

2003

Chesapeake Energy Corporation
Annual Report



Perform



Chesapeake
*Natural Gas.
Natural Advantages.*

Chesapeake is the fifth largest independent producer of natural gas in the U.S.

Chesapeake is the second most active driller of new wells in the U.S.

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Chesapeake is dedicated to delivering industry-leading performance to our shareholders. In 2003, we delivered a stock price increase of 75% and during the past ten years, our stock price has increased almost 2500%, the 13th best performance among all U.S. public companies.

Chesapeake is especially well-positioned to continue delivering significant increases in shareholder value in the years ahead because of strong natural gas fundamentals, great assets and a well-conceived business strategy.


Chesapeake
Natural Gas.
Natural Advantages.

Selected Financial Data

Years ended December 31,

Financial Data (\$ in thousands, except per share data)

Oil and gas sales	
Oil and gas marketing sales	
Oil and gas service operations	
Total revenues	
Operating costs:	
Production expenses	
Production taxes	
General and administrative	
Provision for legal settlements	
Oil and gas marketing expenses	
Oil and gas depreciation, depletion and amortization	
Depreciation and amortization of other assets	
Impairment of oil and gas properties	
Impairment of other assets	
Oil and gas service operations	
Total operating costs	
Income (loss) from operations	
Other income (expense):	
Interest and other income	
Interest expense	
Miscellaneous gains (losses)	
Total other income (expense)	
Income (loss) before income taxes and cumulative effect of accounting change	
Income tax expense (benefit):	
Current	
Deferred	
Net income (loss) before cumulative effect of accounting change, net of tax	
Cumulative effect of accounting change, net of tax	
Net income (loss)	
Preferred stock dividends	
Gain on redemption of preferred stock	
Net income (loss) available to common shareholders	
Earnings per common share – basic:	
Income (loss) before cumulative effect of accounting change	
Cumulative effect of accounting change	
Earnings per common share – assuming dilution:	
Income (loss) before cumulative effect of accounting change	
Cumulative effect of accounting change	
Cash dividends declared per common share	

Other Financial Data (\$ in thousands)

Cash flow from operations

Cash provided by (used in) operating activities	
Operating cash flow	

Balance Sheet Data (at end of period):

Total assets	
Long-term debt, net of current maturities	
Stockholders' equity (deficit)	

Operating Data (\$ in thousands)

Oil reserves (mmbbls)	
Gas reserves (mmcf)	
Reserves in equivalent thousand barrels	
Reserves in equivalent million cubic feet	
Future net revenues discounted at 10%	
Future net revenues undiscounted	
Oil price used in reserve report (per bbl)	
Gas price used in reserve report (per mcf)	
Oil production (mmbbls)	
Gas production (mmcf)	
Production in equivalent thousand barrels	
Production in equivalent million cubic feet	
Average oil sales price (per bbl) ¹	
Average gas sales price (per mcf) ¹	
Average gas equivalent sales price (per mcf) ¹	

	2003	2002	2001	2000
	\$ 1,296,822	\$ 568,187	\$ 820,318	\$ 470,170
	420,610	170,315	148,733	157,782
	–	–	–	–
	1,717,432	738,502	969,051	627,952
	137,583	98,191	75,374	50,085
	77,893	30,101	33,010	24,840
	23,753	17,618	14,449	13,177
	6,402	–	–	–
	410,288	165,736	144,373	152,309
	369,465	221,189	172,902	101,291
	16,793	14,009	8,663	7,481
	–	–	–	–
	–	–	–	–
	–	–	–	–
	1,042,177	546,844	448,771	349,183
	675,255	191,658	520,280	278,769
	2,827	7,340	2,877	3,649
	(154,356)	(112,031)	(98,321)	(86,256)
	(22,774)	(19,827)	(63,138)	–
	(174,303)	(124,518)	(158,582)	(82,607)
	500,952	67,140	361,698	196,162
	5,000	(1,822)	3,565	–
	185,360	28,676	140,727	(259,408)
	310,592	40,286	217,406	455,570
	2,389	–	–	–
	312,981	40,286	217,406	455,570
	(22,469)	(10,117)	(2,050)	(8,484)
	–	–	–	6,574
	\$ 290,512	\$ 30,169	\$ 215,356	\$ 453,660
	\$ 1.36	\$ 0.18	\$ 1.33	\$ 3.52
	0.02	–	–	–
	\$ 1.38	\$ 0.18	\$ 1.33	\$ 3.52
	\$ 1.20	\$ 0.17	\$ 1.25	\$ 3.01
	0.01	–	–	–
	\$ 1.21	\$ 0.17	\$ 1.25	\$ 3.01
	\$ 0.135	\$ 0.06	–	–
	\$ 945,602	\$ 432,531	\$ 553,737	\$ 314,640
	903,929	412,517	518,563	305,804
	\$ 4,572,291	\$ 2,875,608	\$ 2,286,768	\$ 1,440,426
	2,057,713	1,651,198	1,329,453	944,845
	1,732,810	907,875	767,407	313,232
	51,422	37,587	30,093	23,797
	2,860,040	1,979,601	1,599,386	1,212,033
	528,095	367,521	296,658	225,802
	3,168,575	2,205,125	1,779,946	1,354,813
	\$ 7,333,142	\$ 3,717,645	\$ 1,646,667	\$ 6,046,028
	\$ 13,074,018	\$ 6,758,869	\$ 2,966,032	\$ 10,702,974
	\$ 30.22	\$ 30.18	\$ 18.82	\$ 26.41
	\$ 5.68	\$ 4.28	\$ 2.51	\$ 10.12
	4,665	3,466	2,880	3,068
	240,366	160,682	144,171	115,771
	44,726	30,246	26,909	22,363
	268,356	181,478	161,451	134,179
	\$ 25.85	\$ 25.22	\$ 26.92	\$ 26.39
	\$ 4.85	\$ 3.54	\$ 4.56	\$ 3.36
	\$ 4.79	\$ 3.61	\$ 4.56	\$ 3.50

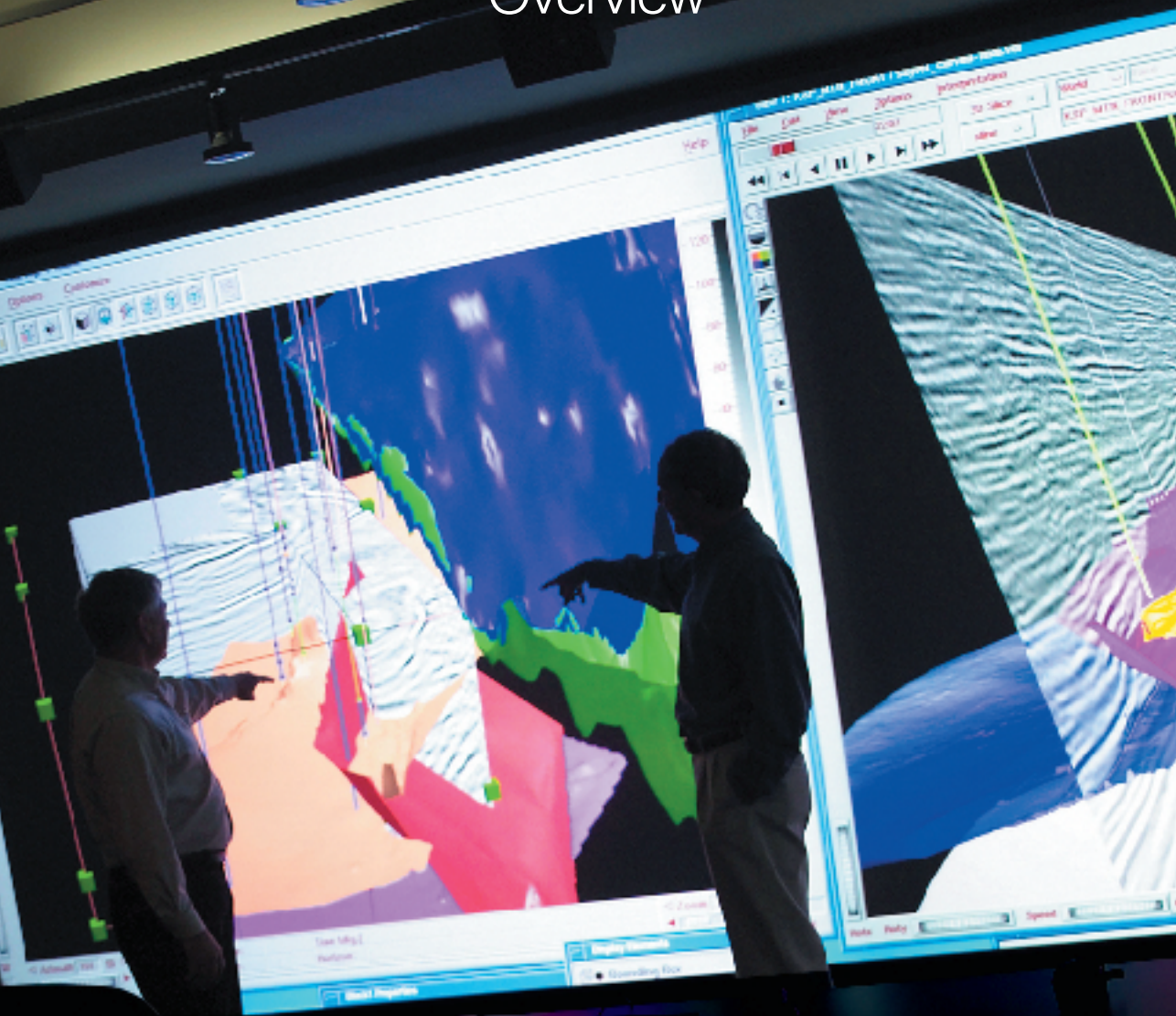
¹ Excludes unrealized gains (losses) on oil and gas hedging.

