

LEADING A RESPONSIBLE

Energy Future™

2012 CORPORATE RESPONSIBILITY REPORT



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On the cover: A site is ready to hydraulically fracture in Ohio. Photo this page: Following drilling operations, this site is now home to producing wells.

COMMUNICATE WITH THE COMPANY

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Letter to Our Stakeholders

One of my main priorities for Chesapeake is to ensure that corporate responsibility underpins the work we do every day. Integrity, trust, respect, transparency and stewardship of corporate resources and the environment are essential to the success of any business, and I will ensure these values are embedded in Chesapeake's culture.

As a company, we are focused on delivering shareholder value through financial discipline and profitable and efficient growth from captured resources, including balancing capital expenditures with cash flow from operations, reducing operational risk and complexity, promoting a culture of safety and integrity, and being a great place to work. This report emphasizes our relentless pursuit of meeting and exceeding these objectives.

Our focus on the safe and environmentally responsible production of oil and natural gas is propelling our country toward greater energy security, creating well-paying jobs and catalyzing economic growth in communities where we operate. While we further moved toward the production of liquids in 2012 as part of our business strategy, we remain unwavering in our long-term commitment to natural gas and the benefits it delivers through security and emissions reductions.

Over the last year, we focused our business on returns on capital investment while also continuing our support for employee and community development. We were included on *FORTUNE* magazine's list of 100 Best Companies to Work For® for the sixth straight year. We also showed a strong commitment to the United Way across all of our operating areas through employee and company donations and volunteer efforts. In 2012, some of our key governance changes and operational accomplishments were:

- » Strengthening Board of Directors oversight of our environmental, health and safety efforts by ensuring that an update on our performance is among the first agenda items of every regular Board meeting.
- » Linking a portion of every executive's annual incentive compensation to performance against certain safety metrics.
- » Decreasing our oilfield services companies' recordable incident rate 37% in 2012, which can be attributed to increased hazard identification programs and the promotion of heat-related illness prevention.
- » Making strides toward more efficient and responsible operations, specifically in regards to water usage during drilling and hydraulic fracturing operations — reducing our water use 16% from 2011 to 2012.

In the years ahead, we will continue to be an economic catalyst and a responsible neighbor in the communities where we operate. We will remain focused on addressing the social and environmental considerations that surround our operations by developing innovative solutions and refining best practices that can be standardized across our operations. We will also continue to support the health, safety and well-being of our employees and foster a culture that inspires excellence and integrity.

I am proud to lead this company and work closely with our talented employees to achieve a responsible energy future.



A handwritten signature in black ink that reads "Robert D Lawler". The signature is fluid and cursive, written in a professional style.

Robert Douglas Lawler
Chief Executive Officer
November 2013

ABOUT OUR COMPANY

Chesapeake Energy Corporation

Chesapeake Energy Corporation (NYSE:CHK) is the second-largest producer of natural gas, 11th largest producer of oil and natural gas liquids and one of the most active drillers of new wells in the U.S. Headquartered in Oklahoma City, our operations focus on developing domestic unconventional oil and natural gas fields.

We own leading positions in the Eagle Ford, Utica, Granite Wash/Hogshooter, Cleveland, Tonkawa, Mississippi Lime and Niobrara unconventional liquids plays and in the Marcellus, Haynesville/Bossier and Barnett unconventional natural gas shale plays. We also own substantial marketing and oilfield services businesses. To read more about Chesapeake, visit our website at chk.com and view our 2012 Annual Report.



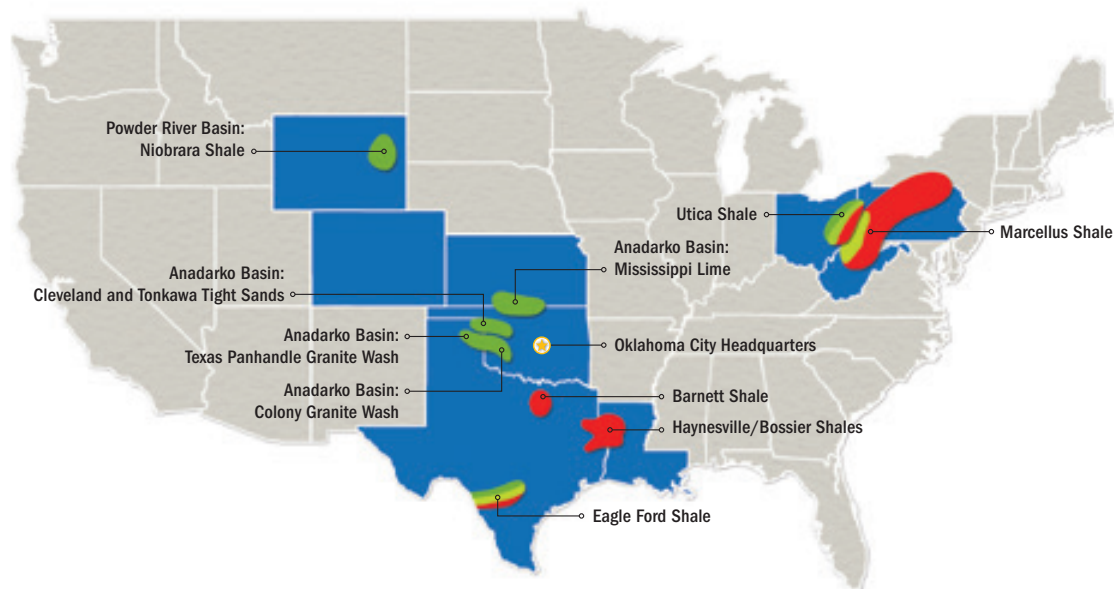
2013 KEY DEVELOPMENTS

At Chesapeake, we understand that changes to our operations and business strategy impact stakeholders, and we believe that keeping them informed is an essential component of our commitment to transparency. Though this report focuses on operations in 2012, the information below provides an update on Chesapeake's efforts and progress in 2013.

- » **Asset Sales:** As of September 30, 2013, Chesapeake had completed asset sales of approximately \$3.6 billion in 2013, including the \$1 billion Mississippi Lime joint venture with Sinopec and the \$1 billion northern Eagle Ford and Haynesville sale to EXCO Resources. During the 2013 fourth quarter, the company anticipates completing additional asset sales for net proceeds of approximately \$600 million. Chesapeake continues to pursue other asset sale transactions that may close in the first half of 2014. The proceeds from such sales are anticipated to be directed toward reducing financial leverage and complexity and further enhancing liquidity.
- » **Shift to Liquids:** Our liquids plays are generating the strongest returns for the company, and accordingly we have allocated approximately 85% of our drilling and completion capital to liquids plays in 2013. This shift in our business strategy supports our current business objectives to drive shareholder value and reduce our debt. Throughout this business shift, we remain committed to safe and environmentally responsible extraction of oil and natural gas.

CURRENT OPERATIONS MAP

● Natural Gas Plays ● Liquids Plays ● Wet Gas Window ■ Operating States



OUR APPROACH TO

Corporate Responsibility



Corporate responsibility is central to the work we do each day. The high ethical standards we set forth for our employees and partners help us identify and produce America's valuable oil and natural gas resources in an environmentally responsible manner. We also implement programs that support our award-winning culture, promote the health and safety of our employees and give back to communities.

In the past year, Chesapeake enhanced oversight of our corporate responsibility across our organization. Leadership from all divisions and organizational levels participates in the management process to mitigate our social and environmental impacts. We communicate, monitor and manage our corporate responsibility initiatives through a collaborative company effort, ensuring that all areas are held accountable to our commitments. Consistently engaging with the communities where we operate enables us to define our priorities, improve our operational structure, minimize surface impacts, create value and drive sustainable and profitable growth.

About This Report

This report is our second annual corporate responsibility report and was prepared using the Global Reporting Initiative (GRI) G3.1 Guidelines. In this report, we address issues we believe are most important to our business and highlight our activities in 2012. To understand issues of high importance to our stakeholders, we utilize a number of approaches such as town hall forums, bilateral meetings and surveys, as well as an in-depth analysis of the marketplace and our operations. This report contains information from all of our operations including our marketing and oil-field services businesses.

Our corporate responsibility efforts focus on five key areas that are essential to our operations and long-term success:



CORPORATE RESPONSIBILITY MANAGEMENT PROCESS

Corporate responsibility strategies and initiatives are overseen by numerous people in our company, from our corporate responsibility report team to our Board of Directors. This comprehensive management approach ensures proper oversight and places corporate responsibility transparency as a priority on all levels.



