

LEADING A RESPONSIBLE

# Energy Future

2013 CORPORATE RESPONSIBILITY REPORT



## OUR CORE VALUES

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



### Integrity and trust

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



### Respect

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



### Transparency and open communication

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



### Commercial focus

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



### Change leadership

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

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*On the cover: Environmental Director Shyla Blackketter Dwyer and Lease Operator Zach Beloncik work together to promote safe and responsible operations in their designated region, the Southern Division.*

# Letter to Our Stakeholders

Chesapeake is committed to operating responsibly and living our core values. This means that we conduct our business with integrity and respect, and we are thoughtful stewards of both corporate and environmental resources. As a company, we've challenged ourselves to produce top-quartile financial and production metrics and deliver environmental and safety excellence. Our first step toward this goal was completing a major transformational initiative in 2013. Through this time of transition, we aligned strategy to business priorities and launched a companywide core values system to guide our decisions and business practices.

2013 was also an exciting year of growth as we made significant progress in implementing our strategy of financial discipline and profitable and efficient growth from captured resources. Improving our environmental, health and safety performance was critical to the organization, as was strengthening our governance processes. Throughout all of the changes, we remained a catalyst for economic growth in our communities and a top employer. Some of our 2013 key accomplishments were:

- » Introduced company core values to provide a decision-making and measurement framework for our employees, as well as standards by which our stakeholders can measure our performance
- » Deepened our focus on safety, regulatory compliance and environmental stewardship; set targets to lower Chesapeake's reportable spills by 25% and total recordable incident rate by 10% in 2014
- » Linked employee compensation to key company metrics including improving environmental stewardship and safety performance
- » Initiated a spills prevention project that comprehensively studied spills across company operations, identified the primary causes for releases and recommended solutions to eliminate spills
- » Adopted a new Code of Business Conduct that reflects our core values and culture of integrity and accountability
- » Strengthened our enterprise risk management program by integrating risk management practices into core businesses processes

I'm proud of our team and the speed at which we were able to achieve these significant performance and organizational improvements. But we know our work is not done. We will relentlessly pursue our goal of becoming a top-quartile E&P company while focusing on environmental stewardship and safety performance.

It's a new era at Chesapeake, with a new vision and renewed focus on what matters. With our powerful combination of talented and motivated employees, a value-driven strategy and a dedication to responsible operations, we will continue to achieve our performance objectives while being a partner of choice to our stakeholders.



**It's a new era at Chesapeake, with a new vision and a renewed focus on what matters.**



Robert Douglas Lawler  
President, Chief Executive Officer  
and Director  
July 2014

## ABOUT OUR COMPANY

# Chesapeake Energy Corporation

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Chesapeake is the second-largest producer of natural gas and the 10th largest producer of oil and natural gas liquids in the U.S. With an industry-leading portfolio of high-quality unconventional assets, Chesapeake is focused on discovering and developing our large and geographically diverse oil and natural gas resource base. As we work to deliver shareholder value through financial discipline and profitable and efficient growth from captured resources, we are conducting our business with an emphasis on safety and environmental responsibility.

*Chris Bartran, Supervisor of Pipeline Risk & Integrity, works to keep Chesapeake's midstream operations safe.*



## Business Strategy

Commercial focus is a core value, and it is the responsibility of each employee to positively impact the company's financial and operational performance. With a focus on capital control and a culture of stewardship, we are delivering on our business strategy and commitment to responsible operations.

### Financial Discipline

- » Balance capital expenditures with cash flow from operations
- » Implement a competitive capital allocation process to ensure the highest quality projects are funded
- » Divest non-core assets and affiliates
- » Reduce financial and operational risk and complexity
- » Achieve investment grade metrics

### Profitable and Efficient Growth from Captured Resources

- » Develop our world-class inventory
- » Target top-quartile operating and financial metrics
- » Aggressively benchmark and post appraise our performance
- » Pursue continuous improvement
- » Drive value leakage out of our operations

