

CHESAPEAKE ENERGY CORP
Form DEF 14A
April 08, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §.240.14a-12

CHESAPEAKE ENERGY CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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No fee required.

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(1) Title of each class of securities to which transaction applies:

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Q&A ABOUT THE ANNUAL MEETING

Unless the context otherwise requires, the terms we, our, us, the Company or Chesapeake as used in this Statement refer to Chesapeake Energy Corporation.

When and where is the Annual Meeting?

The 2016 annual meeting of shareholders (the Annual Meeting) will be held at the Company s headquarters, 6100 N. Western Avenue, Oklahoma City, Oklahoma 73118, on Friday, May 20, 2016, at 10:00 a.m. Central Time.

Who is entitled to vote?

You may vote at the Annual Meeting, and any adjournment or postponement thereof, if you were a holder of record of Chesapeake common stock as of the close of business on Monday, March 21, 2016, the record date for the Annual Meeting. Each share of Chesapeake common stock is entitled to one vote at the Annual Meeting, except for unvested shares of restricted stock issued prior to January 1, 2013 to our

directors, officers, employees and consultants, which do not have voting rights. On the record date, there were 680,570,037 shares of common stock issued and outstanding and 680,282,724 shares of common stock entitled to vote at the Annual Meeting. There are no cumulative voting rights associated with Chesapeake common stock.

Who is soliciting my vote?

Our Board of Directors is soliciting your proxy to vote your shares at the Annual Meeting. We made our proxy solicitation materials available to you on the Internet or, upon your request, we have delivered printed versions

of these materials to you by mail, in connection with our solicitation of proxies for use at the Annual Meeting.

What is included in the proxy materials for the Annual Meeting?

The proxy materials for the Annual Meeting include:

The Notice of 2016 Annual Meeting of Shareholders;

This Proxy Statement; and

Our 2015 Annual Report to shareholders (the Annual Report).

If you requested printed versions by mail, these proxy materials also include the proxy card or voting instruction form for the Annual Meeting. These materials are expected to be first sent or made available to shareholders on or about April 8, 2016.

[What proposals will be voted on at the Annual Meeting and how does the Board recommend that I vote?](#)

Proposal	Board Vote Recommendation
Proposal 1: Election of Directors Named in this Proxy Statement	FOR EACH DIRECTOR NOMINEE
Management Proposals	
Proposal 2: Amendment to the Restated Certificate of Incorporation to Increase Authorized Common Stock from 1.0 Billion to 1.5 Billion Shares	FOR
Proposal 3: Amendment to the 2014 Long Term Incentive Plan	FOR
Proposal 4: Advisory Vote to Approve Named Executive Officer Compensation	FOR
Proposal 5: Ratification of Appointment of Independent Registered Public Accounting Firm	FOR
Shareholder Proposals	
Proposal 6: Policy on Using Reserve and Production Metrics to Determine Incentive Compensation	AGAINST
Proposal 7: Report on Lobbying Expenditures	AGAINST
Will any other business be conducted at the Annual Meeting?	

We are not aware of any other proposals that will be submitted to shareholders at the Annual Meeting. If any other matters properly come before shareholders at the Annual Meeting, it is the intention of the

persons named on the proxy to vote the shares represented thereby on such matters in accordance with their best judgment. Discretionary authority to vote on other matters is included in the proxy.

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[How many votes must be present to hold the Annual Meeting?](#)

A majority of the shares of the common stock entitled to vote must be present in person or by proxy at the Annual Meeting to constitute a quorum and to transact business. Your shares will be counted as present at the Annual Meeting if you properly return a proxy by the

Internet, telephone or mail, or if you attend the meeting in person. This is referred to as a quorum. Abstentions and broker non-votes, as described below, will be counted as present for purposes of establishing a quorum at the Annual Meeting.

[Why did I receive a one-page notice in the mail regarding the Internet availability of proxy materials instead of a full set of proxy materials?](#)

Pursuant to rules adopted by the U.S. Securities and Exchange Commission, or SEC, we use the Internet as the primary means of furnishing proxy materials to shareholders. Accordingly, we have sent a Notice of Internet Availability of Proxy Materials, or Notice, to our shareholders. Instructions on how to access the proxy materials over the Internet or how to request a printed copy may be found in the Notice. All shareholders will be able to access the proxy materials online or to

request a printed set of the proxy materials at www.proxyvote.com. In addition, shareholders may request to receive proxy materials in printed form by mail or electronically by email on an ongoing basis. We encourage shareholders to take advantage of the availability of the proxy materials on the Internet to help reduce the environmental impact of our annual meetings and the cost associated with the physical printing and mailing of materials.

[How can I access the proxy materials electronically?](#)

The Notice provides you with instructions regarding how to use the Internet to:

View our proxy materials for the Annual Meeting; and

Instruct us to send future proxy materials to you by email.

Choosing to receive future proxy materials by email will reduce the impact of our annual meetings on the environment and will save the cost of printing and mailing documents to you. If you choose to receive future proxy materials by

email, you will receive an email message next year with instructions containing a link to those materials and a link to the proxy voting website. Your election to receive proxy materials by email will remain in effect until you terminate it.

What is the difference between a shareholder of record and a beneficial owner of shares held in street name?

Shareholder of Record. If your shares are registered directly in your name with the Company’s registrar and transfer agent, Computershare Trust Company, N.A., you are considered a shareholder of record with respect to those shares, and the Notice was sent directly to you by the Company.

Beneficial Owner of Shares Held in Street Name. If your shares are held in an account at a brokerage firm, bank, broker-dealer or other similar

organization, then you are a beneficial owner of shares held in street name, and a Notice of the Annual Meeting was mailed to you by that organization. As a beneficial owner, you have the right to instruct your broker, bank, trustee or nominee how to vote your shares.

How do I vote?

There are five ways to vote:

Internet via Computer	Internet via Tablet or Smartphone	Telephone	Mail	In Person
Via the Internet at www.proxyvote.com . You will need the 16-digit number included in your notice, proxy card or voter instruction form.	Scan the QR code. You will need the 16-digit number included in your notice, proxy card or voter instruction form.	Dial toll-free (800) 690-6903 or the telephone number on your voter instruction form. You will need the 16-digit number included in your notice, proxy card or voter instruction form.	If you received a paper copy of your proxy materials, send your completed and signed proxy card or voter instruction form using the enclosed postage-paid envelope.	Request a ballot when you arrive and follow all of the instructions below under the caption How can I attend the Annual Meeting and do I need a ticket?

If I vote by Internet or telephone and received a proxy card in the mail, do I need to return my proxy card?

No.

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[If I vote by Internet, telephone or mail, may I still attend the Annual Meeting?](#)

Yes.

[How do I vote if I hold my stock through Chesapeake's employee benefit plans?](#)

If you are a Chesapeake employee and you participate in the Chesapeake Energy Corporation Savings and Incentive Stock Bonus Plan, or the 401(k) Plan, you may receive a proxy via email so that you may instruct the trustee of the 401(k) Plan how to vote your 401(k) Plan shares. If you are also a shareholder of record, you may receive one proxy for both your directly held and 401(k) Plan shares which will allow you to vote those shares as one block. Please note, however, that since you only vote one time for all shares you own directly and in the 401(k) Plan, your vote on

each voting item will be identical across all of those shares. To allow sufficient time for the trustee to vote the 401(k) Plan shares, your voting instructions must be received by 10:59 p.m. Central Time on May 18, 2016. If you do not vote your proxy, the trustee will vote the 401(k) Plan shares credited to your 401(k) Plan account in the same proportion as the 401(k) Plan shares of other participants for which the trustee has received proper voting instructions.

[What happens if I return a proxy but do not give specific voting instructions? What are broker non-votes ?](#)

Shareholder of Record. If you are a shareholder of record, and you sign and return a proxy card without giving specific voting instructions, then the persons named as proxies, R. Brad Martin, Robert D. Lawler and James R. Webb, will vote your shares in the manner recommended by the Board on all matters presented in the Proxy Statement and as the proxy holders may determine in their discretion as to any other matters properly presented for a vote at the Annual Meeting.

Beneficial Owner of Shares Held in Street Name (Broker Non-Votes). If you are a beneficial owner of shares held in street name and do not

provide the organization that holds your shares with specific voting instructions then, under applicable New York Stock Exchange, or NYSE, rules, the organization that holds your shares may generally vote on routine matters, but cannot vote on non-routine matters. If the organization that holds your shares does not receive instructions from you on how to vote your shares on a non-routine matter, that organization will inform the inspector of election that it does not have authority to vote on this matter with respect to your shares. This is generally referred to as a broker non-vote.

[What routine and non-routine matters will be voted on at the Annual Meeting?](#)

Routine Matters. The ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2016 (Proposal No. 5) is the only routine matter to be presented at the Annual Meeting on which brokers or other nominees may vote in their discretion on behalf of beneficial owners who have not provided voting instructions. Therefore, no broker non-votes are expected in connection with Proposal No. 5.

Non-Routine Matters. Each of the other proposals, including the election of directors (Proposal No. 1), amendment to our Restated Certificate of

Incorporation (Proposal No. 2), amendment to our 2014 Long Term Incentive Plan (Proposal No. 3), the advisory resolution approving our named executive officer compensation (Proposal No. 4), and each of the shareholder proposals (Proposal Nos. 6-7), are considered non-routine matters under applicable NYSE rules. A broker or other nominee cannot vote on non-routine matters without instructions, and therefore broker non-votes may exist in connection with Proposal Nos. 1-4 and Proposal Nos. 6-7.

[How many votes are required to approve each of the proposals and how are abstentions and broker non-votes counted?](#)

Election of Directors: Under our Bylaws, we have implemented a majority-vote policy for the election of directors. If a non-incumbent director nominee receives a greater number of votes cast against that nominee's election than for that nominee's election, the nominee will not be elected a director. In addition, if the number of votes cast against an incumbent director's election exceeds the number of votes cast for such director, the incumbent nominee must promptly comply with the resignation procedures outlined in our Corporate Governance Principles. For this purpose, abstentions and broker non-votes are not counted as a vote cast either for or against the director.