CHESAPEAKE VALUES

At Chesapeake, our core values serve as the foundation for all of our activities and provide the lens through which we evaluate every decision we make. We believe that by living our core values we are building a stronger, more prosperous Chesapeake for all of our stakeholders. Our core values are:



Integrity and trust

- » Be truthful and ethical
- » Acknowledge errors and hold ourselves accountable
- » Do what we say we will do



Respect

- » Value the opinions of our stakeholders
- » Promote diversity of thoughts and ideas
- » Protect our employees, stakeholders and the environment



Transparency and open communication

- » Be clear in our business strategies
- » Share best practices



Commercial focus

- » Be investment advisors
- » Be stewards of corporate resources and the environment
- » Take prudent risks, employing innovative ideas and technology



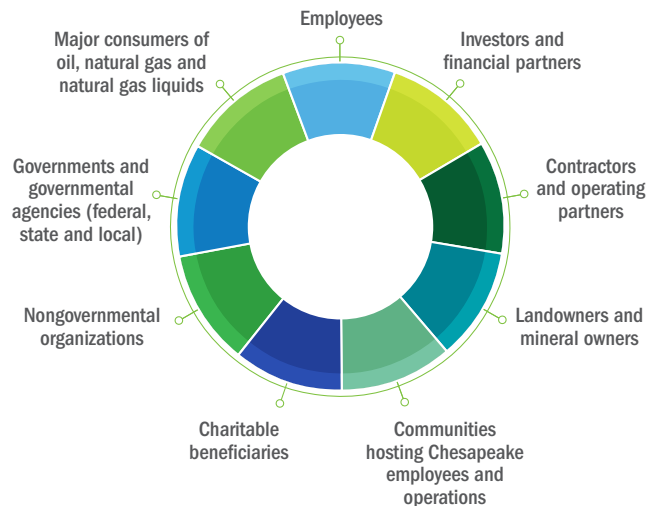
Change leadership

- » Elevate innovative solutions
- » Pursue continuous development and improvement
- » Seek to deliver more than what is expected

Stakeholder Engagement

Transparency and open communication with our stakeholders is an important part to developing and achieving company goals. Recognizing the diverse concerns of our stakeholders, we have implemented a number of approaches that foster dialogue and a better understanding of material issues so we can better mitigate near- and long-term risk. In preparing this report, we conducted a series of meetings with key stakeholders to gather feedback on our inaugural report to better understand how we can improve our reporting practices. These meetings allowed us to gain valuable insights into stakeholder concerns and key operational areas that need additional focus going forward.

STAKEHOLDERS ACTIVELY ENGAGED BY CHESAPEAKE INCLUDE:





Attendees of the annual meeting of shareholders ask company experts questions to learn more about operations and processes.



Employees and contractors go over the day's agenda at the shift safety huddle.



An owner relations meeting creates a forum to answer questions and communicate with our business partners.



Employees meet on-site with vendors to discuss upcoming projects.

»» In preparing this report, we conducted a series of meetings with key stakeholders to gather feedback on our inaugural report to better understand how we can improve our reporting practices.

OUR COMMITMENT TO

Corporate Governance

The Chesapeake Energy logo is displayed on a white flag that is waving in the wind. The logo features a stylized blue and white flame-like graphic above the word "Chesapeake" in a dark blue, cursive-style font. Below "Chesapeake" is the word "ENERGY" in a blue, sans-serif, all-caps font. A green and yellow swoosh is positioned above the "ENERGY" text.

Chesapeake
ENERGY

Corporate governance, including the values, policies and processes that reinforce a culture of integrity at Chesapeake, is essential to our long-term success. We believe that an effective corporate governance model fosters the pursuit of our strategic goals of growth and profitability, ensures the quality of our leadership and aligns our actions with the interests of stakeholders.

Beginning in 2012, the Board of Directors launched a yearlong comprehensive corporate governance review, including a campaign to listen to shareholders and respond to their concerns. These engagement efforts resulted in significant corporate governance reforms, as well as strategic business announcements and leadership changes that included the appointment of Doug Lawler as Chief Executive Officer. While some of these reforms occurred outside of the 2012 reporting period, we believe that any report pertaining to corporate governance would be incomplete without a discussion of events in the first half of 2013.

Corporate Governance Improvements

Our corporate governance reforms focused on financial and management oversight, Board accountability to shareholders and corporate responsibility. These reforms included separating the Chairman and CEO roles, implementing majority voting in director elections and appointing seven new independent directors over the course of a year, which resulted in an almost complete turnover of our Board.

Based on feedback from the 2012 annual shareholders meeting and discussions with our largest shareholders, the company introduced management proposals at the 2013 annual meeting to declassify the Board, implement proxy access and remove supermajority voting standards in Chesapeake's certificate of incorporation and bylaws. The Board is considering the voting outcomes to determine the appropriate course of action to support the company's business objectives and deliver shareholder value.

The Board also implemented substantial changes to the company's executive compensation system in 2013 that align pay with company performance. We received very favorable feedback on the new system from our shareholders and received an 84% affirmative vote on our executive pay programs at our 2013 shareholders meeting. Additionally, in response to shareholder interest, the Board made changes to its committee structure, placing an increased focus and commitment on facilitating corporate responsibility and diversity in the boardroom.

Recently, our shareholders were given the opportunity to vote for all current directors and approved the re-election or continued Board service of each director by an average of 96% of votes cast. We believe that this support for our Board members is a validation of the progress we have made in addressing shareholder concerns.

For more information on corporate governance reforms and changes to the company's executive compensation system, please see our proxy statement. For voting outcomes from our 2013 shareholders meeting, please view the June 20 8-K. Both documents are available under the SEC Filings tab at chk.com/investors.

Leadership Changes

As part of the corporate governance transformation, the Board announced a number of leadership changes including the appointment of Archie Dunham as non-executive Chairman of the Board, Doug Lawler as CEO, Jim Webb as General Counsel and Patrick Craine as Chief Compliance Officer. The Board and management changes enhance our ability to meet business objectives, deliver shareholder value and improve the effectiveness of our regulatory and legal compliance programs.

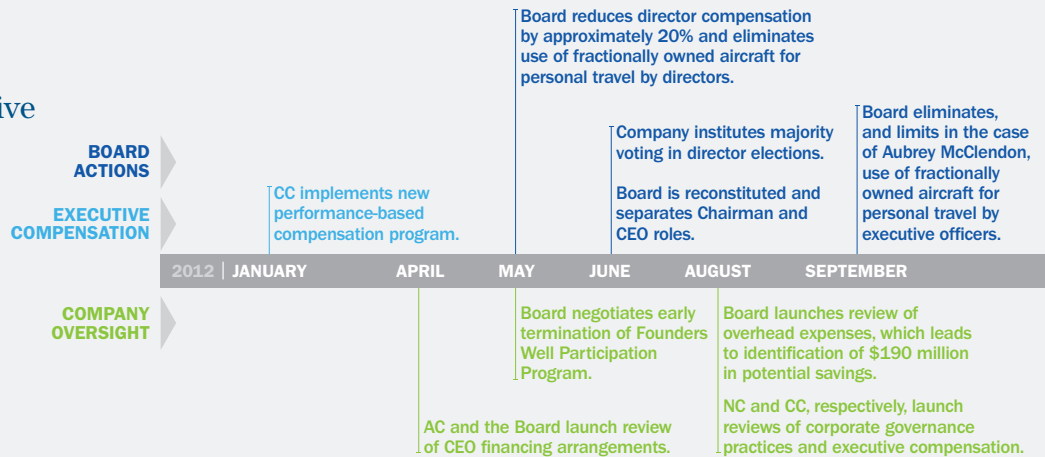


A shareholder asks a question during Chesapeake's 2013 annual shareholders meeting.

CHESAPEAKE GOVERNANCE EVOLUTION

Beginning in 2012, the Board launched a yearlong comprehensive corporate governance review, including a campaign to listen to shareholders and respond to their concerns.

CC: Compensation Committee
 NC: Nominating, Governance and Social Responsibility Committee
 AC: Audit Committee



Corporate Compliance and Ethics

New Chief Compliance Officer Position

In 2013, Patrick Craine joined the company in the newly formed role of Chief Compliance Officer, reporting separately to Jim Webb, Chesapeake's General Counsel, and the Audit Committee of the company's Board. His mandate is to aug-



ment Chesapeake's companywide compliance efforts and further enhance the effectiveness of our regulatory and legal compliance programs. Craine's priorities include a comprehensive update to the Code of Business Conduct and Ethics (or the Code) to better articulate who we are and what we expect from

ourselves, providing enhanced compliance training and tools to all employees and continuing to build a best-in-class compliance program across our operations. Prior to joining Chesapeake, he was a partner at Bracewell & Giuliani in the firm's White Collar Defense, Internal Investigations, and Regulatory Enforcement practice where he counseled companies, boards, committees, officers, and directors in regulatory and compliance matters. Before entering private practice, he served as an enforcement attorney with the U.S. Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority (FINRA) where he was actively involved in the SEC's and FINRA's Oil and Gas Task Forces.

Code of Business Conduct and Ethics

At Chesapeake, we are committed to the highest standards of ethical conduct. We believe that integrity is essential to con-