Six months ended
December 31

Years ended June 30

1999	1998	1997	1997	1996	1995	1994	1993
\$ 280,445	\$ 256,887	\$ 95,657	\$ 192,920	\$ 110,849	\$ 56,983	\$ 22,404	\$ 11,602
74,501	121,059	58,241	76,172	28,428	—	—	—
—	—	—	—	6,314	8,836	6,439	5,526
354,946	377,946	153,898	269,092	145,591	65,819	28,843	17,128
46,298	51,202	7,560	11,445	6,340	3,379	2,141	2,890
13,264	8,295	2,534	3,662	1,963	877	1,506	—
13,477	19,918	5,847	8,802	4,828	3,578	3,135	3,620
—	—	—	—	—	—	—	1,286
71,533	119,008	58,227	75,140	27,452	—	—	—
95,044	146,644	60,408	103,264	50,899	25,410	8,141	4,184
7,810	8,076	2,414	3,782	3,157	1,765	1,871	557
—	826,000	110,000	236,000	—	—	—	—
—	55,000	—	—	—	—	—	—
—	—	—	—	4,895	7,747	5,199	3,653
247,426	1,234,143	246,990	442,095	99,534	42,756	21,993	16,190
107,520	(856,197)	(93,092)	(173,003)	46,057	23,063	6,850	938
8,562	3,926	78,966	11,223	3,831	1,524	981	880
(81,052)	(68,249)	(17,448)	(18,550)	(13,679)	(6,627)	(2,676)	(2,282)
—	(13,334)	—	(6,620)	—	—	—	—
(72,490)	(77,657)	61,518	(13,947)	(9,848)	(5,103)	(1,695)	(1,402)
35,030	(933,854)	(31,574)	(186,950)	36,209	17,960	5,155	(464)
—	—	—	—	—	—	—	—
1,764	—	—	(3,573)	12,854	6,299	1,250	(99)
33,266	(933,854)	(31,574)	(183,377)	23,355	11,661	3,905	(365)
—	—	—	—	—	—	—	—
33,266	(933,854)	(31,574)	(183,377)	23,355	11,661	3,905	(365)
(16,711)	(12,077)	—	—	—	—	—	(385)
—	—	—	—	—	—	—	—
\$ 16,555	\$ (945,931)	\$ (31,574)	\$ (183,377)	\$ 23,355	\$ 11,661	\$ 3,905	\$ (750)
\$ 0.17	\$ (9.97)	\$ (0.45)	\$ (2.79)	\$ 0.43	\$ 0.22	\$ 0.08	\$ (0.02)
—	—	—	—	—	—	—	—
\$ 0.17	\$ (9.97)	\$ (0.45)	\$ (2.79)	\$ 0.43	\$ 0.22	\$ 0.08	\$ (0.02)
\$ 0.16	\$ (9.97)	\$ (0.45)	\$ (2.79)	\$ 0.40	\$ 0.21	\$ 0.08	\$ (0.02)
—	—	—	—	—	—	—	—
\$ 0.16	\$ (9.97)	\$ (0.45)	\$ (2.79)	\$ 0.40	\$ 0.21	\$ 0.08	\$ (0.02)
—	\$ 0.04	\$ 0.04	\$ 0.02	—	—	—	—
\$ 145,022	\$ 94,639	\$ 139,157	\$ 84,089	\$ 120,972	\$ 54,731	\$ 19,423	\$ (1,499)
138,727	117,500	67,872	161,140	88,431	45,903	15,527	4,404
\$ 850,533	\$ 812,615	\$ 952,784	\$ 949,068	\$ 572,335	\$ 276,693	\$ 125,690	\$ 78,707
964,097	919,076	508,992	508,950	268,431	145,754	47,878	14,051
(217,544)	(248,568)	280,206	286,889	177,767	44,975	31,260	31,432
24,795	22,593	18,226	17,373	12,258	5,116	4,154	9,622
1,056,826	955,791	339,118	298,766	351,224	211,808	117,066	79,763
200,933	181,891	74,746	67,167	70,795	40,417	23,665	22,915
1,205,595	1,091,348	448,474	403,004	424,775	242,505	141,992	137,495
\$ 1,089,496	\$ 660,991	\$ 466,509	\$ 437,386	\$ 547,016	\$ 188,137	\$ 141,249	\$ 141,665
\$ 1,891,175	\$ 1,208,641	\$ 715,098	\$ 611,954	\$ 795,600	\$ 274,900	\$ 209,795	\$ 215,117
\$ 24.72	\$ 10.48	\$ 17.62	\$ 18.38	\$ 20.90	\$ 17.41	\$ 18.27	\$ 18.71
\$ 2.25	\$ 1.68	\$ 2.29	\$ 2.12	\$ 2.41	\$ 1.60	\$ 1.98	\$ 2.43
4,147	5,976	1,857	2,770	1,413	1,139	537	276
108,610	94,421	27,326	62,005	51,710	25,114	6,927	2,677
22,249	21,713	6,411	13,104	10,031	5,325	1,692	722
133,492	130,277	38,468	78,625	60,190	31,947	10,152	4,333
\$ 16.01	\$ 12.70	\$ 18.59	\$ 20.93	\$ 17.85	\$ 17.36	\$ 15.09	\$ 20.20
\$ 1.97	\$ 1.92	\$ 2.24	\$ 2.18	\$ 1.66	\$ 1.48	\$ 2.06	\$ 2.25
\$ 2.10	\$ 1.97	\$ 2.49	\$ 2.45	\$ 1.84	\$ 1.78	\$ 2.21	\$ 2.68

Chesapeake Performance Overview



We are highly profitable, expecting to generate more than \$300 million of net income to common shareholders and \$1 billion of cash flow from operations in 2004.

We are the largest gas producer and driller of new wells in the Mid-Continent - the third largest gas supply region in the country.

We have high-quality, geographically-focused assets with one of the best operating cost structures in our peer group.

Chesapeake has recorded the 13th best stock price performance among all U.S. public companies during the past ten years. During that period, Chesapeake's stock price increased by 2,476%, a compound average annual increase of 39%.

We continue to build for the future, investing over \$150 million annually in new leasehold and 3-D seismic information.

We continue to improve our balance sheet, with shareholders' equity increasing by \$825 million and debt to total capitalization declining to nearly 50% in 2003.

We have proven expertise in developmental and exploratory drilling, with particular skill in deep gas exploration. In addition, we are savvy acquirers of high-quality, under-exploited producing properties, closing over \$1 billion of acquisitions in 2003.

Our management team's commitment to building shareholder value is ensured by a 35 million share equity stake.