Amendment to Restated Certificate of Incorporation to Increase Authorized Common Stock: The approval of the proposed amendment to our Restated Certificate of Incorporation to increase the authorized common stock from 1,000,000,000 shares to 1,500,000,000 shares requires the affirmative vote of the holders of a majority of the outstanding shares of common stock entitled to vote, voting in person or by proxy. For this purpose, abstentions and broker non-votes have the same effect as a vote cast against the proposal.

Amendment to 2014 Long Term Incentive Plan to Increase Common Stock Authorized for Issuance: The approval of the proposed amendment to our 2014 Long Term Incentive Plan to increase the number of shares of common stock issuable thereunder requires the affirmative vote of the holders of a majority of the outstanding shares of common stock, present in person or represented by proxy at the Annual Meeting and entitled to vote on this matter. For this purpose, abstentions have the same effect as a vote cast against the proposal, and broker non-votes will have no effect on the outcome of the voting.

Advisory Vote to Approve Named Executive Officer Compensation: The approval of our named executive officer compensation in an advisory manner requires the affirmative vote of a plurality of the votes cast, in person or by proxy. For this purpose, abstentions and broker non-votes are not counted as a vote cast either for or against the proposal.

Ratification of Appointment of Independent Registered Public Accounting Firm: The ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm requires the affirmative vote of a plurality of the votes cast, in person or by proxy. For this purpose,

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abstentions and broker non-votes are not counted as a vote cast either for or against the proposal.

Shareholder Proposals: The approval of shareholder proposals, if presented, requires the affirmative vote of a plurality of the votes cast, in

person or by proxy. For this purpose, abstentions and broker non-votes are not counted as a vote cast either for or against the proposals.

What is the effect of an advisory vote?

Because your vote with respect to approval of our named executive officer compensation is advisory, it will not be binding upon the Board or the Compensation Committee. However, our Board and Compensation

Committee will carefully consider the outcome of the vote when reviewing future compensation arrangements for our executive officers.

How can I attend the Annual Meeting? Do I need a ticket?

If you plan to attend the meeting, you must be a shareholder on the record date and obtain an admission ticket in advance. Tickets will be available to registered and beneficial owners and to one guest accompanying each registered or beneficial owner. You can print your own tickets and bring them to the meeting to gain access. Tickets can be printed by accessing Shareholder Meeting Registration at www.proxyvote.com and following the instructions provided (you will need the 16 digit number included on your proxy card, voter instruction form or Notice). If you are unable to print your tickets, please call us at 1-405-935-6100 for assistance.

Requests for admission tickets will be processed in the order in which they are received and must be requested no later than Wednesday, May 18, 2016. Please note that seating is limited and requests for tickets will be accepted on a first-come, first-served basis. If you are unable to attend the meeting, you can still listen to the meeting, which

will be webcast and available on our Investor Relations website at www.chk.com/investors.

On the day of the meeting, you will be required to present a valid picture identification such as a driver's license or passport with your admission ticket and you may be denied admission if you do not. Seating will begin at 9:00 a.m. and the meeting will begin at 10:00 a.m. Cameras (including cell phones with photographic capabilities), recording devices and other electronic devices will not be permitted at the meeting. You will be required to enter through a security check point before being granted access to the meeting.

You can obtain directions to the meeting by visiting www.chk.com/investors/annual-meeting, or by calling us at 1-405-935-6100.

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[Do we have a policy about directors attendance at the Annual Meeting?](#)

Yes. Pursuant to our Corporate Governance Guidelines, directors are expected to attend the Annual Meeting. All of the persons who were serving as directors at the time and one new director nominee attended the 2015 annual meeting of shareholders.

[Can I change my vote or revoke my proxy?](#)

Yes. You may revoke your proxy and change your vote at any time before the taking of the vote at the Annual Meeting. Prior to the applicable cutoff time, you may change your vote using the Internet or telephone methods described above, in which case only your latest Internet or telephone proxy submitted prior to the Annual Meeting will be counted. You may also revoke your proxy and change your vote by signing and returning a new proxy card or a new voter instruction form dated as of a later date, or by

attending the Annual Meeting and voting in person. However, your attendance at the Annual Meeting will not automatically revoke your proxy unless you properly vote at the Annual Meeting or specifically request that your prior proxy be revoked by delivering a written notice of revocation to the Company's Secretary at 6100 N. Western Avenue, Oklahoma City, Oklahoma 73118 prior to the Annual Meeting.

[Who will serve as the inspector of election and count the votes?](#)

A representative of Broadridge Financial Solutions, Inc. will serve as the inspector of election and count the votes.

[Is my vote confidential?](#)

Proxy instructions, ballots and voting tabulations that identify individual shareholders are handled in a manner that protects your voting privacy. Your vote will not be disclosed either within the Company or to third parties except: (i) as necessary to meet applicable legal requirements or to assert or defend claims for or against the Company; (ii) to allow for the

tabulation and certification of votes; and (iii) to facilitate a successful proxy solicitation. If you write comments on your proxy card or ballot, the proxy card or ballot may be forwarded to our management and the Board for review.

[Where can I find the voting results of the Annual Meeting?](#)

Preliminary voting results will be announced at the Annual Meeting. We expect to report the final voting results in a Current Report on Form 8-K filed with the SEC within four business days following the Annual Meeting.

Who is paying for this proxy solicitation?

We are paying all proxy solicitation costs. We have retained Alliance Advisors to assist in the distribution of proxy materials and the solicitation of proxies from brokerage firms, banks, broker-dealers or other similar organizations representing beneficial owners of shares for the Annual Meeting. We anticipate paying Alliance Advisors a fee of \$20,000, plus expenses.

We must also pay brokerage firms, banks, broker-dealers or other similar organizations representing beneficial owners of shares held in street name certain fees associated with:

Forwarding the Notice to beneficial owners;
Forwarding printed proxy materials by mail to beneficial owners who specifically request them; and

Obtaining beneficial owners voting instructions.

In addition to solicitations by mail, the proxy solicitor and certain of our directors, officers and employees may solicit proxies by mail, by telephone, by electronic communication or in person. Those persons will receive no additional compensation for any solicitation activities.

Why did my household receive a single set of proxy materials? How can I request an additional copy of the proxy materials and Annual Report?

SEC rules permit us to send a single Notice, Proxy Statement and Annual Report to shareholders who share the same last name and address. This procedure is called householding and benefits both you and us, as it eliminates duplicate mailings and allows us to reduce printing and mailing costs and the environmental impact of our annual meetings.

If you are a shareholder of record and would like to receive a separate copy of a Proxy Statement or Annual Report, either now or in the future, or if you are currently receiving multiple copies of the Notice or proxy materials and would like to request householding, please contact us: (i) by email at investorinfo@chk.com; (ii) by telephone at (405) 935-6100 or (iii) in writing to the following address: Attn: Investor Relations, P.O. Box 18496, Oklahoma City, Oklahoma 73154.

If you are a beneficial owner of shares held in street name and would like additional copies of the Notice, Proxy Statement or Annual Report, or if you are currently receiving multiple copies of the Notice or proxy materials and would like to request householding, please contact your bank, broker or other intermediary.

Alternatively, all shareholders can access our Proxy Statement, Annual Report on Form 10-K and other SEC filings on our investor website at www.chk.com/investors/sec-filings or on the SEC's website at www.sec.gov.

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CORPORATE GOVERNANCE

Our Board has adopted Corporate Governance Principles, which include information regarding the Board's role and responsibilities, director qualifications and determination of director independence and other guidelines, and charters for each of the Board committees. The Board has also adopted a Code of Business Conduct applicable to all directors, officers and employees, including our principal executive officer, principal financial officer and principal accounting officer. These documents, along with our Restated Certificate of Incorporation and Bylaws, provide the framework for the functioning of the Board. The Corporate Governance

Principles and the Code of Business Conduct are available on our website at <http://www.chk.com/responsibility/governance>. All committee charters are available on our website at <http://www.chk.com/about/board-of-directors>. Waivers of provisions of the Code of Business Conduct, if any, as to any director or executive officer are required to be evaluated by the Audit Committee or the Board and amendments to the Code of Business Conduct must be approved by the Board; we intend to post any such waivers from, or changes to, the Code of Business Conduct on our website within four business days of such approval.

Board of Directors

The Board is elected by the shareholders to oversee their interest in the long-term health and the overall success of our business and its financial strength. The Board serves as the ultimate decision-making body, except for those matters reserved to or shared with shareholders. The Board selects and oversees the members of senior management, who are charged by the Board with conducting our business.

The Board is led by R. Brad Martin, the independent, non-executive Chairman, and is comprised of eight independent members (including

Mr. Martin) and the Company's Chief Executive Officer, or CEO. The directors are skilled and experienced leaders in business, education, government and public policy. They currently serve or have served as chief executives and members of senior management of Fortune 1000 companies, investment banking firms and private for-profit and nonprofit organizations and are well-equipped to promote our long-term success and to provide effective oversight of, and advice and counsel to, the CEO and other members of senior management.

Board Culture and Focus

The Board has established a boardroom culture that results in informed decisions through meaningful and robust discussion, where views are readily challenged based on each director's diverse background and opinions. The directors are expected to, and do, ask hard questions of management. Each member of the Board is committed to maximizing shareholder value and promoting shareholder interests. The Board's key areas of focus are on our strategy and vision, enhancing financial and management oversight, Board accountability and risk management. The Board has demonstrated its focus through the following actions: (i) development of a corporate strategy focused on financial discipline, operating efficiencies and debt reduction efforts, particularly in light of

depressed commodity prices; (ii) approval and execution of proposals to implement leading corporate governance practices related to Board accountability, including Board declassification, proxy access and removal of supermajority voting provisions; (iii) development of an executive compensation program that appropriately ties executive pay to Company performance (see *Executive Compensation Compensation Discussion and Analysis*); (iv) hiring of a Chief Compliance Officer who reports to the Chairman of the Audit Committee; and (v) full Board review and evaluation of significant Company risks at each regular meeting, including commodity price and environmental, health and safety risks (see *Board Oversight of Risk Management*).