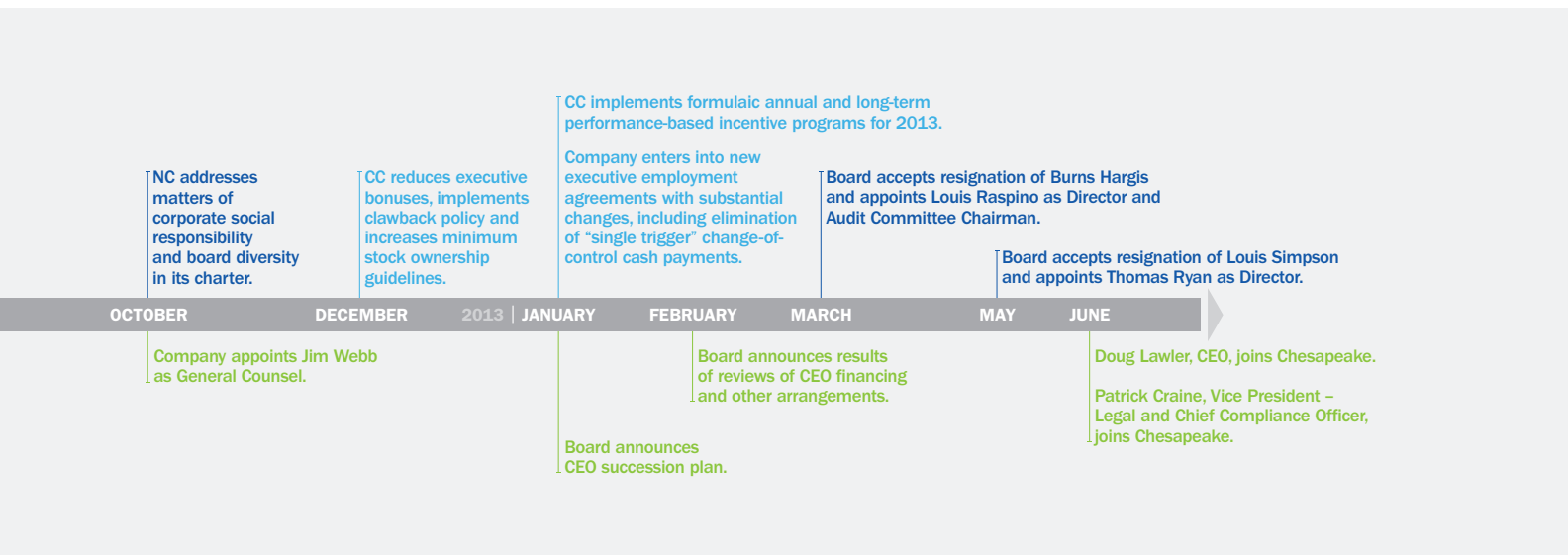
ducting our business activities and key to establishing a long-term competitive advantage. The Code serves as a standard by which employees are to conduct their everyday work. The Code explains behavior that helps us meet our commitment to operate with the highest standards of ethical conduct, and we believe that our efforts to update the Code will further strengthen the integrity of Chesapeake.

Ethics Training

We prepare and equip our employees and business partners to deal with ethical dilemmas through regular ethics training. As part of our new employee orientation process, all corporate employees receive training on the Code and other policies on their first day. This training communicates expectations regarding relationships with business partners and competitors (with an emphasis on fair dealing), protection of company assets and information, our responsibilities to the public and reporting of observed unethical conduct and the various ways employees may bring forward a concern. We also provide additional comprehensive and job-specific training to employees, vendors and suppliers with specific compliance training needs. In 2012, we conducted 119 ethics training sessions, reaching 3,256 employees and 3,515 business partners.

Managing Compliance

To reinforce our commitment to high standards of ethical conduct, we require that employees report conduct that may be unethical, illegal, in violation of professional standards or otherwise inconsistent with the Code. We provide several mechanisms for reporting, such as alerting supervisors



or using the Chesapeake Ethics and Integrity Helpline, a third-party helpline available 24/7, 365 days a year by phone or via the Internet. Reports made through the helpline may be made anonymously. Every report of unethical conduct is investigated thoroughly and appropriate corrective actions are taken. Serious incidents are elevated to executive management for review and corrective actions are shared with respective business units. Employees are subject to disciplinary action, including termination, for violating the Code or our policies.

The company does not tolerate retaliation against anyone who, in good faith, reports an actual or suspected violation of law or the Code. Employees who retaliate are also subject to disciplinary action.

Chesapeake also screens potential vendors and suppliers on the basis of ethical business conduct and may decline relationships with such vendors following these screenings. Vendors may also be removed from our approved vendor list as a result of ethics investigations.

Third-party training — contractors and vendors learn what is expected of them during a safety stand-down meeting in Ohio.

In 2012, the company initiated 96 ethics investigations, including 38 originating from reports made using the helpline. Quarterly reports are prepared for the Audit Committee of the company's Board, which provide a summary of each helpline call and all ethics investigations, including their outcomes. The Audit Committee also receives information concerning the company's ethics training and compliance programs and processes.



OUR COMMITMENT TO THE

Environment



We believe that producing natural gas, a cleaner energy resource, and minimizing impacts throughout our operations are two essential ways that we are leading a responsible energy future. Chesapeake is one of the leaders in the industry in developing greater supplies of U.S. oil, natural gas and natural gas liquids. We are deeply committed to maintaining strict standards in our extraction operations and consistently improving our technologies and processes to mitigate our environmental risks.

Environmental Benefits of Natural Gas

The continued increase in the use of natural gas for power generation has contributed to 20-year lows in carbon dioxide (CO₂) emissions according to a report by the U.S. Energy Information Administration. Between 2007 and 2012, U.S. CO₂ emissions decreased 800 million metric tons to 5.3 billion metric tons. Experts estimate that 400 to 500 million tons of the decrease can be attributed to the substitution of natural gas compared to coal-fired generation. The combustion of natural gas produces 44% less CO₂, 48% less nitrogen oxide (NO_x) and significant reductions in sulfur dioxide (SO₂) and mercury. In 2012, natural gas provided 30% of our nation's electricity, and with air quality standards growing more stringent, this is expected to rise. Greater usage of natural gas will contribute significantly to cleaner power generation, which will result in cleaner air and water.

Environmental Benefits of Natural Gas Vehicles

As a transportation fuel, natural gas emits far less pollutants in vehicles than gasoline and diesel — between 20 – 30% less CO₂ in light-, medium- and heavy-duty vehicles. At Chesapeake, we use natural gas to fuel our own operations and have converted approximately 1,792 fleet

vehicles to compressed natural gas (CNG) and leased 243 more vehicles to our employees. Each conversion reduces emissions, as a CNG vehicle produces 14% less CO₂, 20% less NO_x, 50% less carbon monoxide (CO) and 56% less particulate matter (PM). Over the last seven years, we have seen an increase in the number of miles driven by our vehicles; however, our conversion to CNG decreases the per-unit carbon output for each vehicle, putting us on a path to decrease total carbon emissions in the coming years. CNG vehicles also cost less to operate since natural gas is less expensive than gasoline or diesel, and we saved approximately \$2.6 million with our fleet conversion in 2012.

CNG VERSUS GASOLINE VEHICLE EMISSIONS

- »» CO₂ reduction » 14%
- NO_x reduction » 20%
- CO reduction » 50%
- PM reduction » 56%



From cooking dinner to fueling fleets, natural gas is a cleaner way to power everyday living.



Environmental Approach to Operations

We understand that the manner in which oil and natural gas are produced is as important to stakeholders as the energy resource itself. Throughout our operations, we are dedicated to reducing our environmental impact and have implemented programs that reduce environmental risk, including recycling and reusing produced water and creating more environmentally friendly hydraulic fracturing operations. We also have strict operational standards in place under our Commitment to Environmental Excellence initiative, and we expect our contractors and vendors to follow our approach. This commitment defines our business philosophy and pledge to protect our country's natural resources, care for the environment and comply with all applicable laws and regulations. It also reflects our values of operational excellence, commitment of resources, continuous improvement, support of industry regulation and community focus.

Air

We evaluate opportunities to minimize emissions from our operations and have implemented robust measurement systems that better capture our emission data. In 2008, we created a rigorous program to minimize emissions, which included the installation of improved process-control devices, and modified our completion process to reduce the emissions of methane at our wellsites. The use of infrared cameras allows us to identify leaks and faulty equipment to perform focused maintenance activities. In 2012, we took those efforts one step further with our Air Dashboard tool. Initially pilot-tested in the Eagle Ford Shale, the Dashboard is a Chesapeake computer program that models our production activities to ensure our air emissions are below permitted regulatory thresholds. We also actively participate in the U.S. Environmental Protection Agency's (EPA) Natural Gas STAR Program, hosting workshops on sharing technology and implementing operational techniques and technology to further control emissions leakage.

We recognize that focusing our operations on liquids rather than dry gas creates a differing set of engineering and environmental challenges. To ensure the safe, efficient

Forward-looking infrared cameras allow our employees to detect and correct emission leaks. The infrared image at the right shows no leakage on this Barnett Shale well.

and economic production of these liquids, we deploy equipment and technologies, such as enclosed combustors, three-phase separators and vapor recovery units, which allow us to control and reduce potential emissions.

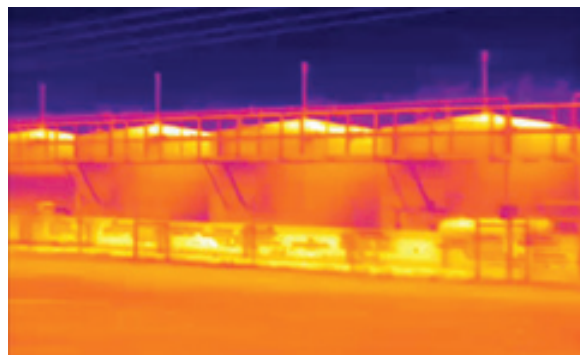
Emissions

Greenhouse gas emissions associated with Chesapeake's operations are primarily from internal combustion engines and fugitive leaks of methane. We are committed to reducing greenhouse gas emissions throughout our operations and are implementing management processes to support this objective. In 2012, we reported 5.5 million metric tons of carbon dioxide equivalent (CO₂e) or 3.9 metric tons CO₂e/million cubic feet equivalent produced to the EPA as part of the Clean Air Act Subpart W requirements. This compares to 5.2 million metric tons CO₂e or 4.4 metric tons CO₂e/million cubic feet equivalent produced in 2011. Although our overall emissions increased, our per-unit intensity decreased 0.5 metric tons CO₂e/million cubic feet. Better tracking and understanding of CO₂ emissions will help us achieve further reductions going forward.

We also closely assess NO_x, SO₂, dioxide and volatile organic compounds at sites that require air permits and are instituting processes to further improve reporting in the future.

Flaring

Flaring safely burns off natural gas that cannot be used for commercial or technical reasons. We only flare when necessary and as permitted. Though our well locations are designed to safely accommodate flaring operations, we believe that the infrastructure necessary to move natural gas to market in our core operating areas is maturing to a point that minimizes our need to flare. That infrastructure is in place largely as a result of billions of dollars in past investments by Chesapeake.



