fully	About Chesapeake Energy Corporation on Page 3
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	About Chesapeake Energy Corporation on Page 3
2.8	Scale of the reporting organization.	Fully	About Chesapeake Energy Corporation on Page 3; Chesapeake Key Performance Indicators on Page 48
2.9	Significant changes during the reporting period regarding size, structure or ownership.	Fully	About Chesapeake Energy Corporation on Page 3
2.10	Awards received in the awarding period.	Fully	2011 Award Highlights on Page 47
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	About this Report on Page 5
3.2	Date of most recent previous report (if any).	Fully	About this Report on Page 5
3.3	Reporting cycle (annual, biennial, etc.).	Fully	About this Report on Page 5
3.4	Contact point for questions regarding the report or its contents.	Fully	Communicate with the Company on Page 51
3.5	Process for defining report content; including determining materiality, prioritizing topics within the report and identifying stakeholders to organizations expected to use the report.	Fully	About this Report on Page 5
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	Fully	About this Report on Page 5
3.7	State any specific limitations on the scope or boundary of the report.	Fully	About this Report on Page 5
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	About this Report on Page 5
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and reasons for such re-statements.	Fully	About this Report on Page 5
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report.	Fully	About this Report on Page 5
3.12	Table identifying the location of standard disclosures in the report.	Fully	Chesapeake Key Performance Indicators on Page 48; Chesapeake Inaugural Corporate Responsibility Report GRI Indicators on Pages 49 – 51
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Fully	Our Commitment to Corporate Governance and Compliance on Page 9; Functioning of the Board on Page 12
4.2	Indicate whether the chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	Fully	Our Commitment to Corporate Governance and Compliance on Page 9; Functioning of the Board on Page 12
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Fully	Our Commitment to Corporate Governance and Compliance on Page 9; Functioning of the Board on Page 12; Chesapeake Key Performance Indicators on Page 48
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	Employee Feedback on Page 45; Communicate with the Company on Page 51

## Chesapeake Inaugural Corporate Responsibility Report GRI Indicators (cont.)

Indicator	Description	Reported	Page
4.5	Linkage between compensation for members of the highest governance body, senior managers and executives, and the organization's performance.	Fully	Shareholder Engagement on Corporate Governance on Page 10
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	Code of Business Conduct and Ethics on Page 13
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Fully	Diversity in the Boardroom on Page 11; Functioning of the Board on Page 12
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Fully	Our Approach to Corporate Responsibility on Page 5; Code of Business Conduct and Ethics on Page 13; Environmental Approach on Page 17
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Fully	Functioning of the Board on Page 12; Code of Business Conduct and Ethics on Page 13
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance.	Fully	Shareholder Engagement on Corporate Governance on Page 10
4.14	List of stakeholder groups engaged by the organization.	Fully	About this Report on Page 5; Our Commitment to Communities on Page 31
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	About this Report on Page 5
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	Stakeholder Engagement on Page 6; Shareholder Engagement on Corporate Governance on Page 10; Our Commitment to Communities on Pages 31 – 34; Our Commitment to Employees on Pages 41 – 43
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Fully	Our Approach to Corporate Responsibility on Page 5; Shareholder Engagement on Corporate Governance on Page 10; Our Commitment to Communities on Pages 31 – 34; Employee Feedback on Page 45
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Fully	About Chesapeake Energy Corporation on Page 3; Community Catalyst on Page 35; Chesapeake's Approach to Community Relations on Pages 36 – 39; Chesapeake Key Performance Indicators on Page 48
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Partially	Our Commitment to the Environment on Page 15
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	Fully	Employing Local Talent and Vendors on Page 35
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro-bono engagement.	Fully	Community Catalyst on Page 35; Improving our Communities on Page 35
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Fully	Community Catalyst on Page 35; Improving our Communities on Page 35; Chesapeake Approach to Community Relations on Page 36
EN3	Direct energy consumption by primary energy source.	Partially	Energy Consumption on Page 23
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives.	Fully	Our Commitment to the Environment on Page 15; Championing Natural Gas Vehicles on Page 16
EN9	Water sources significantly affected by withdrawal of water.	Fully	Water Sourcing on Page 21
EN10	% and total volume of water recycled and reused.	Fully	Aqua Renew® on Page 22
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Partially	Site Selection on Page 18; Chesapeake Key Performance Indicators on Page 48
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Partially	Site Selection on Page 18; Chesapeake Key Performance Indicators on Page 48