Selected
Financial Data

Far Left

Letter to
Shareholders

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Directors
and Officers

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Employees

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Annual

Report on
Form 10-K

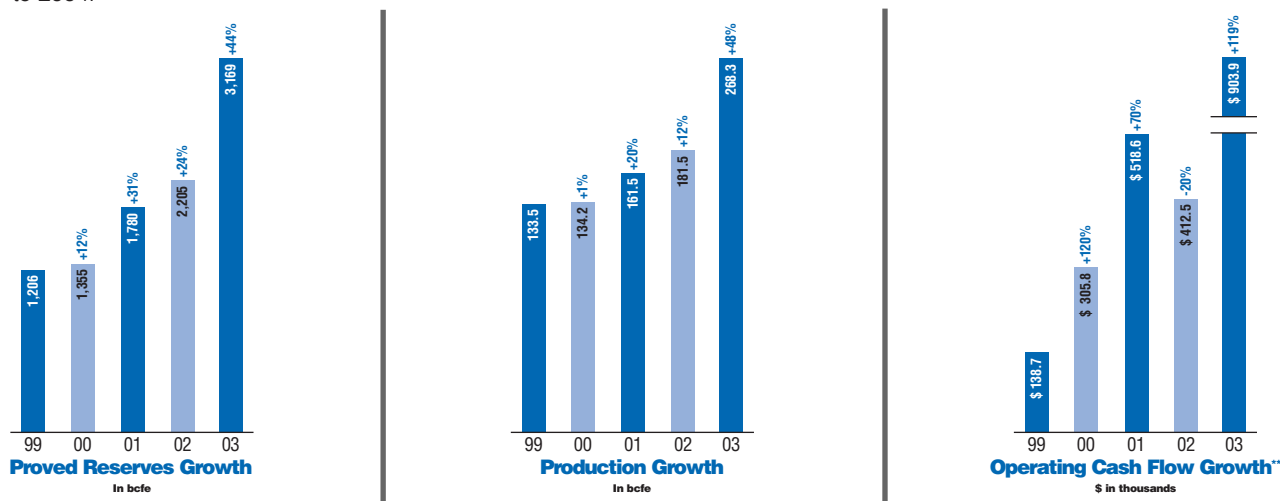
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Letter to Shareholders

Performance – it's what the cover of our 2003 Annual Report is all about, it's what Chesapeake is all about and it's what all business should be about. The expectation of exceptional *performance* is why you (and we) own Chesapeake stock, and the delivery of exceptional *performance* is management's #1 responsibility. However, because the natural gas exploration and production (E&P) business is highly competitive and the prices received for the products we sell are extremely volatile, consistent *performance* in delivering shareholder value in our industry is not easy to achieve.

Accordingly, in this year's letter, we focus not only on Chesapeake's *performance* during 2003, but also on the company's track record of *performance* during the 11 years since our IPO in February 1993. We will also discuss how we have positioned Chesapeake to continue delivering exceptional *performance* to our shareholders in the years ahead.

Performance Through Operational and Financial Achievement First, let's review our operational and financial *performance* in 2003, which by almost all measures, was our best year ever. We began the year with a full head of steam from our ONEOK and El Paso acquisitions (\$800 million of first class properties in the Mid-Continent), made a number of important gas discoveries through the drillbit, dramatically improved our balance sheet and then ended the year with our Laredo and Concho acquisitions (\$620 million of excellent properties in the Mid-Continent, Permian Basin and South Texas areas). These acquisitions and several others announced earlier this month have provided us with an especially strong start to 2004.



Here are some selected operational and financial *performance* highlights for the year 2003:

- Production increased 48% from 181 bcfe to 268 bcfe;
- Proved reserves increased 44% from 2,205 bcfe to 3,169 bcfe;
- Revenues grew by 132% from \$739 million to \$1.717 billion;
- Ebitda* increased by 151% from \$414 million to \$1.042 billion;
- Operating cash flow** grew by 119% from \$413 million to \$904 million;
- Net income to common shareholders grew by 863% from \$30 million to \$291 million, and;
- Shareholders' equity increased by 91% from \$908 million to \$1.733 billion.

Performance Through Stock Price Appreciation At the end of the day, the only *performance* that matters for a public company is stock price *performance*. We are therefore pleased to report that Chesapeake's 75% stock price increase during 2003 was the best *performance* among our mid- and large-cap competitors. In fact, during the past six years (1998-2003), Chesapeake's stock price *performance* leads our entire industry with an increase of 1,345%, or a compound average annual increase of 71%.

We are also happy to note that earlier this month, the Wall Street Journal reported that Chesapeake recorded the 13th best stock price *performance* among all U.S. public companies during the past ten years. During that period, Chesapeake's stock price increased by 2,476%, a compound average annual increase of 39%. A little known fact is that during the past ten years, Chesapeake's stock price *performance* has exceeded that of each of the 30 largest companies in the world, including such stock market leaders as Microsoft, Cisco, ExxonMobil, Pfizer, Intel, General Electric, IBM and Citigroup.

* Ebitda is a non-GAAP measure that represents net income before the cumulative effect of accounting changes, income tax expense, interest expense and depreciation, depletion and amortization expense.

** Operating cash flow is a non-GAAP measure that represents net cash provided by operating activities before changes in assets and liabilities.



Growth in a \$100 Investment

February 4, 1993 (CHK IPO date) through March 31, 2004

Chesapeake \$1,007.52

Peers* \$357.82 CHK Outperforms by 182%

Dow Jones \$303.15 CHK Outperforms by 232%

NASDAQ \$281.33 CHK Outperforms by 258%

S&P \$250.51 CHK Outperforms by 302%

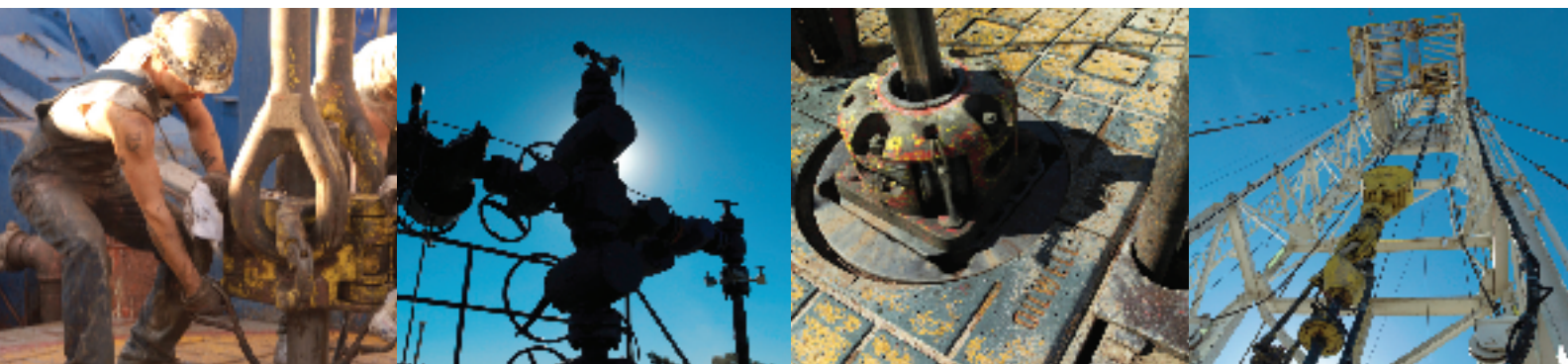
* Peers = APA, APC, BR, COG, DVN, EOG, FST, KMG, NBL, NFX, PPP, PXD, VPI, XTO



Performance Through a Successful Business Strategy We have not forgotten, however, that Chesapeake's stock price did decline in three of the past ten years. It was the disappointments of two of those years, 1997 and 1998, a period of declining oil and gas prices and uneconomic Louisiana drilling results from a much smaller Chesapeake, that persuaded us to alter our strategy and concentrate on natural gas while pursuing greater scale, longer lived reserves, and a balance between drillbit growth and acquisition growth. This strategy, implemented in 1998 and executed consistently during the past six years, has served our shareholders well and we believe still provides the best game plan for continuing to deliver strong shareholder value *performance* in the years ahead.

Through consistent execution of our focused and clearly articulated business strategy, we have built a regionally dominant U.S. E&P company by successfully integrating an aggressive and technologically advanced drilling effort with an active acquisition program. This program has been focused on small- to medium-sized corporate and producing property acquisitions that we believe are under-valued, under-exploited or under-explored.

In addition to constantly strengthening Chesapeake's Mid-Continent position (where approximately 80% of our reserves and production are located), we are continuing to build secondary footholds in other areas of opportunity, particularly focusing on the Permian Basin, South Texas and Texas Gulf Coast regions. All of these areas share similar characteristics with the Mid-Continent region. We believe the company's successful regional consolidation strategy and advanced technology drilling expertise can be readily applied to these new areas as well.



Performance Through High Quality Acquisitions The successful execution of our regional consolidation program has been one of the primary drivers of the company's strong *performance* during the past six years. Our acquisition program is focused on acquiring high-quality producing properties, primarily natural gas and primarily in the Mid-Continent, that have long lives, exhibit predictable decline curves and offer significant development and high-potential deep drilling opportunities. Since January 1, 1998, we have acquired \$3.6 billion of proved reserves at an attractive average cost of \$1.20 per mcf. The vast majority of these acquisitions either increased our ownership in existing wells and fields, or added additional drilling locations to our primary or secondary operating areas.

In addition, because both our primary and secondary operating areas are home to many small companies seeking liquidity opportunities and large companies divesting non-core assets, we expect to continue creating value-enhancing *performance* through successfully harvesting future acquisition opportunities in these areas in the years ahead.

Performance Through Organic Drillbit Growth One of Chesapeake's most distinctive characteristics has been the company's ability to create shareholder value through consistent drillbit *performance*. In an industry that has been unable to deliver increases in natural gas production for three consecutive years, Chesapeake's ability to increase its production through the drillbit is an increasingly rare attribute. Founded on a "growth through the drillbit" philosophy, our strength in this area highlights the company's *performance* as a pacesetter in the industry. Based on our review of 2003 results from other mid- and large-cap E&P companies, Chesapeake's 20% organic production growth was the best *performance* with the drillbit in our industry.