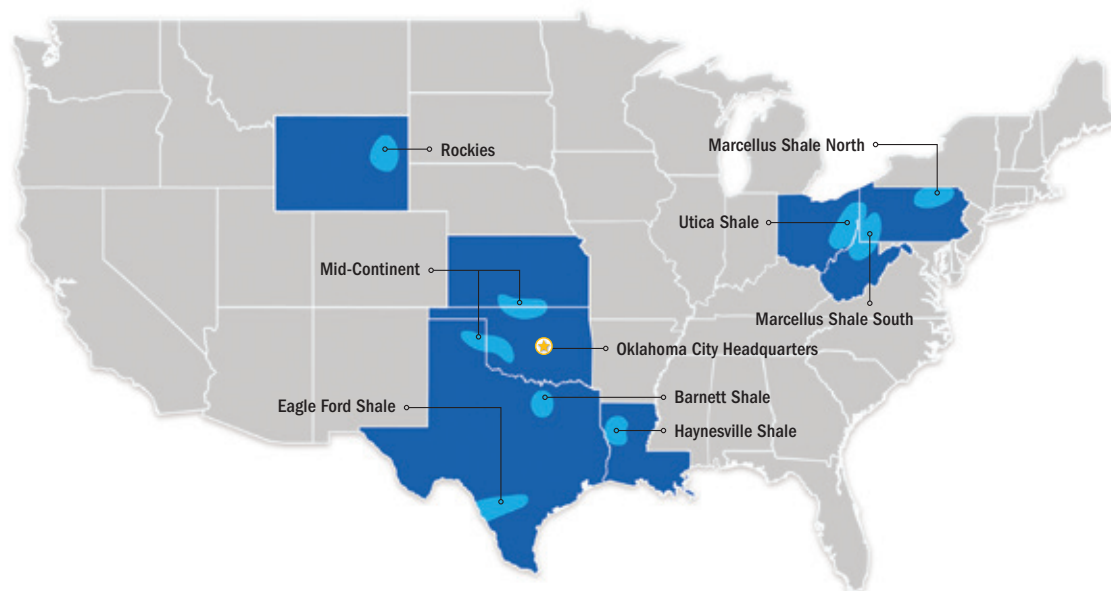
## Results and Reserves

Our commitment to this strategy has already produced significant results. Chesapeake's total shareholder return increased 66% in 2013, and our production grew by 11% (adjusting for divestments) in the same year. We reorganized our operations to increase accountability throughout the company, while encouraging standardization, efficiencies and continuous improvement. Asset sales of approximately \$4.4 billion in 2013 included the divestiture of our Mississippi Lime joint venture and the sale of non-core Eagle Ford and Haynesville assets.



Chesapeake owns interests in approximately 46,800 natural gas and oil wells that produced an average of approximately 665 thousand barrels of oil equivalent (mboe) per day in the 2013 fourth quarter. We remain committed to increasing our reserve base for business sustainability. Chesapeake's estimated proved reserves as of December 31, 2013 were 2.678 billion barrels of oil equivalent (bboe), an increase of 63 million barrels of oil equivalent (mboe), or 2%, from 2.615 bboe at year-end 2012. To determine our proved resources, Chesapeake engaged two third-party engineering firms to prepare portions of our reserves estimates disclosed in our 2013 10-K, comprising approximately 81% of our estimated proved reserves (by volume) at year-end 2013.