Water

Proper water management and conservation are essential to responsible operations, particularly in local areas where we operate. We work with federal, state and local agencies as we evaluate and permit our freshwater usage from sources including municipal water resources, regional water districts, river authorities, ponds, lakes and groundwater wells.

Our water usage varies considerably depending on the geology of the formation, the number of stages being fractured and the length of the horizontal wellbore. In 2012, the average amount of water required to drill and fracture a typical Chesapeake well was approximately 3.85 million gallons, down from approximately 5 million gallons in 2011. This decrease can be attributed to improved efficiency in our hydraulic fracturing, which resulted in less water usage in six of the nine plays where we operate. This reduction ranged from 3% in the Haynesville Shale to more than 30% in the Utica Shale.

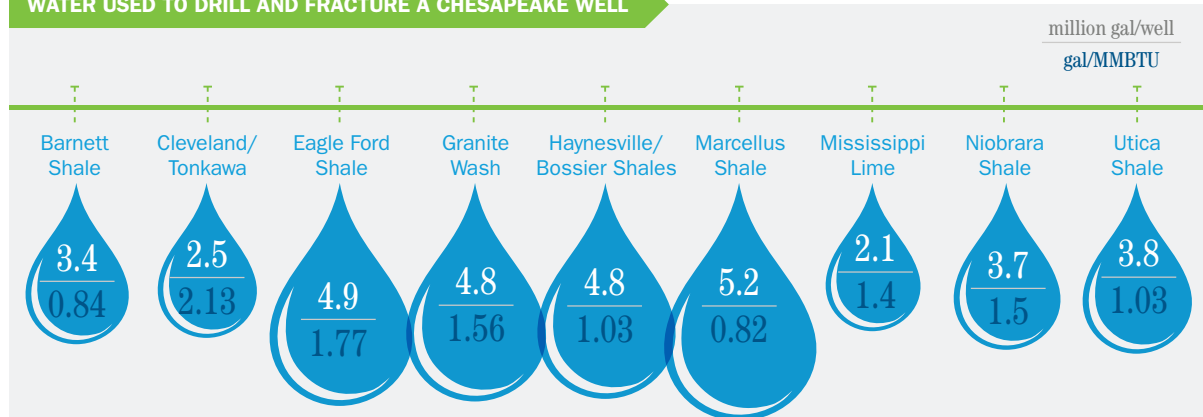
As a way to conserve freshwater, we developed Aqua Renew® in 2006 to enable us to reuse produced water in our drilling and hydraulic fracturing processes. Through these efforts we are now able to filter and reuse 97% of the wastewater associated with our operations in the Marcellus North, 52% of the wastewater in the Marcellus South and 89% of wastewater in the Utica. In total we recycled and reused 235 million gallons of produced water in 2012.

View an animation of one Aqua Renew filtering process at chk.com/aquarenew.

»» In 2012,
we recycled and reused more than
235 million gallons
of produced water.

Our efforts to recycle continue to expand across our operating areas, as we look for ways to better manage water in drought-impacted regions. As part of this effort, Chesapeake recently hydraulically fractured wells in the Mississippi Lime play of northwestern Oklahoma substituting 100% produced water for freshwater. Out of the more than 30 wells tested in the last two years, all have been equally productive as comparative wells completed with freshwater. We are continuing to monitor these wells to evaluate long-term production rates. However, unlike freshwater, produced water traditionally contains a high salt content, which can harm plant life. As a result, we take extra precautions to mitigate the chance of leaks or surface spills, and our crews are trained on how to properly handle produced water on the surface. Read more about this innovative effort in the summer 2013 issue of *The Play* at chk.com/media/publications.

WATER USED TO DRILL AND FRACTURE A CHESAPEAKE WELL



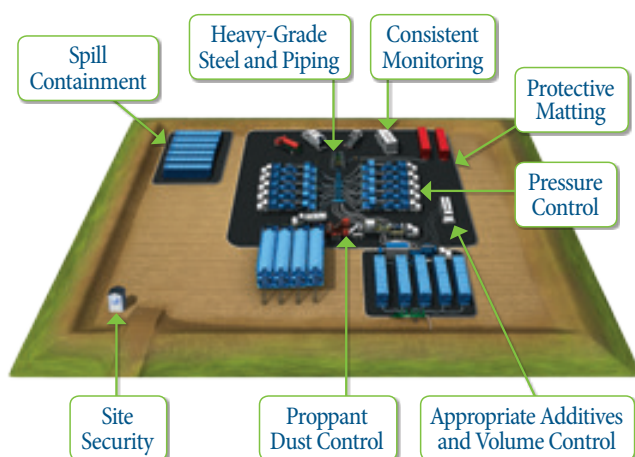
»» In 2012, Chesapeake reduced its average water usage by 1.15 million gallons per well. These reductions ranged from 3% in the Haynesville Shale to more than 30% in the Utica Shale.

Hydraulic Fracturing

The process of hydraulic fracturing creates small fissures, or fractures, in underground formations to release oil and natural gas. This process has been safely used since the 1940s, including in more than 25,000 wells in 2012, and is now used in nearly every well drilled in the U.S. today. We understand that many stakeholders are concerned about the process of hydraulic fracturing, the chemicals used and the associated risks when it is not properly performed. At Chesapeake, we work diligently to mitigate any associated risks throughout the entire hydraulic fracturing process. View this process on our YouTube channel at YouTube.com/Chesapeake.

In addition to these environmental mitigation measures, each of our sites is designed with a number of safety features.

HYDRAULIC FRACTURING SITE SAFETY FEATURES



Energy Use

Chesapeake's direct energy use includes combustion equipment at our locations, our vehicle fleet and other forms of energy such as solar and pneumatic systems, while our indirect energy use includes heat and electric utilities and contractor equipment. We have increased the use of solar technologies in our operations, installing solar panels on virtually all of our new wellsites, which capture and supply the energy necessary to power equipment including meters to measure and report production, chemical injection pumps and site gates. During the past three years, we have increased our use of solar panels by 44%, from 4,299 units in 2010 to 6,167 units in 2011 and 7,679 units in 2012.

Chesapeake is in the process of developing an information gathering system, which will allow us to monitor and

report both our direct and indirect energy consumption. We plan on implementing the program in 2013 and intend to include the information in our 2013 report.

Spills and Releases

We believe that any spill or release is unacceptable and we are focused on preventing and mitigating incidents of any size. Recently, we deployed enhanced measuring systems to allow us to further refine our spill prevention and protection measures and better train our employees, contractors and vendors to prevent future incidents.

To help protect our employees, neighbors and the environment, we design our sites with multiple layers of containment so that in the event of a spill, this secondary containment ensures that there is minimal impact to the environment. Employees also conduct regular inspections and maintenance to make certain that equipment remains in good working order. We are deploying pressure transducers and remote telemetry, which allow us to better monitor our sites for pressure releases and, if conditions warrant, allow us to remotely shut in wells within minutes to reduce risks for the surrounding area.

In 2012, we had 78 spill incidents of more than 100 barrels, with 51% of the spilled liquid recovered. The 2012 spill rate of hydrocarbon not recovered was 0.0006% of produced liquid hydrocarbon versus 0.0014% in 2011. We had 46 air releases of more than 100 thousand cubic feet (mcf), 25 of which were equal to or less than 200 mcf. One major release of 1,000 million cubic feet (mmcf) occurred as a result of a coal mine slip that ruptured a gas pipeline. We take these incidents seriously and have taken increased prevention and protection measures to mitigate future occurrences.

2012 SPILL SUMMARY > 100 BBL

	Number of Spills	Barrels Spilled	Percent Recovered
Hydrocarbon Spills	21	7,352	63%
Non-hydrocarbon Spills	57	16,295	46%
Total	78	23,647	51%

2012 AIR RELEASE SUMMARY > 100 MCF

	Releases	Volume (mmcf)
Total	46	1,323

CONVERSE COUNTY, WYOMING — INCIDENT RESPONSE

Timely and thorough response is critical to spill containment and cleanup. Chesapeake's response measures ensure that we effectively mitigate any potential environmental impact to the best of our ability. This expedited response is illustrated through our efforts in Converse County, Wyoming.

On April 24, 2012, a portion of the surface wellhead assembly on the Chesapeake Combs Ranch Unit 29-33-70 experienced a mechanical failure. As a result, natural gas, associated liquids and oil-based drilling mud were released. Immediately, Chesapeake notified local authorities and conducted a voluntary evacuation of nearby residents.

Within a couple of hours, Chesapeake personnel were measuring the air quality between the wellpad and the community and within the community itself. Within 12 hours, Chesapeake had established mobile as well as six fixed air-monitoring stations to continually collect data for three days. Once the well was brought under control and there were no more releases to the atmosphere, air monitoring was discontinued per Wyoming Department of Environmental Quality approval. After analyzing data from six fixed air-monitoring stations that collected samples over a three-day period, we determined that there was no impact to surface water or adverse health effect to the community. Well control was re-established without personnel injuries and with minimal environmental impact to surface soils near the location. As a result of this incident, Chesapeake put updated standardized procedures in place.

Violations and Penalties

Chesapeake takes compliance seriously, and we investigate each Notice of Violation (NOV) issued by a regulator to better understand what happened and identify any appropriate corrective actions, which may include modifying our operations and procedures. In 2012, Chesapeake paid and reported penalties associated with five violations where each penalty exceeded \$100,000.