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Board Leadership Structure and Oversight

We separated the Chairman and CEO roles in 2012 and the Board appointed Archie Dunham as its independent, non-executive Chairman. Mr. Dunham served as Chairman from 2012 through October 2015 and presently serves Chairman Emeritus. The Board appointed Mr. Martin as Chairman in October 2015. The Chairman presides at all meetings of the Board, as well as executive sessions of non-employee directors and, in consultation with the CEO, non-employee directors and management, establishes the agenda for each Board meeting. The Board has also

delegated certain matters to its four committees, each of which is chaired by an independent director. The Board believes that this leadership structure provides an effective governance framework at this time.

The chart and disclosure below explain the purpose of each level of hierarchy in our leadership structure and provide additional detail on composition, meetings and activities of the Board. More detail with regard to the composition, meetings and activities of each of the committees can be found below under *Board Committees*.

Outside of formal Board and committee meetings, management frequently discusses matters with directors on an informal basis. Non-employee directors meet in executive sessions, without management, at each regularly scheduled Board meeting. Mr. Martin presides over all executive sessions.

Each director attended, either in person or by telephone conference, at least 75% of the Board and committee meetings held while serving as a director or committee member in 2015. We expect all serving directors to attend annual meetings of shareholders. All directors serving at the time attended the 2015 annual meeting.

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Board Committees

The Board currently has four standing committees: an Audit Committee, a Finance Committee, a Compensation Committee and a Nominating, Governance and Social Responsibility Committee, or Nominating Committee. Each committee has a charter which can be found on our website at <http://www.chk.com/about/board-of-directors>. A biographical overview of the members of our committees can be found under *Director Nominees*.

AUDIT COMMITTEE	Members: 3
	Independent: 3
	Audit Committee Financial Experts: 2
	2015 Meetings: 8
	Responsibilities and Significant 2015 Events:
Chairman:	
Thomas L. Ryan	Oversee the integrity of the Company's financial statements and financial disclosure
	Oversee the Company's compliance with legal and regulatory requirements
Members:	
John J. Lipinski	Oversee the Company's internal audit function
Kimberly K. Querrey	Oversee the Company's Chief Compliance Officer, who reports directly to the Audit Committee
	Appoint and oversee the independent registered public accounting firm
Audit Committee Financial Expert	Oversee the Company's enterprise risk management program
	Oversee the employee and vendor hotline for anonymous reporting of questionable activity
	Pursuant to the Company's policies, monitor, review and, when required, approve/ratify transactions with related parties
	Oversee high volume of legal matters and regulatory inquiries

FINANCE COMMITTEE	Members: 5
	Independent: 5
	2015 Meetings: 13

Responsibilities and Significant 2015 Events:**Chairman:**

Vincent J. Intrieri Oversee annual budget process and worked closely with management to develop the 2016 budget

Members:

R. Brad Martin Oversee the Company's financing strategy, financial policies and financial condition

Frederic M. Poses Oversee and evaluate opportunities to reduce debt and improve liquidity, including the issuance of second lien notes in exchange for outstanding senior notes, repurchase of outstanding senior notes and asset sales

Kimberly K. Querrey Oversee the Company's financial risk assessment program, including capital expenditure levels, commodity hedging program and debt repurchase opportunities

Thomas L. Ryan Oversee policies and procedures related to commodity hedging program

Oversee strategic transactions, including potential divestitures of assets and acquisitions

Mr. Poses will retire from the Board on May 20, 2016

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COMPENSATION COMMITTEE	Members: 3
	Independent: 3
	2015 Meetings: 5

Responsibilities and Significant 2015 Events:

Chairman:

Merrill A. (Pete)
Miller, Jr.

Establish compensation policies that effectively attract, retain and motivate executive officers

Establish goals and objectives relevant to CEO compensation, evaluate CEO performance and set CEO compensation levels

Members:

Archie W. Dunham

Evaluate and recommend to the Board compensation of directors

John J. Lipinski

Evaluate and approve compensation of named executive officers

Negotiate employment agreements for the Company's executive officers, with compensation levels near the median of our peer group

Oversee and administer the Company's compensation plans

Implemented Annual Incentive Plan based on the Company's performance relative to six pre-established, objective operational and financial goals, thereby aligning compensation with corporate performance goals

Establish and monitor compliance with stock ownership guidelines

NOMINATING COMMITTEE	Members: 4
	Independent: 4
	2015 Meetings: 4

Responsibilities and Significant 2015 Events:

Chairman:

R. Brad Martin

Establish criteria for Board and committee membership with selection of new directors and periodic realignment of committee membership

Members:

Archie W. Dunham

Evaluate and recommend nominees for Board service

Vincent J. Intrieri

Periodically assess and advise the Board on sufficiency of the size and diversity of the Board

Successfully enhanced director diversity by recruiting a highly regarded director, Kimberly K. Querrey, to the Board in April 2015

Frederic M. Poses

Oversee compliance with, and periodically evaluate, the Company's Corporate Governance Principles

Oversee shareholder engagement program whereby the Company engages nearly 60% of its shareholder base on various topics

Evaluate and make recommendations to the Board on corporate governance matters

Oversee implementation of best practice corporate governance initiatives, including declassification of Board, proxy access and elimination of supermajority voting requirements

Monitor the Company's charitable contributions, political spending and lobbying activities

Oversee policies, programs and practices with regard to corporate social responsibility, including the Company's fourth corporate responsibility report

Mr. Poses will retire from the Board on May 20, 2016

Board Independence

The Board, through its Nominating Committee, evaluates the independence of each director in accordance with the NYSE corporate governance standards. The Committee has considered transactions and relationships between the Company (and/or any of its executive officers) and each director or any member of his or her immediate family. Based on this review, the Committee affirmatively determined that all currently serving directors, other than the CEO, are independent.

In assessing director independence, the Committee considered the business the Company conducted in 2013, 2014, 2015 and the 2016 first quarter with the companies below that had affiliations with our directors. The Committee determined that all transactions and relationships it considered during its review were not material transactions or relationships with the Company and did not impair the independence of any of the independent directors.

Director	Organization	Relationship	Transactions	Size for Each of Last Three Years
Mr. Dunham	Union Pacific Corporation	Director	Sales to CHK	<1% of Union Pacific revenues
	DeutscheBank Trust Company Americas (DTCA)	Advisory Board Member	Sales to CHK	<1% of DTCA revenues
Mr. Intrieri	Hertz Global Holdings, Inc. (HTZ)	Director	Sales to CHK	<1% of HTZ revenues
Mr. Lipinski	CVR Energy, Inc.	President and CEO	Buy/Sell transactions	<1% of CVR revenues
Mr. Miller	Now Inc. (DNOW)	Executive Chairman	Sales to CHK	1.4% of DNOW revenues
Mr. Martin	FedEx Corporation	Director	Sales to CHK	<1% of FedEx revenues
	Pilot Travel Centers LLC	Member of Board of Managers	Sales to CHK	<1% of Pilot revenues

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Board Oversight of Risk Management

The Board has primary responsibility for risk oversight. The Board believes it is appropriate for the full Board to determine the Company's risk profile and risk tolerance for significant risks, such as risks related to commodity price fluctuations and environmental, health and safety matters. This allows the full Board to analyze the Company's material risks and influence the Company's business strategies in light of such risks. Certain matters related to risks inherent in their respective areas of oversight are delegated to the various Board committees, with each committee reporting to the Board at each regular Board meeting. The Audit Committee, in addition to overseeing the integrity of our financial statements and compliance with legal and regulatory requirements and risks related thereto, is primarily responsible for overseeing the Company's enterprise risk management process, which oversight includes meetings with management, internal audit and independent auditors that focus on risks facing the Company, as well as monitoring the employee and vendor hotline for anonymous reporting of questionable activity. The Finance Committee oversees corporate financial strategies and risks, including the annual budget, strategic transactions, debt repurchase programs and policies and procedures related to our

commodity hedging program. The Compensation Committee oversees risks related to our compensation programs and management retention and development. The Nominating Committee oversees risks related to Board composition and the Company's leadership structure, corporate governance and corporate social responsibility risks. A number of other processes at the Board level support our risk management efforts, including Board reviews of our long-term strategic plans, capital budget and certain capital projects, hedging policy and strategy, succession planning, significant acquisitions and divestitures and capital markets transactions, together with oversight of management in carrying out their risk management responsibilities.

Fostering a culture of risk management is a Company priority. Management evaluates the enterprise risk process across the Company on a regular basis to ensure consistency of risk consideration in making business decisions. Internal risk committees, comprised of senior management and subject matter experts, have been formed and are meeting regularly to review and assess the Company's risk management processes and discuss significant risk exposures.

Communications to the Board

Shareholders and other interested parties may communicate with the Board, either individually or as a group (including only independent

directors), through one of the processes outlined on the Company's website at <http://www.chk.com/about/board-of-directors>.

Director Criteria, Qualifications and Experience

The Nominating Committee periodically assesses the skills and experience needed for the Board to properly oversee the business and affairs of the Company. The Nominating Committee then compares those skills to the skills of the current directors and potential director candidates. The Nominating Committee conducts targeted efforts to identify and recruit individuals who have the qualifications identified through this process. The Nominating Committee looks for its current and potential directors collectively to have a diverse mix of skills, qualifications and experience, some of which are described below:

business leadership	government/public policy
corporate governance	international
energy exploration and production	legal
energy services	risk management
financial expertise	technology

The Nominating Committee seeks a mix of directors with the qualities that will achieve the ultimate goal of a well-rounded, diverse Board that thinks critically yet functions effectively by reaching informed decisions. Pursuant to its charter, the Nominating Committee ensures that diverse candidates are included in all director searches, taking into account race, gender, age, culture, thought leadership and geography. The Nominating

Committee and the Board believe that a boardroom with a wide array of talents and perspectives leads to innovation, critical thinking and enhanced discussion. Additionally, the Nominating Committee expects each of the Company's directors to have proven leadership, sound judgment, integrity and a commitment to the success of the Company.