With an inventory of more than 2,500 prospective drillsites (many of which have been identified using advanced 3-D seismic information) on the company's three million net acre leasehold inventory, we have built a solid foundation to deliver further drillbit *performance* in 2004 and beyond. From this prospect-rich platform, Chesapeake is conducting the second most active U.S. drilling program. During 2004, we expect to employ an average of 45-50 rigs that will drill approximately 500 company-operated wells and 40-50 rigs that will drill approximately 500 outside-operated wells.

These onshore natural gas wells provide a safe and reliable source of the clean energy our country increasingly demands. Across our entire base of operations, Chesapeake balances risk and return opportunities, with one-third of our drilling focused on low-risk developmental targets at depths shallower than 10,000 feet, one-third on medium depth drilling consisting of developmental and higher-potential targets between 10-15,000 feet and one-third targeting deeper exploratory targets with significant upside potential below 15,000 feet. This balanced range of prospects provides the company with one of the largest and most attractive drilling inventories of all E&P companies and will play an important role in enabling Chesapeake to continue delivering industry-leading *performance* in the years ahead.

Performance Through Building Regional Scale One of the keys to consistently delivering great *performance* in the E&P industry is building scale in a limited number of core operating areas. Achieving economies of scale provides many important benefits, including higher per unit revenues, lower per unit costs, greater drilling success, better acquisition results, and higher returns on invested capital. Chesapeake first began pursuing regional scale in the Mid-Continent in 1998 and the success of our strategy has enabled the company to become the region's largest natural gas producer, its most active driller and its most active acquirer of producing and non-producing properties.

We favor the Mid-Continent because it offers many attractive characteristics. These characteristics include long-lived natural gas properties with predictable decline curves, multiple-pay geological targets, strong oil and natural gas prices, lower service costs, and a favorable regulatory environment with virtually no federal land ownership. Chesapeake's secondary operating areas possess many of these same characteristics. The company's regional scale and focus should provide significant *performance* opportunities for Chesapeake's shareholders in the years ahead.

Performance Through Maintaining a Low Cost Structure By minimizing the operating cost of the company's wells and reducing general and administrative expenses through strict cost controls and regional operating scale, we have been able to deliver attractive financial *performance* through almost all phases of the commodity price cycle. Chesapeake's low cost structure is the result of management's effective cost-control programs, a high-quality asset base and the extensive and competitive service, processing and transportation infrastructures that exist in our core operating areas. By maintaining a low cost structure, we are able to achieve high returns on Chesapeake's capital and deliver strong operational and financial *performance* to our shareholders, including a gross profit margin of 39% and a return on equity of 32% in 2003.

Performance Through Successful Risk Management During the past six years, Chesapeake has developed a distinctive identity in the industry by being one of the earliest to predict that the U.S. would begin experiencing the increasingly volatile natural gas prices that are with us today. For years, our view that U.S. natural gas production would peak and then start an inexorable decline (just as oil production has been declining in the U.S. for more than 30 years) was not widely shared. Our view that natural gas prices would increase significantly as a result was also not widely shared and, in fact, was just the opposite of what our federal government had been forecasting.

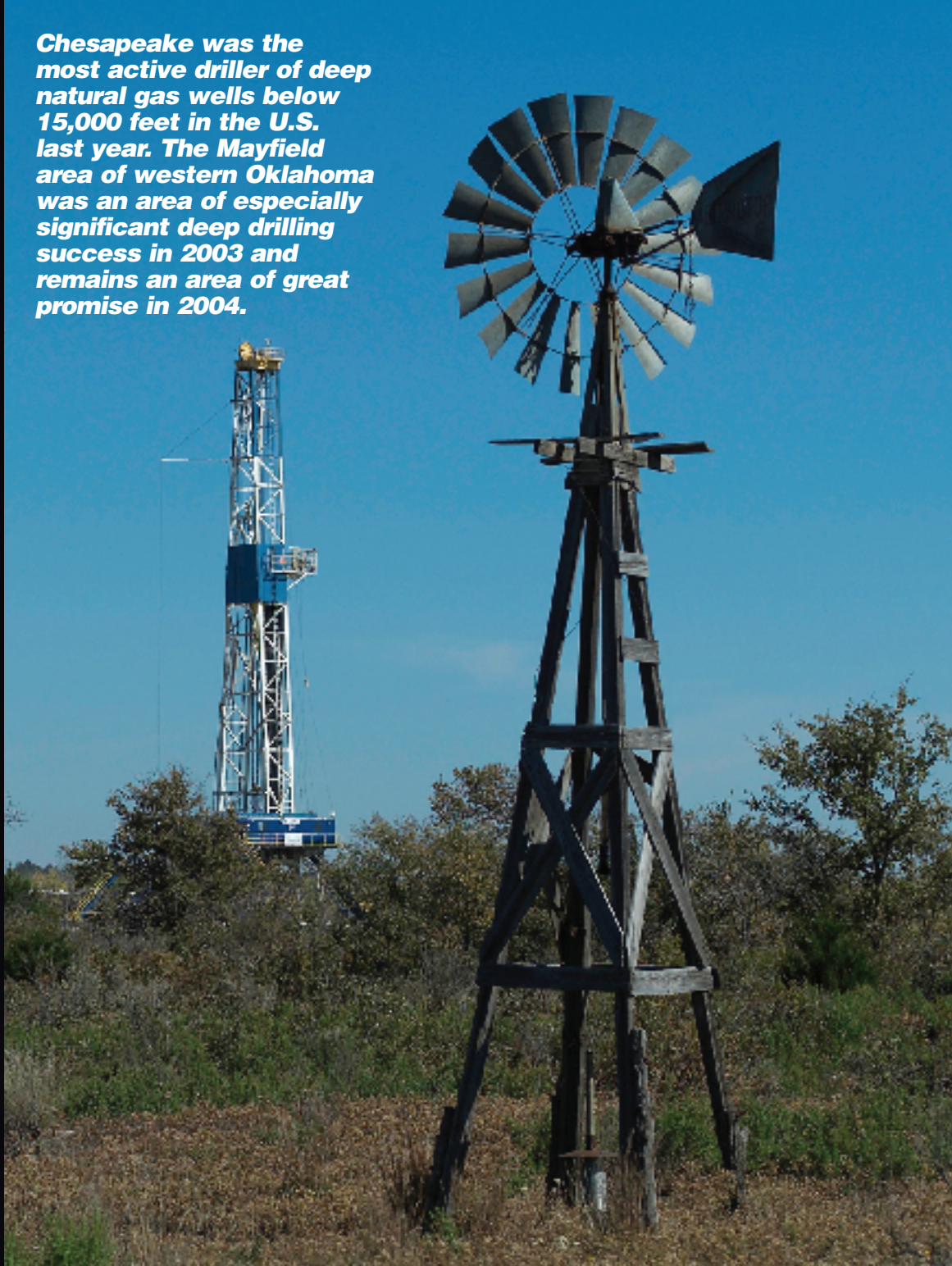
The company's anticipation of accelerating U.S. production declines and the resulting natural gas price volatility led to the development of our commodity price risk management policies that have generated industry-leading hedging results. In fact, during the past three years alone, we have generated realized hedging gains of over \$180 million. By investing this extra revenue in the company's drilling program, we have been able to create over \$300 million of additional reserve value through risk management. Although we do not expect to generate increased revenues from our hedging program every year, over time we believe this program can generate significant value while substantially reducing commodity price risk for our shareholders.

Performance Through Improving Our Balance Sheet A key driver of Chesapeake's exceptional stock price *performance* in 2003 and during the past six years has been the significant improvement made to our balance sheet. When our stock price declined in 1997 and 1998 because of the operational setbacks and declining oil and gas prices mentioned earlier, the company was forced to significantly write down the value of its assets. This reduction in asset value caused our debt to total capitalization to reach a peak of 137% at year-end 1998.

However, through strong earnings growth and several equity offerings built around some of our larger acquisitions, we have reduced Chesapeake's debt to total capitalization to below 50%. We have also reduced the average interest rate of our outstanding senior notes to 7.7% and have extended our average senior note maturity to 9.6 years. After paying off \$46 million of senior notes in March 2004, we now have only \$210 million of senior note maturities in the next seven years.

The benefits to our shareholders from these steady improvements in Chesapeake's balance sheet include a lower cost of capital, increased shareholder confidence in the company's ability to create value even when commodity prices are unfavorable and a higher trading multiple for our common stock. One of our key financial goals continues to be reducing the

Chesapeake was the most active driller of deep natural gas wells below 15,000 feet in the U.S. last year. The Mayfield area of western Oklahoma was an area of especially significant deep drilling success in 2003 and remains an area of great promise in 2004.



company's debt to total capitalization and to achieve an investment grade rating for our unsecured debt in the years ahead. During 2003, Chesapeake's secured debt facility earned an investment grade rating and we are confident the strength of our assets and business strategy will provide further significant balance sheet improvement and strong shareholder value *performance* in the years ahead.