These violations were related to a well control incident, pad and other construction activities, erosion and sediment runoff after a significant rain event, and a violation of the Clean Water Act (CWA). The CWA violation was the result of Chesapeake's directing the placement of gravel to upgrade West Virginia County Road 1/13 in 2008. A permit from the U.S. Army Corps of Engineers was required for the placement of gravel because the county road included waters within the federal government's jurisdiction. As a result of this unpermitted activity, we instituted new measures on a forward-looking basis and continue our efforts to bolster our compliance. In all instances, Chesapeake worked with regulators to resolve the issues and remediate the impacted areas.

Mitigating risks — wellsite designs include secondary containment features that confine fluid in the event of a spill.





OUR COMMITMENT TO

Health and Safety

Ensuring the health and safety of our employees, contractors and the public is our number one priority. We recognize that there are risks associated with the extraction of oil and natural gas. To promote a culture of safety, we empower our employees and contractors to stop work if they believe conditions are unsafe and provide effective training programs to drive accidents out of our operations.

To create an incident-free work environment, our Environmental, Health and Safety (EHS) professionals and our Operations teams manage comprehensive programs that address safety and compliance. We believe that these programs, which clearly define responsibilities and enhance sound decision making, planning and communication, help to protect our employees, contractors and vendors from injury. Chesapeake has a wide variety of safety programs in place throughout all Chesapeake operations ranging from personal safety to task-specific programs.

Safety Training

We also believe that training our employees on safety procedures is an important driver of reduced incidents, and in 2012 our EHS team led 152 courses and trained 13,729 employees. These courses are delivered across all learning spectrums from instructor-led classroom formats to web-based online materials and combinations of both. The courses covered a broad range of topics from CPR and safe driving to Occupational Safety and Health Administration (OSHA) compliance and emergency response. Safety-sensitive employee training begins with the Fundamentals of Chesapeake EHS class. This two-day course is an introduction to the many EHS requirements employees will need to understand before working on one of our sites. It sets the foundation for the EHS training they will receive over the duration of their careers at Chesapeake.

The next session a new field employee attends is our Stay Accident Free Everyday (SAFE) course. The goal of our SAFE training is to help participants commit to improving their ability to recognize their own at-risk behaviors. The class encourages employees to have SAFE conversations,

CPR and first-aid training prepares employees to respond to emergency situations.

FIELD OFFICES THAT OPERATED INJURY FREE IN 2012

5 years+ » 11 offices
1,000 days » 7 offices
500 days » 8 offices

which helps foster a desire in teams to increase safe behaviors. The SAFE class focuses on listening skills, which are key to improving communication and developing trust within their team.

When combined, these two courses teach our employees to view their work environment through both regulatory and corporate program lenses, as well as to protect each other through a team relationship. The focus is to develop safety into part of the core beliefs our employees practice at home as well as at work.





Hydraulic fracturing crew members keep wellsites safe as they monitor operations from the data van as well as video from the high-pressure area camera.

Improving Health and Safety Standards

Across all business units, Chesapeake improved its safety in 2012. While safety is an emphasis at all of our locations, we recognize that there are greater risks in our field and service companies where employees are exposed to more

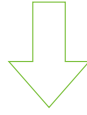
technical equipment. Our oilfield services companies' total recordable incident rate (TRIR) was down 26.1% from the previous year, which we attribute to increased hazard identification programs.

Outdoor work during the summer is also a potential hazard to the health and safety of Chesapeake employees and contractors, which is why we are committed to continually training our people to recognize the signs of a heat-related illness and how to prevent it. We implement best practices in the field, such as encouraging employees to work in 30-minute intervals followed by 15 minutes of rest and rehydration. We also try to schedule work during the cooler hours of the day and provide cooling trailers as safe break locations.

We extended our focus on safety to our corporate offices and as a result lowered their TRIR by 66% in 2012 through greater awareness programs. In addition to these efforts, we found a significant amount of our lost time recordable incidents (LTRI) was a result of accidents associated with



»» In 2012, our oilfield services companies' total recordable incident rate was down **26.1%** from the previous year.



our food service employees. To help ensure a safe work environment, we implemented a safety program specifically for these employees and as a result have not had a recordable incident since August 2012.

Although no Chesapeake employee suffered a fatal accident in 2012, there were four contractor fatalities. We deeply regret these tragic incidents and have taken corrective actions to help avoid future accidents, including requiring contractors to develop a performance improvement plan before resuming operations.

Responding to Safety Issues

One example of Chesapeake's response to a safety issue is its implementation of a slip-resistant liner. In Northeast Pennsylvania, we placed protective liners on drilling and completion sites to prevent spills from reaching the ground. However, the extra containment resulted in a worker hazard because the liner had a low coefficient of friction and was slippery. To improve safety, we developed a liner with a slip-resistant work surface that is certified by the National Floor Safety Institute. Chesapeake rigs in Northeast Pennsylvania now use the liner.

Drug Testing

Chesapeake routinely tests employees for drugs and alcohol to ensure that no employee is impaired during operations and as a result creates an unsafe environment. We also train supervisors to better understand the behavioral signs associated with impairment by drugs or alcohol, as well as familiarize them with Chesapeake policies and state and federal regulations. In 2012, more than 600 supervisors completed these training programs.

Fleet Safety

For the safety of our employees and citizens in the communities where we operate, we maintain an extensive safe driving program to reduce accidents. Our field employees devote a considerable amount of time to the road, checking sites and delivering equipment. In 2012, we trained more than 600 employees through this program, representing more than 20,495 man-hours in class. Our 2012 accident rate was 2.92 motor vehicle accidents (MVA) per million miles, down from 3.77 MVA/million miles in 2011.

Progress continues in our efforts to further improve driver safety programs. We gained more value from the In-Vehicle Monitoring System (IVMS), implementing in-cab coaching tools that help improve driver behavior. The audible coaching occurs when a driver exceeds a pre-determined threshold set by company management. These occurrences have shown a steady decrease of more than 40% since the system's implementation in the summer of 2011. This, along with continued management focus and training programs, has improved incident rates year over year since 2009.

Job-specific training such as Lock Out, Tag Out ensures every employee knows how to stay safe as they perform necessary tasks each day.



Safety Incentives

On their first day of employment, eligible Chesapeake employees are enrolled in our EHS Award Program, which encourages safe practices and recognizes safety-sensitive field employees who achieve operational safety milestones. Our drilling affiliate also provides additional individual and group safety-related incentives.

Safety recognition goes far beyond the monetary at Chesapeake. For example, drilling crews that go four or five years without a recordable incident receive custom designed hardhats to celebrate their accomplishment. To date, three crews have received the four-year award, with one reaching the five-year milestone without a recordable incident.

Emergency Preparedness and Response

Our emergency procedures are designed to respond to incidents quickly and professionally. Our comprehensive procedures underscore our priorities for the safety of all people, protection of the environment, integrity of our assets and preservation of our reputation. As part of our robust emergency response plan, field employees are trained using the same management system used by emergency

responders from FEMA to firefighters. The National Incident Management System (NIMS) provides situational awareness and standardizes the flow of information, which expedites the emergency response and creates a smoother reaction overall. And while many companies train their employees in NIMS level 100, Chesapeake takes extra precautions. Every field employees is also trained in NIMS level 200 and to the operations level of Hazardous Waste Operations and Emergency Response. This additional training at higher NIMS levels ensures field employees and corporate management teams have a clear understanding of their related duties, tasks and responsibilities, and are able to effectively communicate with emergency response personnel if necessary.

The emergency response team prepares for possible incidents by:

- 1. Utilizing risk identification tools to identify sensitive sites/areas**
- 2. Developing tactical response plans**
- 3. Performing tabletop exercises**
- 4. Conducting drills**
- 5. Having predetermined practices in place**

RESPONSE TO OKLAHOMA WELL FIRE

Since every employee at Chesapeake with field responsibility and corporate management is trained at the same NIMS level required for EMS personnel, police and other federal emergency responders, issues that arise during an accident are quickly understood and roles and responsibilities easily distinguished.

An example is an incident that occurred at our Davis Well in Oklahoma where we experienced a blowout and a fire within the well. The moment we were aware of the incident, we evacuated the well before the fire started and no one was injured. We also notified our emergency response system to ensure our ground crew was aware and could activate our command systems. We set up a command post in Oklahoma City with an on-site management team and sent an emergency response advisor to the scene to help manage the response. Our process of automated documentation and communication let the command center know exactly what was going on throughout the process.

Once our response confirmed the safety of our workers, we addressed the fire and resulting damage. Our Operations team established an incident action plan that included a framework of objectives to ensure the smallest negative impact. It focused on how to best contain the release, addressing issues of waste, proper disposal and what type of equipment and manpower was necessary to complete the job.

This incident reinforced that having employees trained in NIMS and communicating effectively with emergency responders at times of crisis is critical for a fast, efficient and safe response.



We work with local emergency responders so we can act quickly and comprehensively in the event of a crisis.



Our drilling development program ensures new employees have all the know-how they need to stay safe on location.



Employees teach law enforcement personnel the ins and outs of the industry during a rigsite visit.



Response to every emergency situation is reviewed and thoroughly discussed to identify areas for improvement.

»» Additional training at higher NIMS levels ensures employees have a clear understanding of their duties, tasks and responsibilities, and are able to effectively communicate with emergency response personnel.



OUR COMMITMENT TO

Communities

Supporting the prosperity of the communities where we operate is critical to meeting our business objectives and leading a responsible energy future. At Chesapeake, we deploy a three-tiered approach to fostering development, which includes: serving as an economic catalyst through job creation and investment; building strong relationships and open lines of communication to address community concerns; and contributing to these communities through our giving programs, scholarships and volunteering.