In evaluating director candidates and considering incumbent directors for nomination to the Board, the Nominating Committee considers a variety of factors. These include each nominee's independence, financial literacy, personal and professional accomplishments and experience in light of the needs of the Company. For incumbent directors, the factors also include past performance on the Board and contributions to their respective committees. Along with each director's biography, we have included below an assessment of the skills and experience of such director. The Committee has used third-party consultants to assist in identifying potential director nominees. The Committee considers and, in the past, has nominated appropriate candidates recommended by shareholders. Please read *Shareholder Proposals* *Submitting Shareholder Proposals*.

The Company's Restated Certificate of Incorporation sets the maximum number of directors at ten. Louis A. Raspino resigned on March 10, 2016 and Frederic M. Poses will retire on May 20, 2016, the date of the Annual Meeting. The Nominating Committee plans to consider nominees to fill the vacancies based on the established criteria for persons to be nominated.

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Proposal 1: Election of Directors

Our Restated Certificate of Incorporation and Bylaws currently provide for up to ten directors, each serving a one-year term, each to hold office until a successor is elected and qualified or until the director's earlier resignation or removal. Pursuant to provisions of the Company's Restated Certificate of Incorporation and Bylaws, the Board has fixed the maximum number of directors at ten, subject to the right of our preferred stockholders to nominate and elect two additional directors at the next regular or special meeting of the Company's shareholders after the Company fails to pay dividends on its outstanding preferred stock with respect to six or more quarterly periods (whether or not consecutive). As of the record date, the Company has suspended the payment of dividends on its outstanding preferred stock with respect to one quarterly period.

The Company's Bylaws provide that, if any incumbent director or any non-incumbent nominee receives a greater number of votes cast against his or her election than in favor of his or her election, or a Majority Against Vote (as defined in the Bylaws), the non-incumbent nominee will not be elected as a director, and the incumbent director will, following the

certification of the shareholder vote by the inspector of elections, promptly comply with the resignation procedures established under the Company's Corporate Governance Principles.

The Board has nominated the following individuals to be elected as directors until the next annual meeting of shareholders and until their successors are duly elected and qualified. At the Annual Meeting, proxies can be voted only with respect to the nine nominees named in this Proxy Statement. As previously reported, Louis A. Raspino resigned from the Board effective as of March 10, 2016 and Frederic M. Poses will retire on May 20, 2016, the date of the Annual Meeting. The Nominating Committee and the Board plan to consider nominees to fill the vacancies based on the established criteria for persons to be nominated. With respect to any vacancies created by a director's resignation or inability to serve, the proxy holders may vote for any nominee designated by the present Board to fill the vacancy. Holders of proxies solicited by this Proxy Statement will vote the proxies received by them as directed on the proxy card or, if no direction is made, for the election of the Board's nine nominees.

Director Nominees

R. Brad Martin

Independent Director Nominee

Age: 64

Chairman since: October 2015

Director since: 2012

Board Committees: Nominating (Chair), Finance

Other current public directorships: FedEx Corporation and First Horizon National Corporation

R. Brad Martin has served as non-executive Chairman of the Board of Directors since October 2015 and as a member of our Board of Directors since June 2012. Mr. Martin is the Chairman of RBM Venture Company, a private investment company, and served as interim president of the University of Memphis from July 2013 to July 2014. He served as Chairman and Chief Executive Officer of Saks Incorporated (NYSE:SKS) from 1989 to 2006, and remained Chairman until his retirement in 2007. Mr. Martin currently serves as a director of FedEx Corporation (NYSE:FDX) and First Horizon National Corporation (NYSE:FHN). He was previously a director of Dillard's Inc. (NYSE:DDS), Caesars Entertainment Corporation (NASDAQ:CZR) (formerly Harrah's Entertainment, Inc.), lululemon athletica inc. (NASDAQ:LULU), Gaylord Entertainment Company (now Ryman Hospitality Properties, Inc. (NYSE:RHP)) and Ruby Tuesday, Inc. (NYSE:RT). The Board believes Mr. Martin's experience as Chief Executive Officer of a publicly traded company for nearly 20 years and service on multiple public company boards qualifies him to serve on the Board.

Archie W. Dunham

Independent Director Nominee

Age: 77

Director since: 2012

Board Committees: Compensation, Nominating

Other current public directorships: None

Archie W. Dunham has been the non-executive Chairman Emeritus of our Board of Directors since October 2015 and previously served as non-executive Chairman from June 2012 through October 2015 and as a member of the Company's three-person Office of the Chairman from March 2013 to June 2013. Mr. Dunham served as Chairman of ConocoPhillips (NYSE:COP) from 2002 until his retirement in 2004. Prior to that, he served as Chairman, President and Chief Executive Officer of Conoco Inc. from 1999 to 2002, after being elected President and Chief Executive Officer in 1996. Mr. Dunham was a director of Phelps Dodge Corporation from 1998 to 2007, Pride International, Inc. from 2005 to 2011, Louisiana-Pacific Corporation (NYSE:LPX) from 1996 until May 2014 and Union Pacific Corporation (NYSE:UNP) from 2000 until May 2014. Mr. Dunham is currently a member of Deutsche Bank Trust Company Americas

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Advisory Board and is the past Chairman of the National Association of Manufacturers, the United States Energy Association and the National Petroleum Council. The Board believes Mr. Dunham's experience as Chief Executive Officer of Conoco Inc. and Chairman of ConocoPhillips, in addition to his past service on multiple public company boards, qualifies him to serve on the Board.

Vincent J. Intrieri

Independent Director Nominee

Age: 59

Director since: 2012

Board Committees: Finance (Chair), Nominating

Other current public directorships: Navistar International Corporation, Transocean Ltd. and Hertz Global Holdings, Inc.

Vincent J. Intrieri has been a member of our Board of Directors since June 2012. Mr. Intrieri has been employed by Icahn related entities since October 1998 in various investment related capacities. Since January 2008, Mr. Intrieri has served as Senior Managing Director of Icahn Capital LP, the entity through which Carl C. Icahn manages private investment funds. In addition, since November 2004, Mr. Intrieri has been a Senior Managing Director of Icahn Onshore LP, the general partner of Icahn Partners LP, and Icahn Offshore LP, the general partner of Icahn Partners Master Fund LP, entities through which Mr. Icahn invests in securities. Mr. Intrieri has been a director of Hertz Global Holdings, Inc. (NYSE:HTZ), a car rental company, since September 2014; Transocean Ltd. (NYSE:RIG), a provider of offshore contract drilling services for oil and gas wells, since May 2014; and Navistar International Corporation (NYSE:NAV), a truck and engine manufacturer, since October 2012. Mr. Intrieri was previously a director of CVR Refining, LP (NYSE:CVRR), an independent downstream energy limited partnership, from September 2012 to September 2014; a director of Forest Laboratories, Inc. (NYSE:FRX), a supplier of pharmaceutical products, from June 2013 to June 2014; a director of CVR Energy, Inc. (NYSE:CVI), a diversified holding company primarily engaged in the petroleum refining and nitrogen fertilizer manufacturing industries, from May 2012 to May 2014; a director of Federal-Mogul Holdings Corporation (NYSE:FDML), a supplier of automotive powertrain and safety components, from December 2007 to June 2013; a director of Icahn Enterprises L.P., a diversified holding company engaged in a variety of businesses, including investment, automotive, energy, gaming, railcar, food packaging, metals, real estate and home fashion, from July 2006 to September 2012; Senior Vice President of Icahn Enterprises L.P. from October 2011 to September 2012; a director of Dynegy Inc. (NYSE:DYN), a company primarily engaged in the production and sale of electric energy, capacity and ancillary services, from March 2011 to September 2012; Chairman of the Board and a director of PSC Metals Inc., a metal recycling company, from December 2007 to April 2012; a director of Motorola Solutions, Inc. (NYSE:MSI), a provider of communication products and services, from January 2011 to March 2012; a director of XO Holdings, a competitive provider of telecom services, from February 2006 to August 2011; a director of National Energy Group, Inc., a company that was engaged in the business of managing the exploration, production and operations of natural gas and oil properties, from December 2006 to June

2011; a director of American Railcar Industries, Inc. (NASDAQ:AEII), a railcar manufacturing company, from August 2005 until March 2011, and Senior Vice President, Treasurer and Secretary of American Railcar Industries from March 2005 to December 2005; a director of WestPoint Home LLC, a home textiles manufacturer, from November 2005 to March 2011; and Chairman of the Board and a director of Viskase Companies, Inc., a meat casing company, from April 2003 to March 2011. Ferrous Resources Limited, CVR Refining, CVR Energy, Federal Mogul, Icahn Enterprises, PSC Metals, XO Holdings, National Energy Group, American Railcar Industries, WestPoint Home and Viskase Companies each are or previously were indirectly controlled by Carl C. Icahn. Mr. Icahn also has or previously had non controlling interests in Hertz, Transocean, Forest Laboratories, Navistar, Chesapeake, Dynegy and Motorola Solutions through the ownership of securities. Mr. Intriери was a certified public accountant. The Board believes Mr. Intriери's vast executive experience and service on multiple public company boards qualifies him to serve on the Board.