Eleven Years of Industry-Leading Performance We hope the foregoing review of our business strategy helps explain how Chesapeake has been able to create industry-leading *performance* for our shareholders during our first 11 years as a public company. Please find below various operational and financial achievements that we believe highlight just how much progress we have made as a company during the past 11 years:

- Production has increased from 4 bcfe to 268 bcfe, a compound annual growth rate (CAGR) of 48%;
- Proved reserves have increased from 137 bcfe to 3,169 bcfe, a CAGR of 35%;
- Revenues have grown from \$17 million to \$1.717 billion, a CAGR of 55%;
- Ebitda* has increased from \$7 million to \$1.042 billion, a CAGR of 62%;
- Operating cash flow** has grown from \$4 million to \$904 million, a CAGR of 66%;
- Net income available to common shareholders has grown from a first year loss to \$291 million;
- Shareholders' equity has increased from \$31 million to \$1.733 billion, a CAGR of 46% and;
- Chesapeake's stock price has grown from a split-adjusted IPO price of \$1.33 per share to a year-end 2003 price of \$13.58 per share, a CAGR of 24%.

We are proud of the company's track record of *performance* during the past 11 years and believe we can continue building on it during 2004.

Looking Forward As we conclude this letter and reflect on our *performance* during Chesapeake's first 11 years, we remain optimistic about the continued success of the company and our ability to deliver value to our shareholders. We have built a strong foundation based on the commitment of 1,300 top-notch employees, a time-tested and successful business strategy, a value-added risk-management program, a steadily improving balance sheet and increasingly valuable natural gas assets. We also offer an entrepreneurial and experienced management team that has proven itself through a full range of commodity cycle challenges in building a \$6.4 billion enterprise from an initial \$50,000 investment in just 15 years.

We are off to a great start in delivering another successful year of *performance* to our shareholders in 2004. In the first three months of the year, we have already negotiated \$600 million of acquisitions, drilled 120 new operated wells, established new daily production records and increased our production and earnings forecasts for the year.

In addition, natural gas prices continue to strengthen because of increasing U.S. gas demand and decreasing U.S. gas supply. As a result, we believe the stage is set for an extended period of strong natural gas prices. Just as the 1990's with its low gas prices was a decade that mostly benefited natural gas consumers, this decade with its high gas prices will primarily benefit natural gas producers and their shareholders. In this environment, we believe Chesapeake can continue leading the way in delivering exceptional shareholder value *performance* in 2004 and beyond.

Best regards,



Aubrey K. McClendon
Chairman and Chief Executive Officer



Tom L. Ward
President and Chief Operating Officer

March 31, 2004

* Ebitda is a non-GAAP measure that represents net income before the cumulative effect of accounting changes, income tax expense, interest expense and depreciation, depletion and amortization expense.

** Operating cash flow is a non-GAAP measure that represents net cash provided by operating activities before changes in assets and liabilities.

Directors

Breene M. Kerr
Private Investor
Easton, Maryland

Aubrey K. McClendon
Chairman of the Board and
Chief Executive Officer
Oklahoma City, Oklahoma

Shannon T. Self
Partner
Commercial Law Group, P.C.
Oklahoma City, Oklahoma

Charles T. Maxwell
Senior Energy Analyst
Weeden & Co.
Greenwich, Connecticut



Frederick B. Whittemore
Advisory Director
Morgan Stanley
New York, New York

Tom L. Ward
President and
Chief Operating Officer
Oklahoma City, Oklahoma

Frank Keating
President and CEO
American Council of
Life Insurers
Washington, D.C.

Not Pictured
E. F. Heizer, Jr.
Director Emeritus
Chicago, Illinois

Officers



Martha A. Burger
Treasurer and Senior
Vice President –
Human Resources



Steven C. Dixon
Senior Vice President –
Production



Henry J. Hood
Senior Vice President –
Land and Legal



Douglas J. Jacobson
Senior Vice President –
Acquisitions and
Divestitures



James C. Johnson
President –
Chesapeake Energy
Marketing, Inc.



Michael A. Johnson
Senior Vice President –
Accounting, Controller
and Chief Accounting
Officer



J. Mark Lester
Senior Vice President –
Exploration



Stephen W. Miller
Senior Vice President –
Drilling



Thomas S. Price, Jr.
Senior Vice President –
Investor and
Government Relations



Marcus C. Rowland
Executive Vice President
and Chief Financial
Officer



Thomas L. Winton
Senior Vice President –
Information Technology
and Chief Information
Officer

Team Chesapeake

1989 (7)

Pat Goode
Cheryl Hamilton
Mark Lester
Kinney Louthan
Aubrey McClendon
Tom Ward
Patsy Watters

1990 (6)

Colley Andrews
Kevin Decker
David Higgins
Linda Peterburs
Cindi Williams
Jeff Williams

1991 (14)

Steve Dixon
Wes Kruckenberg
Steve Lane
Joe McClendon
Marilyn Pollard
Lori Ray
Debby Richardson
Patti Schlegel
Vivian Smith
John Striplin
Randy Summers
Julie Washam
Clarence Watts
Lu Ann Wernli

1992 (3)

Tom Price
Melanie Weaver
Ken Will

1993 (9)

Ralph Ball
Rodney Beverly
David DeSalvo
Rick Hughes
Charles Imes
Mike Johnson
Randy Pierce
Marc Rowland
Dave Wittman

1994 (23)

Barbara Bale
Martha Burger
Michael Coles
Ron Goff
Traci Gonzales
Duane Heckelsberg
Brian Imes
Darvin Knapp
Greg Knight
Dan LeDonne
Felipe Maldonado
Steve Miller
Tommy Morphew
Pat Pope
Bobby Portillo
Danny Rutledge
Stephanie Shedden
Arlene Shuman
Peggy Vosika
Ronnie Ward
Janet Weeks
Shelly White
Gerald Zgabay

1995 (40)

Richey Albright
Paula Asher
Eric Ashmore
Jack Austin
Randy Borlaug
Shelli Butler
Patti Carlisle

Leon Carmona
Ilan Cathey
Melissa Chambers
Dale Cook
Ken Davidson
Ted Davis
Mandy Duane
Kyle Essmiller
Steve Gaskins

Jennifer Grigsby
Cliff Hanoch
Gayle Harris
Mike Hazlip
Carol Holden
Henry Hood
Lorrie Jacobs
Mike Johnston
Jesse Langford
Barry Langham
Cindy LeBlanc
Sandy Mathis
Leland Murray
Fred Portillo
John Qualls
Pat Rolla
Hank Scheel
Charles Scholz
Charlie Smith
Stan Stinnett
Brenda Stremble
Greg Weinschenk
Brian Winter
Jimmy Wright

1996 (45)

Heather Anderson
Judy Arias
Leslie Bross
Jamie Carter
Gary Collings
Jasen Davis
George Denny
Tim Denny
Gary Dunlap
Laurie Eck
Jan Fair
Barbara Frailey
Sherry Freeman
Linda Gardner
Charlene Glover
Randy Goben
Jim Gomez
Melissa Gruenewald
Doug Johnson
Jim Johnson
Susan Keller
Taylor Kemp
Phyllis Kimray
Sandi Lagaly
Mike Lebsack
Steve Lepreire
Janet Lowrey
Larry Lunardi
John Marks
Carrol McCoy
Sondra McNeiland
Liz Muskrat
Angela Ports
Robert Potts
Buddy Powell
Tommy Putz
Aaron Reyna
Kim Rogers
Bryan Sagebiel
Kurt Schrantz
Ricky Scroggs
Cheryl Self
Ken Turner
Joe Vaughan
Bill Wagner

1997 (45)

Allan Waldroup
Linda Allen
Karla Allford
Lauren Brunken
Steve Burns
Sara Caldwell
Tasha Chamberlain
Steve Cody
Kristine Conway
Randy Cornelsen
Michelle Cullen
Bruce Dixon
Greg Drwenski
Mark Evans
Joy Franklin
Terry Garrison
Rob Gilkes
Kim Ginter
Tony Gore
Shane Hamilton
Heidi Henry
Mike Horn
Eric Hughes
David Jones
Gwen Lang
Mike Ludlow
Sarah Lumen
Sam McCaskill
Bob Neely
Bob Pope
Erick Porter
Les Rodman
Ray Roush
Jolene Schur
Carolyn Simmons
April Smith
Wilma Smith
Krysta Starkey
Rachel Thompson
Lynda Townsend
Frank Unsicker
Ivajan Wallace
Craig White
Dori Williams
Curtis Williford

1998 (86)