Economic Catalyst

Chesapeake is a positive economic force in the communities where we operate, creating high-paying jobs, serving as a catalyst for local businesses and paying \$830 million in local and state taxes that help support infrastructure projects, education and safety services. In 2012 alone, we spent approximately \$400 million with more than 2,200 businesses in 59 of Ohio's 88 counties. Across our operating regions, we hired 3,026 employees, or 76.1% of our workforce hired in 2012. In addition, we held 25 recruiting events that were attended by more than 2,000 potential employees.

In our Pearsall, Texas, operating area, we saw a need for a hiring increase and sponsored four events throughout the area, interviewing more than 570 candidates and extending 166 offers. As a result of our efforts, 736 of our total hires in 2012 were based out of Pearsall, compared to 386 in 2011, an increase of more than 90%.

In Louisiana, Chesapeake paid nearly \$14 million in property tax payments to Louisiana parishes throughout the Haynesville Shale play and has been a significant economic engine for infrastructure investment. The DeSoto Parish, for instance, was able to fund a multitude of projects including a new park, new hangar at the airport and approximately 150 miles of road reconstruction because of increased tax revenue and business development.

Chesapeake's Contact Center is available to answer owner-related questions and general inquiries. In 2012, the center answered over 350,000 calls and satisfied callers' inquiries at an 82% close-out rate without needing to forward to another department.

Addressing Community Interests

We demonstrate our commitment to the regions where we operate by building relationships with community members to better understand and address local concerns. In all of our operating areas, we make it a priority to reach out to local stakeholders (e.g., landowners, residents, community leaders, public officials, regulatory agencies, academic institutions, local emergency responders and local and national environmental groups) through a variety of approaches, including landowner meetings, community advisory panels, operation tours and education programs.

As part of our effort to create a clear two-way communication channel between our operating areas and our communities, in 2012 we hosted a variety of community meetings. We also have a call center for people to use as a resource or to be directed to the right person within the organization.



Our employees call the communities where Chesapeake works home. That's why we're committed to supporting groups that make these places better than ever.



Community Relations

Chesapeake is playing a positive leadership role in economic, philanthropic and education-based initiatives in the communities where we operate. We employ a thoughtful approach to community engagement by identifying community needs and striving to meet those needs through our giving, scholarship and volunteer programs. Our team engages with local leaders to understand community needs and collaborates with community groups to implement projects.

We are committed to improving local communities through volunteer efforts and charitable donations. In 2012 alone, more than 8,000 of our employees volunteered more than 47,000 hours for almost 600 nonprofit organizations in 134 communities. One of our biggest volunteer efforts is our mentoring program, which remains the largest corporate mentoring program in Oklahoma. In 2012, more than 500 mentors volunteered more than 12,000 hours at four inner-city public schools in Oklahoma City, and we expanded the program to operating areas in Denver, Colorado; Marshall, Texas; and Charleston, West Virginia.

»» "Chesapeake's presentations were more than what we could have expected. The insights were informative and motivational. It is reassuring to see a major corporation give back by contributing to the education and enrichment of our children."

– Nicholas Lopez

TRiO Upward Bound Education Skills Specialist
San Antonio, Texas

COMMUNITY RESTORATION

Being a good neighbor also means responding when challenges arise, including two situations where we donated equipment to help local communities deal with water challenges. After Alva, Oklahoma, lost its water supply in the summer of 2011 due to severe drought, Chesapeake donated a water well to revitalize the Hatfield Park Lake and help maintain the water level. Christi Vickers, Alva Friends of Play Foundation President, said, "We thank Chesapeake for responding to our need and working behind the scenes to help ensure more children and families can enjoy Hatfield Park this summer and for years to come."

Similarly, in Keyser, West Virginia, when the town faced water rationing due to drought-like conditions, an out-of-service reservoir and lack of money, Chesapeake donated a pump and sent its technicians to supply water to more than 15,000 local residents.


Supporting Education

The central component of our giving strategy is supporting education programs in the areas of science, technology, engineering and mathematics (STEM). We understand the need for our next generation to be equipped with these skills to provide a large pool of qualified job candidates for years to come. We partner with universities around the country, including Colorado School of Mines, Penn State University, the University of Kansas and the University of Oklahoma, to engage students with careers in the energy industry and have implemented several different STEM programs throughout the communities where we operate:

- » **Cyber Innovation Center in Louisiana:** This partnership connects government agencies, private industry and academic institutions to promote research, education and technical innovation. We worked on an academic outreach program that implemented multiple summer cyber camps, cyber competitions, professional development workshops for instructors and STEM curricula for more than 5,700 students.
- » **This School Rocks:** We continue to support this companywide program, which educates elementary through high school students about the oil and natural gas industry, and in 2012 we expanded our efforts to our Eastern Division, calling this region's program "Marcellus Shale Rocks." We use "This School Rocks" as an opportunity to communicate a broader understanding of our industry and energy as a whole. In total, we gave 166 presentations to 5,708 students in six of our operating areas.
- » **Oklahoma State University Institute of Technology's (OSUIT) Chesapeake Energy Natural Gas Compression Training Center:** In 2012, we established the state-of-the-art Chesapeake Energy Natural Gas Compression Training Center at OSUIT, the first of its kind in the energy industry that provides the best training possible and produces ready-to-work technicians.

Environmental Impact Programs

Chesapeake understands that we have a responsibility to take action and make business decisions that also benefit our planet. We have partnered with various organizations across our operating areas to promote behavior that makes a positive impact.

OKLAHOMA 

We provided funding to the Oklahoma Association of Conservation Districts (OACD) to enhance Oklahoma's natural resources for conservation districts and land managers. Our support helps the OACD extend conservation contracts on approximately 6,000 North Canadian and Oklahoma River watershed acres through its ECO-pass program.


PENNSYLVANIA 

Chesapeake has been a longtime sponsor of the Pennsylvania Environmental Council, which protects and restores natural and man-made environments through innovation, collaboration, education and advocacy. Our support enables the council to continue developing new policies, programs and projects that demonstrate unique and replicable approaches to solving environmental problems using market-based and science-driven solutions.



SOUTH TEXAS 

South Texas elected officials and community members expressed the need for an anti-littering campaign that became known as "Keep South Texas Clean." We organized trash pick-up days with our vendors and members of the community. To raise awareness of the campaign and encourage participation, we distributed 1,000 bumper stickers to our vendors and produced signage for Chesapeake facilities.

CENTRAL TEXAS 

In 2012, Chesapeake concluded a five-year partnership with the City of Fort Worth's Forestry Department toward the purchase and planting of more than 2,700 new trees as a result of our drilling plan for the Trinity Trails property. This has helped Fort Worth remain the longest-running Tree City USA in Texas, a distinction first given to the city in 1978 by the Arbor Day Foundation.

OUR COMMITMENT TO
Employees



Maintaining a talented workforce is essential to Chesapeake's long-term success. We recognize that to achieve these objectives, we must support the health, growth and well-being of our employees and provide them with the tools to lead our business into the future.

Our approach to workforce management focuses on providing competitive pay, excellent benefits and best-in-class training programs to our employees, which we believe has been central to our success in building a high-performance culture. As a result of these efforts, we're proud that we were included on *FOR-TUNE* magazine's list of 100 Best Companies to Work For for the sixth consecutive year, achieving a ranking of #26 overall and #2 in the energy industry.

Compensation and Benefits

As a strategy to retain our most valuable employees, Chesapeake conducted a competitive analysis within the industry to ensure that our compensation and benefit programs remain attractive to our employees and affordable to the company. As part of this process, we wanted to better understand whether we were consistent or ahead of the curve with industry best practices to support the recruitment and retention of employees.

Compensation

Chesapeake's performance review process rewards employees with salary, bonuses and restricted stock awards based on their performance. Approximately 75% of employees were included in the formalized compensation review process in 2012. Hourly field workers have a separate review process and are eligible for additional compensation through safety awards and bonuses. Additionally, the company's small percentage of union employees' wages and benefits are determined by a collective bargaining agreement.

Benefits

At the core of our approach to employee development and retention is a wide array of benefits that promote healthy lifestyles, personal financial stability and work-life balance. Each year, we complete an analysis of our benefits and programs, meeting quarterly with senior management to track our numbers against the national average in general, as well as within the energy industry.

EMPLOYEE DATA SNAPSHOT

This snapshot provides a visual overview of key statistics of our workforce, addressing issues such as headcount, salary and diversity by age and gender.

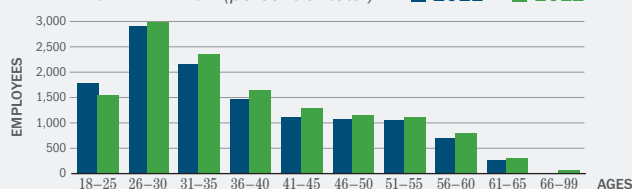
TOTAL YEAR-END HEADCOUNT

(employees only)

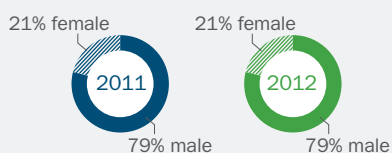
2011: 12,580

2012: 11,989

BREAKDOWN BY AGE (percent of total)



GENDER RATIO (percent of total)

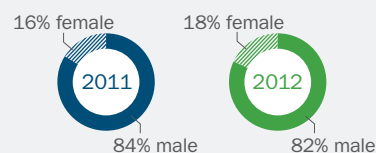


MANAGEMENT AVERAGE SALARY*

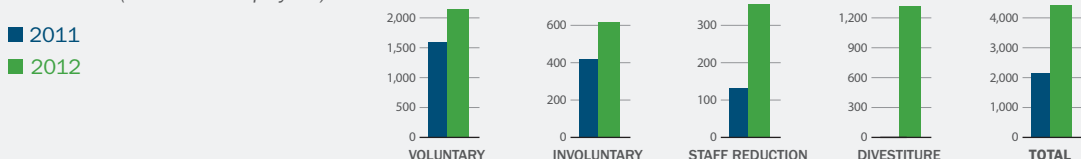
2011: \$178,691

2012: \$182,919

EXECUTIVE TEAM GENDER RATIO**



TURNOVER (number of employees)



* Management is defined as all managers and above, excluding first-level supervisors
 ** Executive is defined as all senior vice presidents and above



Health and Wellness

Multiple studies reveal that employees who participate in wellness programs are more productive, have fewer accidents on the job, record fewer sick days and enjoy lower-cost health insurance options. By fostering a culture of healthy living, we are also able to keep the company's overall health-care costs down and enhance employee productivity.