Robert D. (Doug) Lawler

Director Nominee

Age: 49

Director since: 2013

Board Committees: None

Other current public directorships: None

Robert D. (Doug) Lawler has been a member of our Board of Directors and served as President and Chief Executive Officer since June 2013. Before joining Chesapeake, Mr. Lawler served in multiple engineering and leadership positions at Anadarko Petroleum Corporation (NYSE:APC). His positions at Anadarko included Senior Vice President, International and Deepwater Operations and member of Anadarko's Executive Committee from July 2012 to May 2013; Vice President, International Operations from December 2011 to July 2012; Vice President, Operations for the Southern and Appalachia Region from March 2009 to July 2012; and Vice President, Corporate Planning from August 2008 to March 2009. Mr. Lawler began his career with Kerr-McGee Corporation in 1988 and joined Anadarko following its acquisition of Kerr-McGee in 2006. With over 25 years of experience in the oil and gas industry, including serving as Chief Executive Officer of the Company and in various leadership positions at Anadarko, the Board believes Mr. Lawler is well qualified to serve on the Board.

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John J. (Jack) Lipinski

Independent Director Nominee

Age: 65

Director since: 2014

Board Committees: Audit, Compensation

Other current public directorships: CVR Energy, Inc., CVR Partners, LP and CVR Refining, LP

John J. (Jack) Lipinski has been a member of our Board of Directors since June 2014. Mr. Lipinski has served as Chief Executive Officer, President and a member of the Board of Directors of CVR Energy, Inc. (NYSE:CVI) since September 2006 and served as Chairman of the Board of CVI from October 2007 until May 2012. In addition, Mr. Lipinski has served as Executive Chairman of CVR GP, LLC, the general partner of CVR Partners, LP (NYSE:UAN), since June 2011 and has been a director of CVR GP, LLC since October 2007. He served as Chief Executive Officer and President of CVR GP, LLC until May 2014 and previously served in such role from October 2007 to June 2011. In addition, Mr. Lipinski has served as the Chief Executive Officer, President, and a member of the Board of the general partner of CVR Refining, LP (NYSE:CVRR) since its inception in September 2012. With more than 40 years of experience in the energy industry, including serving as Chief Executive Officer and a director of the CVR entities, the Board believes Mr. Lipinski is well qualified to serve on the Board.

Merrill A. (Pete) Miller, Jr.

Independent Director Nominee

Age: 65

Director since: 2007

Board Committees: Compensation (Chair)

Other current public directorships: NOW Inc. and Transocean Ltd.

Merrill A. (Pete) Miller, Jr. has been a member of our Board of Directors since 2007 and was our Lead Independent Director from March 2010 to June 2012. Mr. Miller is Executive Chairman of NOW Inc. (NYSE:DNOW), an international distributor of energy and industrial products, since May 2014. Previously, he served as President and Chief Executive Officer of National Oilwell Varco, Inc. (NYSE:NOV), a supplier of oilfield services, equipment and components to the worldwide oil and natural gas industry, from 2001 to 2014 and as Chairman and Chief Executive Officer of NOV from 2002 to 2014. Mr. Miller joined NOV in 1996 as Vice President of Marketing, Drilling Systems and was promoted in 1997 to President of the company's products and technology group. He was named President and Chief Operating Officer in 2000, elected President and Chief Executive Officer in 2001 and also elected Chairman of the Board in 2002. Mr. Miller served as President of Anadarko Drilling Company from 1995 to 1996. Prior to his service at Anadarko, Mr. Miller spent 15 years at Helmerich & Payne International Drilling Company (NYSE:HP) in Tulsa, Oklahoma, serving in various senior management positions, including Vice President, U.S. Operations. Mr. Miller serves as Vice Chairman of the Board of Directors of Transocean Ltd. (NYSE:RIG), a provider of offshore contract drilling services for oil and gas wells. He also serves on the Board of Directors of the Offshore Energy Center, Petroleum Equipment Suppliers Association and Spindletop International, and is a member of the National Petroleum Council. The Board believes Mr. Miller's more than 30 years of management and executive experience in the energy industry and service in multiple leadership positions for DNOW, NOV, RIG and other companies qualifies him to serve on the Board.

Kimberly K. Querrey

Independent Director Nominee

Age: 55

Director since: 2015

Board Committees: Audit, Finance

Other current public directorships: None

Kimberly K. Querrey has been a member of our Board of Directors since April 2015. Ms. Querrey is the co-founder of SQ Advisors, LLC, a registered investment advisor, and has been its President and Managing Member since August 2010. Previously, she was the President of Querrey Enterprises, a consulting firm focusing on international business operations and environmental, health and safety from 2000 to 2010. From 1990 to 2000, Ms. Querrey held a variety of operational and environmental, health and safety positions at IMCO Recycling (formerly NYSE:IMR) and Occidental Chemical Corporation, a subsidiary of Occidental Petroleum Corporation (NYSE:OXY). From 1984 to 1990, she was the Director of Environmental, Health and Safety at Western Michigan University. Ms. Querrey was a director of Mekong Capital, a Vietnam-focused private equity firm, from 2009 to 2012, and International Dispensing Corporation, a food and beverage packaging company, from 2009-2012, and is a member of the Council on Foreign Relations. The Board believes Ms. Querrey's 30 years of experience as an investment advisor, executive and consultant overseeing operational and environmental, health and safety matters, and director of two multinational companies qualifies her to serve on the Board.

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Thomas L. Ryan

Independent Director Nominee

Age: 50

Director since: 2013

Board Committee: Audit, Finance

Other current public directorships: Service Corporation International and Weingarten Realty Investors

Thomas L. Ryan has been a member of our Board of Directors since May 2013. Mr. Ryan is the President, Chief Executive Officer and Chairman of the Board of Service Corporation International (NYSE:SCI), a provider of death care products and services, serving as President since 2002, Chief Executive Officer since 2005 and Chairman since January 2016. From 2002 to 2005, Mr. Ryan was Chief Operating Officer of SCI, and from 2000 to 2002 he was Chief Executive Officer of SCI European operations. From the time he joined SCI in 1996 to 2000, Mr. Ryan served in a variety of financial management roles. Before joining SCI, Mr. Ryan was a certified public accountant with Coopers & Lybrand LLP for eight years. Mr. Ryan is a member of the Board of Trust Managers of Weingarten Realty Investors (NYSE:WRI). Mr. Ryan formerly served as a board member of Texas Industries, Inc. (NYSE:TXI), a supplier of cement, aggregate and consumer product building materials, until its merger with a subsidiary of Martin Marietta Materials, Inc. in July 2014. The Board believes Mr. Ryan's experience as Chief Executive Officer of SCI, extensive financial and accounting expertise and service on multiple public company boards qualifies him to serve on the Board.

The Board of Directors recommends a vote **FOR** each of the nominees for election to the Board of Directors.

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Director Compensation

Our non-employee director compensation program consists of an annual cash retainer, a value-based equity grant for all non-employee directors and additional value-based equity grants for the Chairman of the Board and the Chairman of each Board committee. Details of our non-employee director compensation program during 2015 are as follows:

An annual retainer of \$100,000, payable in equal quarterly installments;

Quarterly grants of restricted stock units with an aggregate annual value of approximately \$250,000;

An annual grant to the independent, non-executive Chairman of the Board of additional restricted stock units with a value of approximately \$250,000;

An annual grant to the Audit Committee Chairman of additional restricted stock units with a value of approximately \$25,000; and

An annual grant to each Chairman of the Compensation, Finance and Nominating Committees of additional restricted stock units with a value of approximately \$15,000.

Restricted stock unit grants to non-employee directors vest 25% immediately upon award and 75% ratably over the three years following the date of award. Grants of restricted stock units have been made pursuant to our 2014 Long Term Incentive Plan, or 2014 LTIP. In 2015, quarterly equity awards were made along with retainer payments on the first business day of each quarter, with Ms. Querrey (as a newly appointed director on April 7, 2015) receiving a prorated quarterly equity award for her service during the second quarter of 2015. Annual equity

awards to the Chairman of the Board and Committee chairmen were made effective as of the first business day of the third quarter. Directors are also reimbursed for travel and other expenses directly related to their service as directors.

In April 2015, Kimberly K. Querrey also received an initial grant of 10,000 shares of fully vested restricted stock upon her appointment to the Board. This award was made under the 2003 Stock Award Plan for Non-Employee Directors, which was later terminated by the Board in August 2015 based on the Compensation Committee's recommendation that the annual equity grant to directors was sufficient to effectively align directors' interests with shareholders.

Directors are eligible to defer any or all of their annual cash retainers through a deferred compensation plan of the Company on a tax-deferred basis. During 2015, Messrs. Intrieri, Lipinski, Martin and Ryan elected to defer all or a portion of their annual cash retainers into Company stock through the Chesapeake Deferred Compensation Plan for Non-Employee Directors. Deferrals into the plan are not matched or subsidized by the Company, nor are they eligible for above-market or preferential earnings.

We have established a stock ownership guideline for non-employee directors to hold at least 15,000 shares of our common stock (which includes restricted stock units) at all times while serving as a director. Newly appointed directors are generally given three years from the date of appointment to comply with this guideline. Failure to comply with this guideline or potential deferrals of the guideline due to hardship are addressed on a case-by-case basis by the Board. There were no failures or deferrals in 2015.

Director Compensation Table for 2015

Name	Fees Earned or Paid in Cash ^(a)	Stock Awards ^(b)	Option Awards ^(c)	All Other Compensation	Total
Archie W. Dunham	\$ 100,000	\$ 500,015	\$	\$	\$ 600,015
Vincent J. Intrieri	100,000	265,013			365,013
John J. Lipinski	100,000	250,022			350,022
R. Brad Martin	100,000	265,013			365,013
Merrill A. (Pete) Miller, Jr.	100,000	265,013			365,013
Frederic M. Poses ^(d)	100,000	250,022			350,022
Kimberly K. Querrey	73,352	183,404			256,756
Louis A. Raspino ^(e)	100,000	275,015			375,015
Thomas L. Ryan	100,000	250,022			350,022

(a) Reflects annual retainer for all directors. Messrs. Intrieri, Lipinski, Martin and Ryan have elected to defer all or a portion of their annual cash retainers into Company stock through the Chesapeake Deferred Compensation Plan for Non-Employee Directors. Ms. Querrey, who was first appointed to the Board on April 7, 2015, received a prorated cash payment.