Stephen Adams
Crae Barr
Francy Beesley
Joel Bennett
Leonard Berry
Susan Bradford
Wade Brawley
Mark Brown
Randy Brown
Lori Budde
Ken Bynum
Terry Caldwell
Bob Campbell
Ted Campbell
Jesse Canzan
Sherri Childers
Jennifer Copeland
Frank Coshow
David Craycraft
Cheryl Davis
Kim Doty
Mac Drake
Don Dunn
Gary Egger
Steve Emick
Dan Estes
Gary Finn
Charles Floyd
Dennis Frick
Randy Gasaway
Stacy Gilbert
Gena Goodwin
Marty Gore
Jim Gowens

Tana Griggs
Kelsey Hammit
Tresa Hammond
Jeff Harris
Debbie Hulett
Julie Ingram
Eugene James
Tammy Kellin
Rose Kim
Steve King
Mike Lancaster
Chris Lee
Randy Lee
Carrie Crawford
Craig Madsen
John Marshall
Kim Massey
Allen May
Dennis McGee
Allen Miller
Bill Miller
Carey Milligan
David Mobley
Debby Morgan
Wes Myers
Bud Neff
Kathy Nowlin
Don Pannell
Michael Park
Mandy Pena
Matt Rockers
Kelly Ruminer
Dan Scott
Greg Small
Bill Snyder
Jimmy Snyder
George Soto
Dan Sparks
Linda Steen
Iris Tadlock
Becky Thomas
John Tracy
Jennifer Van Meir
Shelby VanWinkle
Rusty Walker
Sherry Walton
Lynn Whipple
Mandy Whipple
Mary Whitson
Sam Wilder
Tina Willingham
Lon Winton

1999 (37)

Crystal Bagley
Jonathan Ball
Mel Barker
Sue Black
Tami Brody
Larry Coshow
Dory Douglas
Mark Edge
Jenny Ferguson
Jeanie Fuller
Dan Garvey
Susan Green
Yamei Hou
Doug Jacobson
Melissa Jarvis
Jim Kelley
Lynn Looper
Robyn Martin
Dea Mengers
Drew Miller
Mike Miller
David Murray
Steve Nath
Tammy Nguyen
Kimberly Oden
Glenda Ratcliffe
LaCosta Rawls
Michelle Rother

Tom Sharp
Larry Shipley
Brandy Sullens
Jennifer Taylor
Trish Thompson
Connie Turner
Courtney Tyson
Tonya Vallerand
Tobin Yocham

2000 (72)

Shellie Ashworth
Johnnie Bartlett
Doug Bellis
Jan Benton
Bobby Bolton
Jeff Brooks
Mike Brown
Heather Burke
Tom Carroll
Becky Cassel
Rachel Clapp
David Cochran
Craig Conner
Kendra Copeland
Debbie Curtis
Keith Curtis
Mark Deal
Jason Dye
Tammy Fields
Gregg Fleming
Pam Ford
Robin Gonzalez
Dan Scott
Annie Hamilton
Mary Hartman
Twila Hines
Eric Hoffman
Ronnie Howell
Cindy Hubbard
Jennifer Jacques
Cynthia Jones
Jim Kuhlman
Don Lee
Fred Lewis
Debbie Lloyd
Jay May
Andrea McCall
Cindy McClintock
Colliin McElrath
Kevin McElyea
Greg McMahan
Elizabeth Miller
Courtney Moad
Georgia Moller
Nathan Morrison
Mecca Osban
Terry Phillips
Conrad Powell
Edward Puffinbarger
Nancy Richardson
Terry Ritchie
David Roule
Mike Sawatzky
Maria Scherff
Brent Scroggs
Vance Shires
Stuart Skelton
David Smith
Sandy Smith
Chantelle Sousa
Catherine Stairs
Jeff Stanford
Michael Stow
Jerry Townley
Rob Underwood
Nick Wavers
Brenda Wheeler
Scott White
Sjon White
Bob Whitman
David Whitten
Brent Williams
Bob Woodside

2001 (146)

Sharlot Abernatha
Jerry Aebi
Karen Alborno
Jeremy Allison
David Anderson
Terry Ashton
Betsy Ball
Gloria Bates
Michelle Bender
Bruce Boeckman
Boyce Boelen
Sharon Bradford
Tom Brennan
Von Brinkley
Deanne Brooks
Marty Byrd
Carlos Caraveo
Denise Carr
Biff Carter
John Carter
Keith Case
Kristi Clemmens
Tim Cloud
Kyle Cole
John Cook
Juanita Cooper
Jim Corsoro
Leigh Crain
James Cropp
Brian Cunningham
Garry Curry
Jory Downey
Jeff Eager
Richard Easterly
Chris Edler
Amanda Elam
Brian Exline
Kristin Fitzgerald
Alex Gallardo
Matt Gambill
Karen Gardner
Velisha Garland
Roy Gentry
Michael Gilmore
Edward Gladden
Suzie Goolsby
Randy Grayson
Richard Green
Kajsa Greenhoward
Jackie Gross
Johnny Harris
Melanie Hayhurst
Shanon Henderson
Michael Hodges
Jeremiah Jackson
Krista Jacobson
Justin Johnson
Keith Johnson
Lynn Jones
Rob Jones
John Kapchinske
Ginni Kennedy
David Kidd
Edward Killen
Julie Knox
Daniel Koehn
Kennetta Lee
Jeff Lenocker
Julia Lillard
Darwin Lindenmuth
Steven Logue
Travis Long
Peter Manter
Rita Marple
Karl Marshall
Jim Mazza
Larry McCartney
Kenny McGuire
Jim McHenry
Debbie McKee
Mick McMurphy

Don Messerly
Don Miller
Bobby Mitchell
J. C. Morris
Melinda Neher
John Nelson
Lee Nelson
Kevin Newberry
Travis Newberry
Tim Newville
Deborah O'Neal
Daron Patterson
Charles Pester
Ricky Petty
Dianne Pickard
Lloyd Puffinbarger
Catherine Ratliff
Lynn Regobuo
Gina Romano
John Romine
Larry Ross
Steve Ross
Mike Rossiter
Don Rozzell
Lindsay Seaman
Heather Seaton
Lary Settle
Vanessa Shantz
Mike Shklar
Kristin Sipe
Lyndell Smelley
Dee Smith
Johnnie Smith
Patrick Smith
Chris Sorrells
Dennis Splon
Jason Stamper
Cindy Stevens
Bill Stillwell
Marika Stone
Gary Stoner
Bryan Stout
Lisa Strackbein
Tim Taylor
Jason Thaxton
Alvin Thomas
Rudy Thomas
James Thrash
Gene Vogt
Dung Vu
Paul Waits
Larry Watters
Brian Weaver
Johnny White
Paige Whitehead
Jim Wilkinson
Connie Williams
Freda Williams
Dawn Wilson
Brandon Winsett
Marvin Winter
Larry Woodruff
Mary Beth Wright
John Yelverton
Amanda Young

2002 (221)

Nicole Adams
Jenny Adkins
Roger Aldrich
Jimmy Alexander
Joann Arcidez
Stephen Armer
Brian Babb
Charlie Bagley
Megan Bain
Bob Baker
Lynard Barrera
Cindy Barrios
Jay Barron
Dennis Bass
James Beavers

Stephen Benham
Randy Bergen
Leonard Blackwill
Thomas Blanco
Paul Bowyer
Kathy Boyls
Troy Bradford
Robert Bradley
Don Bredy
Gaye Breedlove
Tammy Brewer
Lindell Bridges
Jim Brock
Cindy Brown
Kathy Brown
Mike Brown
Lynn Broyles
Rusty Buchanan
Jason Budde
Greg Burchett
Aaron Bush
Ernest Byrd
Steve Campbell
Cindy Carden
Chris Carter
Monica Chamberlain
Lori Chatterton
Paul Childers
Clint Cook
Jackie Cooper Jr.
Tony Cristelli
Cary Crusinberg
James Davis
Kurt Davis
Omer Davis
Cathy DeGiusti
Trent Delano
Larry Dill
Sherry Dixon
Christopher Dudgeon
Stephanie Dugan
Bryan Dunn
Jennifer Dunn
Eldon Eagan
Eric Edwards
Walker Edwards
Michael Falen
Mark Falk
Shawn Fields
Richard Fladeland
Tom Flesher
Viel Flores
Justin Foust
Melissa Franklin
Adam Gaskill
Robert Gill
Fred Gipson
Cornelio Gomez
Eluterio Gomez-Martinez
David Gouker
Steve Hall
Donna Hane
Melvin Harper
Heidi Havenstrite
Abe Henry
John Henry
Jarvis Hensley
Gordon Highfill
Sharon Hofegartner
Jerry Horner
John Hornsby
Debi Huff
Casey Hufford
Brent Huntsman
Ralayna Hurley
John Hurst
Todd Ice
Rhonda Ingle
Bud Jackson
Jay Jarvis
Danny Jech
Jim Jinkins