We believe in a complete picture of wellness, including emotional, career and community wellness, in addition to physical health. At our Oklahoma City headquarters, we have an on-site health clinic that offers medical and dental services, including assistance with tobacco cessation, diabetes management and chronic disease support.

Health Checks

Our health checks remain a strong program at Chesapeake, with 64% of our workforce receiving these checks in 2012, up from 60% in 2011. Many of our rig workers do not have convenient access to general practitioners, so these health checks provide a lower-cost option to maintain good health and keep a lower health care premium.

Employee Development

Learning is a key driver in the ongoing improvement of our company culture. Our strategic workforce development program aims to maximize performance by helping professionally develop our employees and include their growth within our organizational mission. Through regular performance evaluations, employees are given the opportunity to discuss career planning, develop training objectives and evaluate their performance with their managers.

In 2012, we provided more than 776,000 hours of training across all of Chesapeake's operating areas and affiliates. Our training and development opportunities included:

- » Safety
- » Professional Development
- » Technical and Specialized Training
- » Leadership Development

Prioritizing Our People

Last year, we faced a number of challenges, including a decline in natural gas prices to 10-year lows, the divestiture of noncore assets and a leadership transition, which created uncertainty for employees and affected our ability to retain and recruit our workforce. During this period of transformation, we implemented a number of internal efforts to support our employees and ensure business continuity.

HEALTH CHECK SAVES LIFE

During a Chesapeake health check, Training Representative David Van Winkle learned that his cholesterol, blood pressure and body mass index numbers were unusually high. After visiting his doctor, it was discovered that his blood vessels were 70% blocked and he was at risk for a major heart attack. David underwent a simple surgery to avoid the need for a more serious bypass operation. After the surgery, David said, "I can't tell you how much better I felt. I was no longer short of breath and tired all the time, and I wasn't having chest pains or a feeling of tightness. There is no doubt in my mind that the Chesapeake Wellness program saved my life."



*Training Representative
David Van Winkle*



Supporting Employees Through Transition

We recognize that implementing a strategy shift to liquids-rich plays and divesting noncore assets impacts the employees working in these areas. In each case, we ensured that we implemented an employee-centric change management approach to minimize disruptions for employees. For example, when we responded to the decline in natural gas prices by reducing drilling activity and shifting our operations to a more balanced mix of liquids-rich plays, we executed a business plan to move employees to more active rigs and leased some of our rigs to outside operators. This allowed us to keep many of our drilling operations personnel employed while we focused on achieving our business objectives.

When we divested an asset, we made it a priority to support employees. When Chesapeake Midstream Development employees transitioned to Access Midstream Partners as part of Chesapeake's divesting its stake in Chesapeake Midstream Development, we worked closely with the company's new management team to transition 1,200 employees and create the business model needed to support a stand-alone company, including similar compensation and benefit packages. We negotiated on behalf of the 120 employees affected by the sale of the majority of our Permian assets to Royal Dutch Shell, Chevron U.S.A. Inc. and EnerVest, Ltd. to ensure their future compensation

and benefits remained competitive. Our human resources personnel also facilitated town hall meetings throughout the transition process and held individual meetings with affected employees to explain the changes. In circumstances where workforce reduction was necessary, we provided severance and job assistance programs for employees impacted by the shift in business strategy. Voluntary attrition by our employees also experienced a slight increase due to this transition in business focus and leadership. Our year-end headcount for 2012 was 11,989, representing a 5% decline from 2011.

Diversity in Hiring

We are proud to be an equal opportunity employer and make strong efforts to recruit, hire and promote women and minorities. While the energy industry is generally white-male dominated, Chesapeake's workforce is 21% female, above the industry average of 20%. In addition, 17% of our employee population is composed of minorities, up from 9% just five years ago, and 7% of our supervisors and above positions are filled by minorities. We are also proud that 35% of female Chesapeake employees and 10% of minority employees are successfully pursuing careers in our Geosciences, Land, Drilling and Engineering departments, which are critical to our success as a business.

COMMUNICATING WITH EMPLOYEES

In June 2012, when Chesapeake appointed new Chairman of the Board Archie Dunham, we made a conscious effort to keep communication lines open to maintain trust and ensure employees stayed informed. During this transition period, we hosted four town hall sessions with Dunham, reaching more than 1,300 attendees and distributed internal correspondences to provide important updates to employees.

Non-Executive Chairman of the Board Archie Dunham



Military Hiring

Chesapeake is committed to hiring those who have served our country. Our Military Relations team hired 680 military veterans in 2012 and provided them with training, employment opportunities and emotional support. Chesapeake offered instructional classes in partnership with Hiring Our Heroes and the Yellow Ribbon program and also hosted informational seminars to OESC Veteran Clubs. To date, 1,222 veterans currently work at Chesapeake, and in 2012, veterans filled one in five Chesapeake operations jobs.

We are dedicated to making sure that our veterans have the support they need for their transition back into the workplace. Troop Connect is an online social network created exclusively for Chesapeake military veteran employees and their families where they can connect with each other for support, find resources for employee services and participate in military-focused volunteer opportunities and social activities. By working closely with our veterans and their families during this transition period, we are able to add to our workforce a skilled group of employees who embrace Chesapeake's values.



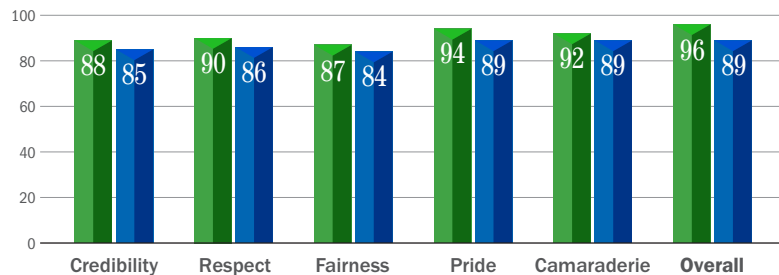
On Veterans Day Chesapeake holds ceremonies honoring those who have served.

2012 GREAT PLACE TO WORK INSTITUTE TRUST INDEX® BENCHMARK

We are honored to be recognized by external organizations as a great place to work. 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 had a total of 1,074 employee responses, and 96% of them overwhelmingly 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
1,074 responses

100 Best Companies Average
97,045 responses

2012 Award Highlights

CORPORATE CITIZEN

- » **BCA 2012 10: Best Companies Supporting the Arts in America** — Americans for the Arts
- » **Symphony of Service Award** — Oklahoma Department of Human Services
- » **Ella C. McFadden Award for Accomplishments Serving Young People** — Camp Fire USA
First Texas Council
- » **Good Neighbor Award** — Muskingham Lakes Red Cross

BEST EMPLOYER

- » **100 Best Companies to Work For®** — *FORTUNE* Magazine
- » **Best Places to Work in IT** — *ComputerWorld* Magazine
- » **100 Best Adoption-Friendly Workplaces** — Dave Thomas Foundation for Adoption
- » **Best Places to Work** — *Outside* Magazine
- » **Top 100 Places to Work** — *Dallas Morning News*
- » **Breastfeeding Friendly Worksite Gold Star Employer** — Oklahoma State Department of Health, the Coalition of Oklahoma Breastfeeding Advocates and the Oklahoma Birth Network
- » **Best Diversity Company** — Oklahoma Gov. Mary Fallin
- » **Governor's Disability Employment Awards of Excellence** — Diversity/Careers in Engineering & Information Technology
- » **Best Designed Intranet** — Ragan Communications

MILITARY EMPLOYER

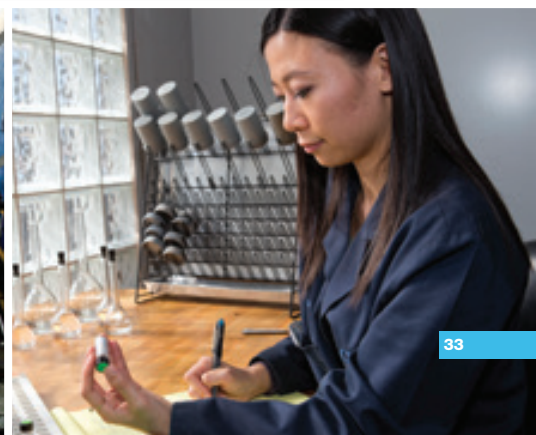
- » **Top 100 Military Friendly Employers** — *G.I. Jobs* Magazine
- » **Most Valuable Employers for Military** — *CivilianJobs.com*