Indicator	Description	Reported	Page
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Partially	Air on Page 20; Energy Consumption on Page 23
EN23	Total number and volume of significant spills.	Partially	Spills and Incident Prevention on Page 24; Atgas Spill Response on Page 25; Chesapeake Key Performance Indicators on Page 48
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Partially	Environmental Approach on Page 17; Green Frac® on Page 19; Air on Page 20; Aqua Renew® on Page 22
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	Fully	Violations and Penalties on Page 25; Chesapeake Key Performance Indicators on Page 48
LA1	Total workforce by employment type, contract, region.	Partially	Chesapeake Key Performance Indicators on Page 48
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	Fully	Our Commitment to Employees on Page 41
LA7	Rates of injury, occupational disease, lost days and absenteeism, and number of work-related fatalities by region.	Partially	Chesapeake SAFE Program on Page 28
LA8	Education, training, counseling, prevention, risk-control programs to assist workforce members, families or community members regarding serious diseases.	Fully	Health and Wellness on Page 41; Heath Clinic on Page 42, Fitness Center on Page 42; Live Better Forever Program on Page 42
LA10	Average hours of training per year per employee by employee category.	Partially	Chesapeake Key Performance Indicators on Page 48
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Fully	Training and Development on Page 43; Creating Work-Life Balance for Geologists on Page 43
LA12	% of employees receiving regular performance and career development reviews, by gender.	Fully	Training and Development on Page 43
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity.	Partially	Chesapeake Key Performance Indicators on Page 48
S01	% of operations with implemented local community engagement, impact assessments, and development programs.	Partially	Code of Business Conduct and Ethics on Page 13
S03	% of employees trained in organization's anti-corruption policies and procedures.	Partially	Code of Business Conduct and Ethics on Page 13
S04	Action taken in response to incidents of corruption.	Partially	Code of Business Conduct and Ethics on Page 13
S05	Public policy positions and participation in public policy development and lobbying.	Partially	Political Participation on Page 11
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and % of significant products and services categories subject to such procedures.	Partially	Resource Development on Page 18; Hydraulic Fracturing on Page 19; Air on Page 20; Aqua Renew® on Page 22; Spills and Incident Prevention on Pages 24 – 25; Employee, Contractor and Vendor Training on Page 27; Fleet Safety on Page 29; Contractor Health and Safety on Page 29

## Communicate with the Company

### Investor Relations

Jeffrey L. Mobley  
Senior Vice President,  
Investor Relations and Research  
405-935-4763  
[jeff.mobley@chk.com](mailto:jeff.mobley@chk.com)

### Corporate Security and Ethics

877-CHK-8007 (anonymous)  
[chkethics.com](http://chkethics.com)

### Landowner and Mineral Owner Inquiries

CHK Contact Center  
877-CHK-1GAS  
[inquirydo@chk.com](mailto:inquirydo@chk.com)

### Board of Directors

Director Access Line  
866-291-3401  
[talktochk@chk.com](mailto:talktochk@chk.com)

### Corporate Secretary

Chesapeake Board of Directors  
c/o Jennifer M. Grigsby  
Senior Vice President,  
Treasurer and Corporate Secretary  
P.O. Box 18496  
Oklahoma City, OK 73154



---

6100 NORTH WESTERN AVENUE  
OKLAHOMA CITY, OK 73118

[CHK.COM](http://CHK.COM)

   /CHESAPEAKE