Team Chesapeake

Tamara John
Gary Johnson
Holly Johnson
Roy Johnson
William Johnson
Chris Jones
Joe Jones
Robin Jones
Everett Jordan
James Keathley
Michael Kee
Dax Kimble
Mark Kneeland
Nancy Knox
Greg Kochenower
Jeremie Koehn
Trey Krampf
John Kutz
Spencer Land
Steve Larman
Ricky Laster
Sarah Ledgerwood
Casidy Lee
Ken Leedy
Paula Lillard
Stephen Lobaugh
Billy Long
Nickolaus Long
Shawn Marsh
Steven Martin
Richard Martinez
Randy Masters
Andrew McCalmont
Maureen McCollum
Dusty McDaniel
Mitch McNeill
Tim Meek
Lisa Meier
Richard Mieser
Linda Miller
Nikki Miller
Steve Mills
Sidney Mitchell
Claudia Molina
Jonathan Morris
Amber Morrison
Todd Murphy
Renee Nance
Cheryl Navarre
Jeff Newby
Doneeta Nowlin
Miguel Nunez
Rick Nunley
John Ortiz
David Parker
Robert Pennel
Lori Pettit
Ryan Phillips
Terra Pierce
Bob Portman
Eric Powell
Ashlyn Pratt
Kristi Puerta
Mike Reddick
Ronald Reidie
Darrell Rice
Lisa Roberts
Martin Robertson II
A. D. Robison
Vern Roe
Kiley Rollins
Brandon Rutledge
Danny Schmidt
Kary Schneberger
Stacy Settles
Jeffrey Sharp
Dewayne Shaw
Michael Sherwood
Will Shisler
Jim Shoptaw
Steve Siler
Maria Sinclair
Mark Singleton
Greg Skiles
Chad Smith

Gayla Smith
Jesse Smith
Duff Snow
Michael Staggs
Samuel Staggs
Samuel Staggs Jr
Wallie Stillwell
Josh Swift
Oscar Thiems
Diana Thompson
Leonard Thurber
Oleg Tolmachev
Chris Townsend
Michelle Townsend
Ryan Turner
Randy Tyler
Rodney Vaeth
Fred Vasquez
Ruben Vega
Don Vermillion
Al Warner
James Warner
Michael Weese
Hazel Welch
Leslie Wertz
Arlyn Whetstone
Eddie Whitehead
John Wilkin
Gary Willeford
Merrill Williamson
Mark Willson
Jerry Wilson
Robert Wilson
Roger Wilson
Roy Wilson
Thomas Wilson
Travis Wilson
Scott Winsor
Matt Wyckoff

2003 (393)

Ronald Aaron
Pat Abila
Jennifer Anderson
Kimberly Andrews
Katherine Austin
Michael Baggett
Lisa Bagwell
Corky Baker
Jim Ball
Staci Barentine-Bogle
Charlie Bateman
Travis Bates
John Beall
John Beaver
Susanah Bebee
Mike Bechtel
Billy Beery
John Biggs
Blake Blackwell
Bill Boatman
Daniel Boatman
Victor Boatwright
Doug Bobbitt
Johnny Boland
Ed Borgers
Bruce Boyd
Johnny Boyd
Tammie Bradford
George Bradley
Kim Brady
Serena Branch
Brenda Brannen
Jerry Bray
Aron Bridges
Ronald Bromlow
Wilfred Broussard
Bryan Brown
Jeff Brown
Kasey Brown
Marla Brown
Kenneth Brunson
John Bullard
Bayley Burns
Jason Burns

Cyndy Burris
Buster Burton
Ara Bush
Lori Byrd
Tami Caldwell
Keith Cameron
Bob Campbell
Joe Campbell
Pat Carson
Gary Carter
Dennis Cerny
David Chisum
Chris Christensen
Mike Churchwell
Tony Clark
Michael Clinton
Kevin Cluck
Todd Coates
Quintin Cogburn
Matthew Colbert
Karen Cook
Tom Corley
Shannon Cowdin
Brian Cox
Bryan Cox
Michele Cox
Michael Cramer
Rob Crews
Ann Croan
Jarod Cunningham
Wendy Cunningham
Barney Darr
John Davis
Jon Davis
Kenneth Davis
Sheron Davis
Ryan Dean
Santiago Diaz
Nolan Dickason
Scott Dickson
Dennis Dix
Derek Dixon
Theo Djimpe
Steve Donley
Sharon Dries
Shanon Dunlap
Jody Dunn
Gary Durkee
Nathan Elder
Jack Elliott
Jimmy Embery
Charlene Ernest
Keith Ervin
James Evans
Tarah Fagen
Jim Fansher
Ursula Faus
Carol Fehrenbacher
Mark Ferbrache
Jeff Fisher
David Flies
Mitch Floresca
Billy Ford
Steven Ford
Tommy Foust
T.R. Fox
Justin Froehlich
Edd Gabbart
Fred Gagliardi
Tim Gallegly
Adam Gardner
Renee Garnand
Brenda George
Travis George
B.K. Gibson
Kenneth Gideon
Dana Ginanni
John Gist
Randy Gladden
David Godsey
Kellie Good
Jeff Gorton
Troy Gosney
Liz Gotcher
Jim Govenlock

Michael Gregg
Larry Grey
Joshua Griffiths
Jimmy Haddick
Pablo Hadzgeriga
Paul Hagemeier
Buck Hall
Michael Hall
Cameron Han
Ronnie Haney
Jessie Hardin
Jackie Harrell
Graham Harris
Lisa Harris
Roger Harrod
Heather Hastie
Rich Hearst
Robert Hendley
Pancho Hendricks
Tara Henry
Joshua Hensley
Glen Hensley
Sue Ann Henthorn
Catherine Hester
Bryan Higgins
Veronica Hill
Terry Hodgson
John Hogan
Lanny Holman
Misty Holtgrefe
Paul House
Brian Howard
Richard Howard
Roy Howe
Donna Huff
Dee Hummel
Steven Hurst
Rosie Hutton
Marcia Hyde
Angela Ingarigiola
Janet Ingham
James Inman
Josh Inman
John Jackson
Andrew Jarrett
Chris Jennings
Dave Johns
Greg Johnson
Rodney Johnson
Tommy Johnson
Alison Jones
Brooke Kemp
Joe Kennedy
Bobby Kepley
David Kerrigan
Melissa Ketchum
Joe Kidwell
Linus Kincade
Danny King
Melvin Kingcade
Corey Kinnaman
Julie Kirk
Matthew Klaassen
Jennifer Knott
David Krueger
Charlie Kusiak
Lester Lackey
Candace Lagere
Pete Lane
Jeff Lasater
Al Lavenue
Kathy Leasure
Glen Ledbetter
Dustin Lenhart
Kerry Letourneau
Nick Little
Dustin Locke
George Loman
Clint Lord
Jason Lowrey
Jack Lowry
Sergio Lujan
Shane Lukasek
Sharon Luttrell
Lewis Lynch

Mark Mabe
Allen Mandrell
Clayton Manhart
Jeremy Marple
Shelly Martin
Alfredo Martinez
Andy Martinez
Anthony Martinez
Alex McCalmont
Reid McCarty
Jeremy McClung
Paul McColgan
Jay McGuffee
Kenneth McGuire
Richard McKee
Carol McKenzie
April McKnight
Ryan Meacham
Randy Mefferd
Nathan Merchant
Eddie Merkel
R.T. Miller
Brent Mills
David Mills
Janice Modisette
Jay Monroe
Johny Montano
Alfredo Montiel
Lucretia Morris
Huey Morton
Cody Moss
Larry Mossman
Chad Moudy
Paul Munding
Esta Nelson
Jeff Nelson
Maureen Nelson
Jarrod Newberry
Scott Newell
Christopher Newkirk
Earl Newkirk
Jason Nichols
Christopher Nixon
Jane Ann Norris
Tal Oden
Menecia Oliphant
Tony Olivier
Pete Ortiz
Rena Owen
Tara Owens
Ashley Paine
Amy Palumbo
Tobin Paris
Nancy Parker
Gary Parks
Gale Parman
Charles Patterson
Randy Patterson
Donnie Patton
Kevin Patton
Andrea Palzkowsky
Lance Peffer
Jeff Peles
Michael Phillips
Ronnie Pitts
Brent Pletcher
Gary Poulain
Jerry Preston
Susan Radatz
Regan Ray
Ken Reclin
Wes Redding
Bart Reece
Jim Reisch
Dana Richards
Mindi Richardson
Travis Riffle
Kent Roberts
Matt Roberts
Jody Robertson
Anita Robinson
Joey Rockett
Kristen Rogstad
Doug Romero
Monica Rowell