(b) Reflects the aggregate grant date fair value of 2015 restricted stock and restricted stock unit awards determined pursuant to FASB ASC Topic 718. The assumptions used by the Company in calculating these amounts are incorporated by reference to Note 9 to the consolidated financial statements in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, filed with the SEC on February 24, 2016 (the Form 10-K).

On January 2, 2015, April 1, 2015, July 1, 2015, and October 1, 2015, respectively, each serving non-employee director received a regular quarterly award of 3,163, 4,356, 5,925 and 8,669 restricted stock units, respectively, with a grant date fair value of \$62,501, \$62,509, \$62,509 and

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\$62,503, respectively. Ms. Querrey, who was first appointed to the Board on April 7, 2015, received a prorated regular award of 3,804 restricted stock units for the second quarter of 2015, with a grant date fair value of \$58,391.

For Mr. Dunham's service as Chairman of the Board during 2015, he received 23,969 restricted stock units on July 1, 2015 with a grant date fair value of \$249,993. For Mr. Raspino's additional responsibilities as Chairman of the Audit Committee during 2015, he received 2,369 restricted stock units on July 1, 2015 with a grant date fair value of \$24,993. For their additional responsibilities as Chairmen of the Compensation, Finance and Nominating Committees during 2015, Messrs. Martin, Intrieri and Miller each received 1,421 restricted stock units on July 1, 2015 with a grant date fair value of \$14,992.

Ms. Querrey received a new non-employee director grant of 10,000 shares of fully vested restricted stock with a grant date fair value of \$153,500 upon her initial appointment to the Board on April 7, 2015.

As of December 31, 2015, the aggregate number of shares of unvested restricted stock and unvested restricted stock units, as applicable, held by each of the then-serving non-employee directors was as follows: Mr. Dunham, 62,567; Mr. Intrieri, 25,691; Mr. Lipinski, 19,258; Mr. Martin, 25,838; Mr. Miller, 25,838; Mr. Poses, 24,368; Ms. Querrey, 13,797; Mr. Raspino, 26,289; and Mr. Ryan, 23,311.

(c)The Company granted no stock options to non-employee directors in 2015 and none of the non-employee directors held any stock options as of December 31, 2015.

(d)Mr. Poses will retire from the Board of May 20, 2016, the date of the Annual Meeting.

(e)Mr. Raspino resigned from the Board effective March 10, 2016.

Transactions with Related Persons

The Company has adopted a written related party transaction policy with respect to any transaction, arrangement or relationship or series of similar transactions, arrangements or relationships (including any indebtedness or guarantee of indebtedness) in which (1) the aggregate amount involved will or may be expected to exceed \$120,000, (2) the Company is a participant and (3) any of its currently serving directors and executive officers, or those serving as such at any time since the beginning of the last fiscal year, or greater than 5% shareholders, or any of the immediate family members of the foregoing persons, has or will have a direct or indirect material interest. The Audit Committee reviews and approves all interested transactions, as defined above, subject to certain enumerated exceptions that the Audit Committee has

determined do not present a direct or indirect material interest on behalf of the related party, consistent with the rules and regulations of the SEC. Such transactions are subject to the Company's Code of Business Conduct. Certain transactions with former executive officers and directors that fall within the enumerated exceptions are reviewed by the Audit Committee. The Audit Committee approves or ratifies only those transactions that it determines in good

faith are in, or are not inconsistent with, the best interests of the Company and its shareholders. All transactions described below that do not fall within the enumerated exceptions described in the policy have been reviewed or approved by the Audit Committee.

BP p.l.c.

David C. Lawler, who serves as the Chief Executive Officer of BP p.l.c.'s Lower 48 Onshore business, is the brother of Robert D. Lawler, the Company's CEO. The Company engages in transactions with BP in the

ordinary course of business and no such transaction has been determined to be a related party transaction under the Company's related party transaction policy.

CVR Energy, Inc.

Mr. Lipinski, a director of the Company, serves as the President, Chief Executive Officer and a member of the board of directors of CVR Energy, Inc., a petroleum refining company (CVR). The Company and CVR have entered into a series of month-to-month transactions beginning in 2016 in which the Company will purchase oil at an index-based market rate from CVR, thereby allowing the Company to fulfill a minimum oil transportation obligation with a third-party vendor and avoid a \$2.14 per barrel unused

capacity charge. In return, CVR repurchases the oil from the Company at a \$1 per barrel discount from the initial index-based market rate. Pursuant to the Company's related party transaction policy, the Audit Committee reviewed and approved the proposed transactions and determined that they were in the best interests of the Company and its shareholders.

NOW, Inc.

Mr. Miller, a director of the Company, serves as the Executive Chairman of NOW, Inc., a distributor of energy and industrial products. The Company engages NOW, Inc. as a supplier of pipes, valves, fittings and

supplies in the normal course of business and no such transaction has been determined to be a related party transaction under the Company's related party transaction policy.

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Ryan, LLC

The brother-in-law of Michael A. Johnson, our Senior Vice President, Controller and Chief Accounting Officer, serves as a principal at Ryan, LLC. Ryan LLC was engaged by the Company in the normal course of business to review sales and use taxes paid to governmental entities in

exchange for a fee based on the amount of refunds and assessment

reductions. Pursuant to the Company's related party transaction policy, the Audit Committee reviewed and approved the transaction and determined that it was in the best interests of the Company and its shareholders.

Employment of Family Members

Andrew Kapchinske, son of John M. Kapchinske (our former Senior Vice President Exploration and Subsurface Technology), was an employee of the Company from September 2007 through October 2015. Andrew Kapchinske's total 2015 cash and equity compensation was \$178,899. The Company is a significant employer in Oklahoma City. We seek to fill positions with qualified employees, whether or not they are

related to our executive officers or directors. We compensate employees who have such relationships within what we believe to be the current market rate for their position and provide benefits consistent with our policies that apply to similarly situated employees. Compensation arrangements for family members of related parties are approved by the Compensation Committee.

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Beneficial Ownership

The table below sets forth (i) the name and address and beneficial ownership of each person known by management to own beneficially more than 5% of our outstanding common stock, and (ii) the beneficial ownership of common stock of our director nominees, directors and

named executive officers and all current directors and executive officers of the Company as a group. Unless otherwise noted, information is given as of March 21, 2016, the record date, and the persons named below have sole voting and/or investment power with respect to such shares.

Beneficial Owner	Number of Shares	Common Stock Share Equivalents	Total Ownership	Percent of Class
Southeastern Asset Management, Inc. 6410 Poplar Ave., Suite 900 Memphis, TN 38119	55,671,392	33,903,549	89,574,941 ^(a)	13.1%
Franklin Resources, Inc. One Franklin Parkway San Mateo, CA	76,717,763	708,894	77,426,657 ^(b)	11.6%
Carl C. Icahn c/o Icahn Associates Corp. 767 Fifth Avenue, 47 th Floor New York, NY 10153	73,050,000		73,050,000 ^(c)	11.0%
Capital Research Global Investors 333 South Hope Street Los Angeles, CA 90071	68,260,000		68,260,000 ^(d)	10.3%
Harris Associates L.P. 111 S. Wacker Drive, Suite 4600 Chicago, IL 60606	51,734,867		51,734,867 ^(e)	7.8%
The Vanguard Group 100 Vanguard Blvd.	50,193,062		50,193,062 ^(f)	7.5%

Malvern, PA 19355

State Street Corporation

State Street Financial Center

One Lincoln Street

Boston, MA 02111	36,529,787		36,529,787 ^(g)	5.5%
Robert D. (Doug) Lawler	550,752 ^(h)	771,504 ⁽ⁱ⁾	1,322,256	*
Domenic J. (Nick) Dell Osso, Jr.	374,629	394,380 ⁽ⁱ⁾	769,009	*
James R. Webb	63,041	201,343 ⁽ⁱ⁾	264,384	*
M. Christopher Doyle	50,125	105,803 ⁽ⁱ⁾	155,928	*
M. Jason Pigott	53,066	105,803 ⁽ⁱ⁾	158,869	*
Archie W. Dunham	2,624,104 ^(h)	5,114 ⁽ⁱ⁾	2,629,218	*
Vincent J. Intrieri	65,061	1,723 ⁽ⁱ⁾	66,784	*
John J. (Jack) Lipinski	63,283	1,089 ⁽ⁱ⁾	64,372	*
R. Brad Martin	221,276 ^(k)	1,723 ⁽ⁱ⁾	222,999	*
Merrill A. (Pete) Miller, Jr.	191,860	1,723 ⁽ⁱ⁾	193,583	*
Frederic M. Poses ^(l)	710,807	1,723 ⁽ⁱ⁾	712,530	*
Kimberly K. Querrey	460,222 ^(m)	951 ⁽ⁱ⁾	461,173	
Thomas L. Ryan	117,544	1,723 ⁽ⁱ⁾	119,267	*
All current directors and executive officers as a group (15 persons)	6,004,170	1,775,023	7,779,193	1.1%

* Less than 1%.

Mr. Doyle resigned his position as Executive Vice President, Operations Northern Division on April 6, 2016.

(a) This information is as of December 31, 2015, as reported in a Schedule 13G/A filed jointly by Southeastern Asset Management, Inc. and O. Mason Hawkins on February 12, 2016. The Schedule 13G/A includes 16,437,033 shares of common stock underlying convertible preferred shares, 1,397,416 shares underlying convertible bonds, and 16,069,100 shares underlying call options. The Schedule 13G/A reports (i) sole power to vote or to direct the vote of 44,670,420 shares; (ii) shared power to vote or direct the vote of 38,487,875 shares with Longleaf Partners Fund and Longleaf Partners Global Fund; (iii) no power to vote 6,416,646 shares; (iv) sole power to dispose or to direct the disposition of 51,087,066 shares; and (v) shared power to dispose or to direct the disposition of 38,487,875 shares with Longleaf Partners Fund and Longleaf Partners Global Fund.