INDUSTRY

- » **"Best Discovery" Excellence Award** — *Oil and Gas Investor* Magazine

HEALTH AND WELLNESS

- » **Fit-Friendly Company Platinum Achievement** — The American Heart Association
- » **Best Employers for Healthy Lifestyles Awards Gold Winner** — National Business Group on Health
- » **44 Healthiest Companies to Work For List** — GreatList.com
- » **Certified Healthy Business Award of Excellence** — Oklahoma State Department of Health
- » **Program Recognition/Website Feature** — OK 5-2-1-0 Childhood Obesity Initiative
- » **Champions of FATE Recipient, Your Life Matters initiative** — FATE (Fighting Addiction Through Education)



Chesapeake Key Performance Indicators 2012

Economic	
Total revenues	\$12.316 billion
Net income available to common shareholders	-\$940 million
EBITDA	
Net income (loss) before income tax expense, interest expense and depreciation, depletion and amortization expense	\$1.914 billion
Operating cash flow	
Net cash provided by operating activities before changes in assets and liabilities	\$4.069 billion
Average daily production	3,886 bcfe
Cash dividends declared per common share	\$0.35
Total tax revenue to government	\$831 million
Corporate Governance	
Board members	9
Ethics training sessions	119
Business partners trained in security and ethics	3,515
Employees trained in security and ethics	3,256
Ethics investigations initiated from phone calls, emails, personal meetings and other investigations	76
Environment	
Air releases > 100 mcf	46
Greenhouse gas emissions	5.5 mill metric tons CO ₂ e 3.9 metric tons CO ₂ e/mcfe
Total water use (million gal/well)	2.1 – 7.75
Total water use (gal/MMBTU)	0.82 – 3.14
Total volume and % of water recycled and reused	235 million gallons 4.1% recycle/reuse
Number of operated wells drilled	1,642
Total number of operated wells	27,200
Spills > 100 bbls	78
Total spill volume > 100 bbls	Total 23,647 bbls Recovered 12,109 bbls
Spill rate of crude oil and condensate to produced fluids	0.0006%
Solar panels installed for pumps, gates, valves	1,512 installed 2012 7,679 in service at year end
CNG fleet	Company fleet: 1,792 Employee leased: 243 Saved: \$2.6 million
Fleet fuel usage: gasoline	1,286,922 gallons 46% total fuel
Fleet fuel usage: CNG	1,628,919 gallons 56% total fuel
Health and Safety	
EHS professionals at the field, district and corporate levels	326 (year end)
EHS training hours	309,565
Number of EHS training courses offered	152
Number of employees safety trained	13,729
Employees trained in safe driving courses and total man-hours in safety training classes	6,052 employees 29,701 man-hours
At-fault motor vehicle accident (MVA) rate	2.92
Supervisors completed drug testing and substance abuse training	622
Violations resulting in fines in excess of \$100,000	5
Combined Chesapeake employee total recordable incident rate	1.37
Combined Chesapeake employee lost time incident rate	0.35
Chesapeake Operating, Inc. E&P employee total recordable incident rate	0.39
Chesapeake Operating Inc. E&P employee lost time incident rate	0.13
Chesapeake Oilfield Services employee total recordable incident rate	2.15
Chesapeake Oilfield Services employee lost time incident rate	0.5
Contractors total number of OSHA-recordable incidents	522
Contractor fatalities	4
Community	
Total charitable giving	\$32 million
Organizations receiving donations (financial and in-kind support)	1,467
Employee giving	\$2.7 million
Employee volunteer hours	47,624
Volunteer organizations	592
Total value of in-kind donations	\$2,087,393
Employees	
Employee count (year end)	11,989
Employees hired	3,974
Female new hires	16%
Women in workforce	21%
Women in workforce at Oklahoma City headquarters	45%
Women in SVP level and above positions	18%
Multicultural workforce	19%
Veterans in the workforce	9%
Median workforce age	35
Turnover rate	33%

Chesapeake 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	Description of key impacts, risks and opportunities.	Fully	Letter to Our Stakeholders on Page 1
2.1	Name of the organization.	Fully	About Our Company on Page 3
2.2	Primary brands, products and/or services.	Fully	About Our Company on Page 3
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries and joint ventures.	Fully	About Our Company on Page 3
2.4	Location of organization's headquarters.	Fully	About Our Company 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 Our Company on Page 3
2.6	Nature of ownership and legal form.	Fully	About Our Company on Page 3
2.7	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries).	Fully	About Our Company on Page 3
2.8	Scale of the reporting organization.	Fully	About Our Company on Page 3; Chesapeake Corporate Responsibility Report GRI Indicators on Pages 35 – 37
2.9	Significant changes during the reporting period regarding size, structure or ownership.	Fully	About Our Company on Page 3; Our Commitment to Corporate Governance on Page 9
2.10	Awards received in the reporting period.	Fully	2012 Award Highlights on Page 33
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 the inside front cover
3.5	Process for defining report content.	Fully	About This Report on Page 5
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	About Our Company on Page 3; About This Report on Page 5
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	About This Report on Page 5
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	Chesapeake Corporate Responsibility Report GRI Indicators on Pages 35 – 37
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	About This Report on Page 5; Our Commitment to Corporate Governance on Page 9; Corporate Compliance and Ethics on Page 10
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	Our Commitment to Corporate Governance on Page 9
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.	Partially	Chesapeake Key Performance Indicators on Page 34
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	Communicate with the Company on the inside front cover; Communicating with Employees on Page 31
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	Corporate Compliance and Ethics on Pages 10 – 11

Chesapeake Corporate Responsibility Report GRI Indicators (cont.)

Indicator	Description	Reported	Page
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.	Partially	Corporate Governance Improvements on Page 9
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	Chesapeake Values on Page 6; Our Commitment to Corporate Governance on Pages 8 – 11
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	Our Commitment to Corporate Governance on Pages 8 – 11
4.14	List of stakeholder groups engaged by the organization.	Fully	Stakeholder Engagement on Page 6; Addressing Community Interests on Page 25
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	Stakeholder Engagement on Page 6
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	Communicate with the Company on inside front cover; Stakeholder Engagement on Page 6; Our Commitment to Corporate Governance on Page 9; Addressing Community Interests on Page 25; Communicating with Employees on Page 31
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	About This Report on Page 5; Stakeholder Engagement on Page 6; Our Commitment to Corporate Governance on Pages 8 – 11; Addressing Community Interests on Page 25
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.	Partially	Economic Catalyst on Page 25; Chesapeake Key Performance Indicators on Page 34
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Partially	Our Commitment to the Environment on Pages 13 – 14
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Partially	Economic Catalyst on Page 25
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagement.	Fully	Our Commitment to Communities on Pages 24 – 27
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Fully	Our Commitment to Communities on Pages 24 – 27
EN3	Direct energy consumption by primary energy source.	Partially	Energy Use on Page 16
EN5	Energy saved due to conservation and efficiency improvements.	Partially	Environmental Benefits of Natural Gas and Natural Gas Vehicles on Page 13
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	Environmental Benefits of Natural Gas and Natural Gas Vehicles on Page 13; Energy Use on Page 16; Chesapeake Key Performance Indicators on Page 34
EN8	Total water withdrawal by source.	Partially	Water on Page 15
EN9	Water sources significantly affected by withdrawal of water.	Fully	Water on Page 15

Indicator	Description	Reported	Page
EN10	Percentage and total volume of water recycled and reused.	Fully	Water on Page 15; Chesapeake Key Performance Indicators on Page 34
EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	Air on Page 14; Chesapeake Key Performance Indicators on Page 34
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Fully	Environmental Benefits of Natural Gas on Page 13; Environmental Benefits of Natural Gas Vehicles on Page 13; Our Commitment to the Environment on Pages 13 – 14; Air on Page 14
EN23	Total number and volume of significant spills.	Fully	Spills and Releases on Page 16; Chesapeake Key Performance Indicators on Page 34
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Fully	Our Commitment to the Environment on Pages 12 – 17
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	Violations and Penalties on Page 17; Chesapeake Key Performance Indicators on Page 34
LA1	Total workforce by employment type, employment contract and region, broken down by gender.	Partially	Employee Data Snapshot on Page 29; Chesapeake Key Performance Indicators on Page 34
LA2	Total number and rate of new employee hires and employee turnover by age group, gender and region.	Partially	Employee Data Snapshot on Page 29; Chesapeake Key Performance Indicators on Page 34
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Fully	Our Commitment to Employees on Pages 29 – 30
LA7	Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region and gender.	Partially	Improving Health and Safety Standards on Pages 20 – 21; Chesapeake Key Performance Indicators on Page 34
LA8	Education, training, counseling, prevention and risk-control programs in place to assist workforce members, their families or community members regarding serious diseases.	Fully	Our Commitment to Employees on Pages 30 – 31
LA10	Average hours of training per year per employee by gender and employee category.	Partially	Employee Development on Page 30; Chesapeake Key Performance Indicators on Page 34
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Fully	Our Commitment to Employees on Pages 30 – 31
LA12	Percentage of employees receiving regular performance and career development reviews by gender.	Fully	Compensation and Benefits on Page 29; Employee Development on Page 30
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	Employee Data Snapshot on Page 29; Diversity in Hiring on Page 31; Chesapeake Key Performance Indicators on Page 34
S01	Percentage of operations with implemented local community engagement, impact assessments and development programs.	Partially	Our Commitment to Communities on Pages 24 – 27
S04	Actions taken in response to incidents of corruption.	Partially	Corporate Compliance and Ethics on Pages 10 – 11; Chesapeake Key Performance Indicators on Page 34
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement and percentage of significant products and services categories subject to such procedures.	Partially	Our Commitment to Health and Safety on Pages 18 – 23

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