Wilfred Rurangirwa
Alisha Rusher
Mark Russo
Beverly Sampson
Larry Savage
Jennifer Scarbrock
Bob Schmicker
Michael Schmidt
Dave Schoonmaker
Frank Schroeder
Kim Scott
Jennifer Scroggin
Kily Seaman
Robby Adcock
Kari Shaffer
Keith Shahan
Clay Shamblin
Aaron Siemers
Mike Simpson
Jen Sims
John Slagell
Kam Smalts
Jaime Smith
Mark Smith
Stacy Smith
Eric Sommerhauser
Joe Southern
Michael Spoon
Blake Stacy
Johnny Stanford
Joyce Stanmire
Scott Stearman
Lena Stegall
Rick Stong
Luke Strickland
Tommy Stuart
Chad Stuteville
Michelle Surratt
Blake Surrell
Kelsey Swinford
Danielle Sydnor
Tom Taylor
Amber Thomas
Julie Thomas
Chevy Thomason
Barry Thompson
Donna Thompson
Jeremy Thompson
Joanne Thompson
Natalie Tigert
Jerry Todd
Sam Travis
Scottie Trejo
Karen Trowbridge
Kim Turner
Kristina Underwood
Julie Unruh
Jon Vanburen
Julio Vasquez
Larry Ventris
Brian Vogelsong
Johnny Voth
Buddy Wade
Keith Wagnon
Marty Wall
Forest Wallace
Josh Wangler
Wade Wardlow
Brad Watkins
Noel Way
Michelle Webster
Angela Weeks
Dan Welch
David Wernli
Kristi White
Roger Whitehead
Amanda Wilkins
Steven Willett
Chase Williams
De Ann Williams
Judy Williams
Nicole Williams
David Willis
Bill Wince
Martin Wise
Ali Wolf

Tracey Woodruff
Donald Woody
James Worsham
Lee Wright
Todd Wright
Kelly Young
Linn Yousey
Lori Zang

2004 (146) As of 3.31.04

Justin Adams
Robby Adcock
Gary Allen
Dorman Ball Sr.
Jennifer Barrett
Jennifer Barrier
Jessica Billingsley
Yancey Bishop
Curtis Boland
Jennifer Bradford
Jose Bravo
Avis Bray
Terri Bristow
Mark Broaddus
Pam Brown
Pamela Brown
Travis Brown
Aaron Buchanan
Jackie Burks
Jason Camp
Danny Carter
Tony Churchill
Jason Cline
Brenda Coffman
Paul Coleman
Krista Collier
Kristy Combs
Hershel Conrad
Melissa Costello
Janae Cowan
Jami Crain
Patrick Crain
Brian Culbertson
Cathy Curtis
Ryan Curtis
Jennifer Davis
Kasey Davis
Greg Day
Garry Diamond
Elizabeth Drake
Dustin Drew
Derek Dunlap
Paul Eagan
Penny Elkins Johnson
Julie Erickson
Ron Everett
Libby Fanning
Jeremy Finelrock
Tommy Ford
John Garrison
Gary Geeslin
Paul Geisinger
Erin Gibbons
Krista Gibbs
Ronnie Givens
Jason Goff
Linda Good
Bonnie Griggs
Sam Groves
Barbara Guinn
Heather Hall
Kris Hall
Linda Havrilla
Christina Hayes
Janet Henderson
Ty Hendrix
Alvin Highfill
Latania Holt
Cristy Hutchens
Howard Johnson
Kevin Kappes
Lindsay Keller
Jennifer Kern
Schuyler Knapp

Brenda Knight
Pam Koscinski
Shaun Lambert
Cheryl Lavarway
Susie Lear
Billy Loftand
Richard Loftin
Jesse Long
Harold Lopez
Aaron Loyd
Cabe Luttrell
David Lynn
Stanley Major
Michael Marker
Larry McCoy
Donna McGriff
Cliff Merritt
Terry Meyer
Gary Michael
Angel Miller
Janelle Miller
Pat Mills
Kendra Monroe
Adria Morgan
Mark Murray
Tim Murray
Nick Newland
Bird Nightwalker
Jennifer North
Raymond Perez
Mandi Phillips
Diana Pierre
Ricky Poindexter
Mark Pryor
Brad Ralstin
Doug Reuss
Dusty Rhoads
Anji Riddle
Dale Riddle
Ronny Riley
Debbie Risinger
Dustin Roadifen
Justin Robertson
Barbara Rolan
Dick Rosencrans
John Seldenrust
Juan Serna
Steve Serna
Sheri Sewell
Gene Shepard
Clay Smith
Mark Smith
Jewel Sneed
Dustin Stanfield
Stephanie Stovall
Holly Stover
Kelly Thomson
Teresa Tran
Cindy Ventrella
Danieala Vickers
Aaron Vrbene
Phillip Wakefield
Jud Walker
Cindy Wegener
Leon Wildman
Greg Wilkes
Randy Williams
Dereck Willimon
Desiree Withuhn
Carla Wood
Craig Woodruff
Harold Wooley

Total 1,292

Corporate Information

Stock Price Data

2003	High	Low	Last
Fourth Quarter	\$ 14.00	\$ 10.66	\$ 13.58
Third Quarter	10.97	9.17	10.78
Second Quarter	11.45	7.45	10.10
First Quarter	8.64	7.27	7.86

2002	High	Low	Last
Fourth Quarter	\$ 8.06	\$ 5.89	\$ 7.74
Third Quarter	7.25	4.50	6.60
Second Quarter	8.55	6.81	7.20
First Quarter	7.78	5.05	7.74

Stock Split History

December 1996; two-for-one
June 1996; three-for-two
December 1995; three-for-two
December 1994; two-for-one

Trustee for the Company's Senior Notes

The Bank of New York
101 Barclay Street, 8th Floor
New York, New York 10286

Internet Address

Company financial information, public disclosures and other information are available through Chesapeake's website at www.chkenergy.com, or by contacting Thomas S. Price, Jr., at (405) 879-9257 or tprice@chkenergy.com.

Common Stock

Chesapeake Energy Corporation's common stock is listed on the New York Stock Exchange under the symbol CHK. As of March 31, 2004, there were approximately 77,000 beneficial owners of our common stock.

Common Stock Dividends

The company currently pays quarterly cash dividends on its common stock each January 15, April 15, July 15 and October 15. During 2003, the company paid a cash dividend of \$0.03 per share on January 15 and April 15 and \$0.035 per share on July 15 and October 15.

Corporate Headquarters

6100 North Western Avenue
Oklahoma City, Oklahoma 73118
(405) 848-8000

Independent Public Accountants

PricewaterhouseCoopers LLP
6120 S. Yale, Suite 1850
Tulsa, Oklahoma 74136
(918) 524-1200

Stock Transfer Agent and Registrar

UMB Bank, N.A.
928 Grand Blvd.
Kansas City, Missouri 64106
(816) 860-7411

Communication concerning the transfer of shares, lost certificates, duplicate mailings or change of address notifications should be directed to the transfer agent.



Forward Looking Statement

This report includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements give our current expectations or forecasts of future events. They include statements regarding oil and gas reserve estimates, planned capital expenditures, the drilling of oil and gas wells and future acquisitions, expected oil and gas production, cash flow and anticipated liquidity, business strategy and other plans and objectives for future operations, expected future expenses and utilization of net operating loss carry-forwards. Statements concerning the fair values of derivative contracts and their estimated contribution to our future results of operations are based upon market information as of a specific date. These market prices are subject to significant volatility.

Although we believe the expectations and forecasts reflected in these and other forward-looking statements are reasonable, we can give no assurance they will prove to have been correct. They can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Factors that could cause actual results to differ materially from expected results are described under "Risk Factors" in Item 1 of our 2003 10-K and include: the volatility of oil and gas prices, our substantial indebtedness, the strength and financial resources of our competitors, the cost and availability of drilling and production services, our commodity price risk management activities, including counterparty contract performance risk, uncertainties inherent in estimating quantities of oil and gas reserves, projecting future rates of production and the timing of development expenditures, our ability to replace reserves, the availability of capital, uncertainties in evaluating oil and gas reserves of acquired properties and associated potential liabilities, declines in the values of our oil and gas properties resulting in ceiling test write-downs, drilling and operating risks, our ability to generate future taxable income sufficient to utilize our NOLs before expiration, future ownership changes which could result in additional limitations to our NOLs, adverse effects of governmental and environmental regulation, losses possible from pending or future litigation, and the loss of officers or key employees.

We caution you not to place undue reliance on these forward-looking statements, which speak only as of the date of our 2003 10-K, and we undertake no obligation to update this information. We urge you to carefully review and consider the disclosures made in this and our other reports filed with the Securities and Exchange Commission that attempt to advise interested parties of the risks and factors that may affect our business.



Chesapeake Energy Corporation

6100 North Western Avenue

Oklahoma City, Oklahoma 73118

www.chkenergy.com