(b) This information is as of February 29, 2016, as reported in a Schedule 13G/A filed jointly by Franklin Resources, Inc. (FRI), Charles B. Johnson, Rupert H. Johnson, Jr. and Templeton Global Advisors Limited on March 10, 2016. The Schedule 13G/A includes 708,894 shares of common stock underlying convertible preferred shares. The shares are beneficially owned by one or more open- or closed-end investment companies or other

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managed accounts that are investment management clients of investment managers that are direct and indirect subsidiaries of FRI. Charles B. Johnson and Rupert H. Johnson, Jr. each own in excess of 10% of the outstanding common stock of FRI and are the principal stockholders of FRI. Accordingly, they may be deemed to be beneficial owners of these shares.

According to the filing, Templeton Global Advisors Limited has sole voting power with regard to 69,597,910 shares, shared voting power with regard to 38,560 shares and sole dispositive power with regard to 70,144,710 shares. Templeton Investment Counsel, LLC has sole voting power with regard to 2,007,880 shares, sole dispositive power with regard to 2,190,560 shares and shared dispositive power with regard to 139,120 shares. Franklin Templeton Investment Management Limited has sole voting power with regard to 1,104,765 shares and sole dispositive power with regard to 1,281,939 shares. Franklin Templeton Investments Corp. has sole voting power and sole dispositive power with regard to 944,056 shares. Franklin Advisers, Inc. has sole voting power and sole dispositive power with regard to 722,184 shares. Franklin Templeton Investments Australia Limited has sole voting power and sole dispositive power with regard to 552,152 shares. Templeton Asset Management Ltd. has sole voting power with regard to 308,750 shares, shared voting power and shared dispositive power with regard to 99,160 shares and sole dispositive power with regard to 1,156,843 shares. Franklin Templeton Investments (Asia) Ltd. has sole voting power and sole dispositive power with regard to 157,593 shares. Franklin Templeton Investment Trust Management Co., Ltd has sole voting power and sole dispositive power with regard to 38,340 shares.

- (c) *This information is as of March 23, 2015, as reported in a Schedule 13D/A filed jointly by High River Limited Partnership, Hopper Investments LLC, Barberry Corp., Icahn Partners Master Fund LP, Icahn Offshore LP, Icahn Partners LP, Icahn Onshore LP, Icahn Capital LP, IPH GP LLC, Icahn Enterprises Holdings L.P., Icahn Enterprises G.P. Inc., Beckton Corp. and Carl C. Icahn. The principal business address of each of (i) High River, Hopper, Barberry, Icahn Master, Icahn Offshore, Icahn Partners, Icahn Onshore, Icahn Capital, IPH, Icahn Enterprises Holdings, Icahn Enterprises GP and Beckton is White Plains Plaza, 445 Hamilton Avenue Suite 1210, White Plains, NY 10601, and (ii) Mr. Icahn is c/o Icahn Associates Corp., 767 Fifth Avenue, 47th Floor, New York, NY 10153.*

According to the filing, High River has sole voting power and sole dispositive power with regard to 14,610,002 shares. Each of Hopper, Barberry and Mr. Icahn has shared voting power and shared dispositive power with regard to such shares. Icahn Master has sole voting power and sole dispositive power with regard to 23,754,055 shares. Each of Icahn Offshore, Icahn Capital, IPH, Icahn Enterprises Holdings, Icahn Enterprises GP, Beckton and Mr. Icahn has shared voting power and shared dispositive power with regard to such shares. Icahn Partners has sole voting power and sole dispositive power with regard to 34,685,943 shares. Each of Icahn Onshore, Icahn Capital, IPH, Icahn Enterprises Holdings, Icahn Enterprises GP, Beckton and Mr. Icahn has shared voting power and shared dispositive power with regard to such shares.

According to the filing, each of Hopper, Barberry and Mr. Icahn, by virtue of their relationships to High River, may be deemed to indirectly beneficially own the shares which High River directly beneficially owns. Each of Hopper, Barberry and Mr. Icahn disclaims beneficial ownership of such shares for all other purposes. Each of Icahn Offshore, Icahn Capital, IPH, Icahn Enterprises Holdings, Icahn Enterprises GP, Beckton and Mr. Icahn, by virtue of their relationships to Icahn Master may be deemed to indirectly beneficially own the shares which Icahn Master directly beneficially owns. Each of Icahn Offshore, Icahn Capital, IPH, Icahn Enterprises

Holdings, Icahn Enterprises GP, Beckton and Mr. Icahn disclaims beneficial ownership of such shares for all other purposes. Each of Icahn Onshore, Icahn Capital, IPH, Icahn Enterprises Holdings, Icahn Enterprises GP, Beckton and Mr. Icahn, by virtue of their relationships to Icahn Partners, may be deemed to indirectly beneficially own the shares which Icahn Partners directly beneficially owns. Each of Icahn Onshore, Icahn Capital, IPH, Icahn Enterprises Holdings, Icahn Enterprises GP, Beckton and Mr. Icahn disclaims beneficial ownership of such shares for all other purposes.

- (d) This information is as of December 31, 2015, as reported in a Schedule 13G/A filed by Capital Research Global Investors (CRGI) on February 16, 2016. According to the filing, CRGI has sole voting power and sole dispositive power with regard to 68,260,000 shares. CRGI is a division of Capital Research and Management Company.*
- (e) This information is as of December 31, 2015, as reported in a Schedule 13G filed jointly by Harris Associates L.P. (Harris) and Harris Associates Inc. on February 10, 2016 Harris Associates Inc. is the general partner of Harris. By reason of advisory and other relationships with the person who owns the shares, Harris may be deemed to be the beneficial owner of 51,734,867 shares. Harris has sole voting power and sole dispositive power with regard to 51,234,517 shares.*
- (f) This information is as of December 31, 2015, as reported in a Schedule 13G filed by The Vanguard Group (Vanguard) on February 11, 2016. According to the filing, Vanguard has sole voting power with regard to 1,001,620 shares, shared voting power with regard to 55,600 shares, sole dispositive power with regard to 49,155,087 shares and shared dispositive power with regard to 1,037,975 shares. Vanguard Fiduciary Trust Company (VFTC) and Vanguard Investments Australia, Ltd. (VIA), wholly-owned subsidiaries of Vanguard, are the beneficial owner of 810,575 shares and 418,445 shares, respectively, as a result of VFTC serving as investment manager of collective trust accounts and VIA serving as investment manager of Australian investment offerings.*
- (g) This information is as of December 31, 2015, as reported in a Schedule 13G filed by State Street Corporation (State Street) as the parent holding company for 8 of its subsidiaries (each identified on Exhibit 1 to the Schedule 13G) on February 12, 2016. State Street has shared voting power and shared dispositive power with regard to 36,529,787 shares.*
- (h) Includes unvested shares of restricted stock granted after January 1, 2013 with respect to which executive officers and directors have voting power.*
- (i) Represents shares of common stock which can be acquired through the exercise of stock options on March 21, 2016 or within 60 days thereafter.*
- (j) Includes restricted stock units that are scheduled to vest within 60 days of March 21, 2016.*
- (k) Includes 50,000 shares held by the R. Brad Martin Family Foundation, over which Mr. Martin has voting control, and 15,000 shares held in a family trust for the benefit of Mr. Martin's children.*

(l) Mr. Poses will retire from the Board on May 20, 2016, the date of the Annual Meeting.

(m) Includes 342,464 shares of common stock held by the Simpson Community Trust, over which Ms. Querrey and her spouse, Louis A. Simpson, or either of them individually, have voting power and dispositive power.

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Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, requires our directors and executive officers and persons who beneficially own more than 10% of our common stock to file reports of ownership and subsequent changes with the SEC. Based solely

on a review of filings with the SEC and written representations of our officers and directors that no other reports were required, we believe that all Section 16(a) reports were filed on a timely basis.

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Proposal 2: Amendment to the Restated Certificate of Incorporation to Increase Authorized Common Stock

The Board of Directors recommends that the shareholders authorize an amendment to our Restated Certificate of Incorporation to increase the number of authorized shares of common stock from 1,000,000,000 to 1,500,000,000 shares, par value \$0.01 per share, which would also increase the total number of authorized shares of capital stock from 1,020,000,000 shares to 1,520,000,000 shares, par value \$0.01 per share. On March 3, 2016, the Board adopted resolutions approving and authorizing the proposed amendment and directing that the amendment be submitted to a vote of the holders of common stock at the Annual Meeting.

If our shareholders approve this Proposal 2, we expect to file a Certificate of Amendment with the Oklahoma Secretary of State to increase the number of authorized shares of our capital and common stock as soon as practicable following shareholder approval. Upon filing of the Certificate of Amendment with the Oklahoma Secretary of State, the first sentence of Article IV of the Restated Certificate of Incorporation will be amended and restated to read as follows:

The total number of shares of capital stock which the Corporation shall have authority to issue is One Billion Five Hundred Twenty Million (1,520,000,000) shares consisting of Twenty Million (20,000,000) shares of Preferred Stock, par value \$0.01 per share, and One Billion Five Hundred Million (1,500,000,000) shares of Common Stock, par value \$0.01 per share.

Our Restated Certificate of Incorporation currently authorizes the issuance of up to 1,020,000,000 shares of capital stock, consisting of 1,000,000,000 shares of common stock, par value \$0.01 per share, and 20,000,000 shares of preferred stock, par value \$0.01 per share. An increase in the number of authorized shares of our common stock to 1,500,000,000 shares will increase our total authorized capitalization to 1,520,000,000 shares of capital stock, which includes our previously authorized 20,000,000 shares of preferred stock.

Of the 1,000,000,000 shares of our common stock currently authorized, as of the close of business on the record date, there were 681,983,728 shares of common stock issued, including 1,413,691 treasury shares. In addition, as of the record date, there were:

18,710,065 shares of common stock reserved for issuance upon vesting of outstanding restricted stock units, or RSUs, and exercise of outstanding stock options (pursuant to our equity compensation plans for directors, employees and consultants);

24,823,416 shares of common stock reserved for future issuance (in the form of RSUs, stock options or other equity securities) under our equity compensation plans for directors, employees and consultants;

112,588,086 shares of common stock reserved for issuance upon the conversion of outstanding shares of our convertible preferred stock; and

23,263,931 shares of common stock reserved for issuance upon the conversion of our contingent convertible senior notes.

On December 16, 2015, the Board authorized the issuance of up to 50,000,000 shares of common stock in exchange for outstanding debt and has since issued 17,255,347 of such shares prior to the record date. Other than the 32,744,653 shares of common stock that remain eligible for issuance under the authorization, the Board has no other immediate plans to issue the additional shares of common stock or securities that are convertible into common stock. However, the Board desires to have the shares available to provide additional flexibility for business and financial purposes, as well as to have sufficient shares available to provide appropriate equity incentives for our employees, directors and consultants. The additional shares may be used for various purposes without further shareholder approval. These purposes may include: (i) raising capital, if we have an appropriate opportunity, through offerings of common stock or securities that are convertible into common stock; (ii) exchanges of common stock or securities that are convertible into common stock for other outstanding securities; (iii) providing equity incentives to employees, officers, directors, consultants or advisors; (iv) expanding our business through the acquisition of other businesses or assets; (v) stock splits, dividends and similar transactions; and (vi) other purposes.

If this Proposal 2 is not approved by our shareholders, our financing alternatives may be limited by the lack of unissued and unreserved authorized shares of common stock, and shareholder value may be harmed by this limitation. In addition, our success depends in part on our continued ability to attract, retain and motivate highly qualified management and operations personnel, and if this Proposal 2 is not approved by our shareholders, the lack of unissued and unreserved authorized shares of common stock to provide future equity incentive opportunities that the Compensation Committee of our Board deems appropriate could adversely impact our ability to achieve these goals. In short, the Board believes approval of this Proposal 2 is important to access the capital markets, attract, retain and motivate employees, and pursue other business opportunities integral to our growth and success.

The Board believes that the proposed increase in authorized shares of common stock will provide additional flexibility necessary to pursue our strategic objectives. We have historically issued common stock or securities that are convertible into common stock for the following purposes:

To finance the acquisition of oil and natural gas reserves and improved properties through both corporate and asset purchases;

To reduce our fixed dividend and interest obligations by replacing outstanding preferred stock and convertible notes that had previously been issued to finance acquisitions; and

To compensate, attract and retain our employees and directors through participation in our equity compensation plans.

Unless our shareholders approve this Proposal 2, we may not have sufficient unissued and unreserved authorized shares of common stock to engage in similar transactions in the future.

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If shareholders approve this Proposal 2, the additional authorized common stock will have rights identical to the currently outstanding shares of our common stock. The proposed amendment will not affect the par value of the common stock, which will remain at \$0.01 per share, nor will it affect any series of our convertible preferred stock or convertible senior notes. Approval of this Proposal 2 and issuance of the additional authorized shares of common stock would not affect the rights of the holders of currently outstanding shares of our common stock, except for effects incidental to increasing the number of shares of our common stock outstanding, such as dilution of any earnings per share and voting rights of current holders of common stock.

The additional shares of common stock authorized by the approval of this Proposal 2 could be issued by our Board without further vote of our shareholders except as may be required in particular cases by our Restated Certificate of Incorporation, Oklahoma corporate or other applicable law, regulatory agencies, the rules of the New York Stock Exchange or of any national securities exchange on which the common stock is then listed. Under our Restated Certificate of Incorporation, shareholders do not have preemptive rights to subscribe to additional securities that we may issue, which means that current shareholders do not have a prior right thereunder to purchase any new issue of common stock, or securities that are convertible into common stock, in order to maintain their proportionate ownership interests in Chesapeake. In addition, under Oklahoma law, our shareholders are not entitled to

dissenters' or appraisal rights in connection with the proposed increase in the number of shares of common stock authorized for issuance.

The proposed amendment to our Restated Certificate of Incorporation to increase the number of authorized shares of our capital and common stock could, under certain circumstances, have an anti-takeover effect. The additional shares of common stock that would become available for issuance if this Proposal 2 is approved could also be used by us to oppose a hostile takeover attempt or to delay or prevent changes in control or our management. For example, without further shareholder approval, the Board could adopt a "poison pill" which would, under certain circumstances related to an acquisition of our securities not approved by the Board, give certain holders the right to acquire additional shares of common stock at a low price, or the Board could strategically sell shares of common stock in a private transaction to purchasers who would oppose a takeover or favor the current Board. Although this proposal to increase the authorized capital and common stock has been prompted by business and financial considerations and not by the threat of any hostile takeover attempt (nor is the Board currently aware of any such attempts directed at us), nevertheless, shareholders should be aware that approval of this Proposal 2 could facilitate future efforts by us to deter or prevent changes in control, including transactions in which the shareholders might otherwise receive a premium for their shares over then current market prices.

The Board of Directors recommends a vote **FOR** the proposed amendment to our Restated Certificate of Incorporation to increase the authorized common stock to 1,500,000,000 shares.

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The Board of Directors recommends that the shareholders authorize an amendment to our 2014 Long Term Incentive Plan to increase the number of shares of common stock available for awards under the 2014 LTIP by 35,000,000 shares. Our Board unanimously approved the amendment, subject to shareholder approval, at its meeting on March 3, 2016. The full text of the 2014 LTIP, as proposed to be amended, is included as Exhibit B to this Proxy Statement. Our shareholders initially approved the 2014 LTIP on June 13, 2014.

If the amendment is approved, it would provide an increase of 35,000,000 shares available for awards under the 2014 LTIP. As of the record date (March 21, 2016), we had the following equity awards outstanding under the 2014 LTIP and two predecessor plans, the 2005 Long Term Incentive Plan (the "2005 LTIP") and the 2003 Stock Incentive Plan (collectively, the "Prior Plans"):

Total Stock Options Outstanding	10,133,196
Total Restricted Stock Units/Awards Outstanding	9,675,416
Total Common Stock Outstanding	680,570,037
Weighted-Average Exercise Price of Stock Options Outstanding	\$11.7649
Weighted-Average Remaining Duration of Stock Options Outstanding	7.74 years
Total Shares Available for Grant Under the 2014 Long Term Incentive Plan	24,823,416

We believe we have demonstrated our commitment to sound equity compensation practices. Management and our Board are cognizant of the expense attributable to compensatory stock awards, as well as dilution, and strive to maintain both at appropriate levels.

Purpose of the 2014 LTIP Amendment

In order to effectively execute our business strategy, it is essential for us to manage our talent in an industry where there is extreme competition for qualified individuals. We need to (1) attract new highly qualified industry professionals, (2) reward and retain our experienced professionals and (3) properly develop our less experienced employees. We believe that the issuance of equity-based incentive compensation is a key component of our comprehensive human resource strategy, and that such compensation fosters and promotes our sustained progress, growth and profitability by:

Attracting, retaining and motivating employees and non-employee directors;

Allowing employees and non-employee directors to acquire a proprietary and vested interest in our growth and performance;

Providing incentives and rewards to employees and non-employee directors who are in a position to contribute materially to our success and long-term objectives; and

Aligning the financial interests of employees and non-employee directors with those of our shareholders.

During the last three years, 74% (for 2013), 90% (for 2014) and 88% (for 2015) of our equity-based awards were granted to employees other than our named executive officers. Historically, we have granted restricted stock units to all employees upon joining the Company and annually thereafter. However, due in large part to the decline in commodity prices and resulting downward pressure on our stock price, we cut back substantially on new hire grants beginning in 2015 and on annual equity grants beginning in 2016. Despite this change, we believe that future competition in the industry for highly qualified talent will increase the

importance of equity-based compensation as a key component for employee recruitment and retention and the need for available shares under an equity compensation plan.

We believe that stock-based compensation and employee and director stock ownership have greatly contributed to our growth and success to date and should continue to contribute to our success in the future. In 2015, equity compensation awards to employees consisted of 6,868,849 shares underlying restricted stock units and 1,208,185 shares underlying stock options, and equity compensation awards to non-employee directors consisted of 225,630 shares underlying restricted stock units. If the amendment to the 2014 LTIP is not approved by shareholders, we will no longer be able to provide meaningful equity compensation to our employees and non-employee directors. The *Summary Compensation Table* on page 43 reflects the importance of equity to our executive compensation program, and the *Director Compensation Table for 2015* on page 15 shows that stock awards constituted at least 71% of total compensation of non-employee directors in 2015.

The 2014 LTIP is designed to enable our employees and directors to increase their ownership of our common stock through the grant of restricted stock, restricted stock units, stock options, stock appreciation rights, or SARs, performance share unit awards, or PSUs, and other stock awards, and to reward employees and non-employee directors for the creation of shareholder value through the grant of stock-based and performance-based awards. In addition, the 2014 LTIP provides longer-term at risk compensation to our executives. The Board believes that shareholder approval of this proposal will continue to align the goals of our employees and directors with those of the shareholders.

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Overhang, Burn Rate and Estimated Share Duration

The Board believes the size of our share reserve request for the 2014 LTIP is reasonable, and if the amendment is approved, the request is projected to result in an overhang of no more than approximately 12%

inclusive of the newly requested shares, all outstanding awards granted under the 2014 LTIP and the Prior Plans, and awards currently remaining available under the 2014 LTIP.

The following table summarizes our overhang and burn rate history.