### OPERATIONS MAP



OUR APPROACH TO

# Corporate Responsibility

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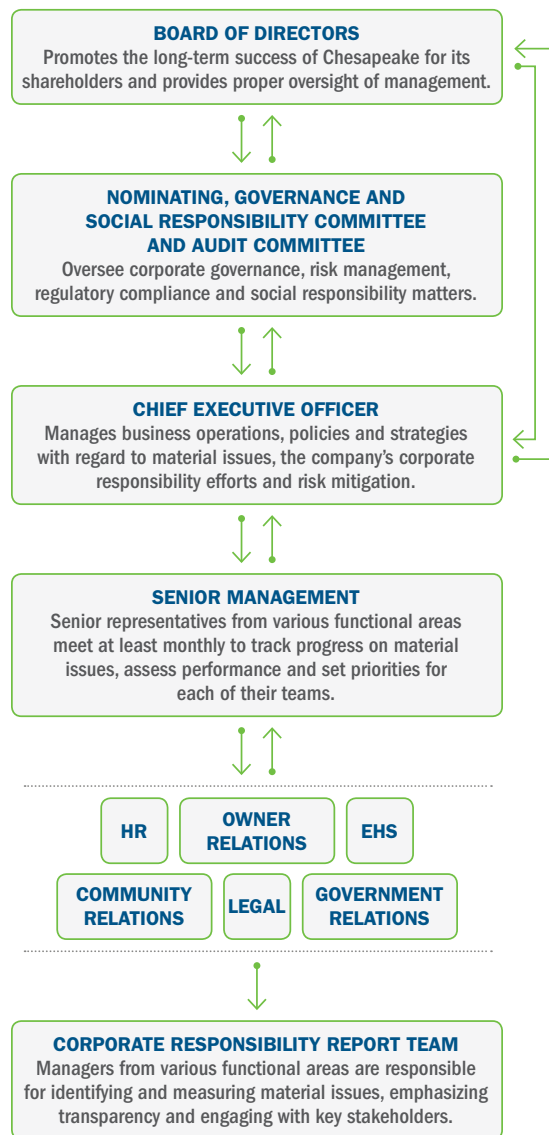
Corporate responsibility is embedded in the strategy and culture of Chesapeake. Our core values serve as the basis for all of our activities and guide us to conduct our business with a focus on integrity, compliance and continuous improvement. We set high standards for ourselves — and our partners and contractors — as we produce our country's oil and natural gas resources in a safe and environmentally responsible manner.

*Staff Geologist Hayet Serradji conducts and interprets geological studies to determine new opportunities for the company, while emphasizing environmental stewardship.*



Our management of corporate responsibility begins with oversight by our Board of Directors and includes an integrated approach across Chesapeake's operations. We communicate, monitor and manage our corporate responsibility initiatives through a collaborative company effort to assure that we deliver against the commitments we make to our stakeholders.

Corporate responsibility strategies and initiatives are managed by numerous people in our company, at all levels. This comprehensive management approach facilitates proper oversight and makes corporate responsibility transparency a priority on all levels.



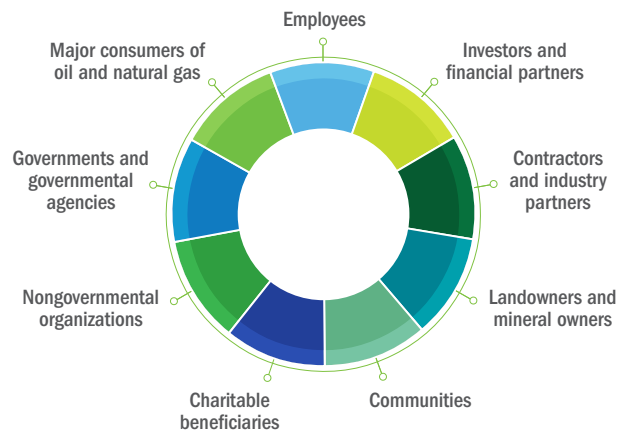
## About This Report

This report is our third annual corporate responsibility report and was prepared using the Global Reporting Initiative (GRI) G3.1 Guidelines. In this report, we emphasize the progress we made in 2013 on material issues to our business, including corporate governance; environment, health and safety; and community and employee engagement. This report contains information from all of our operations in 2013 including our marketing and oilfield services businesses. In 2014, we announced the spin-off of Chesapeake Oilfield Services. This spin-off, and its impact on our organization, will be addressed in our 2014 report.

## Stakeholder Engagement

Our core values of transparency and open communication are reflected as we work to position Chesapeake for long-term success. We engage our stakeholders through town hall meetings, community and one-on-one meetings, our Contact Center and employee surveys, and we also have company information available on our website and in our publications. Our engagement with our stakeholders helps us gain valuable insights into their concerns and address any issues that need our attention. This two-way dialogue also allows us to better understand our near- and long-term risks.

### OUR STAKEHOLDERS



OUR COMMITMENT TO

# Corporate Governance

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At Chesapeake, we believe that strong corporate governance is critical to our long-term success and fundamental to building trust with our stakeholders. Our commitment to corporate governance is reinforced by our core values and the culture of integrity that we strive to instill throughout our company.

*Deputy General Counsel Reagan Bradford is committed to Chesapeake's regulatory compliance and risk management.*





Our Board is committed to maintaining best-in-class governance practices that reflect its focus on accountability, oversight, risk management and stakeholder value. In 2013, the Board reinforced this commitment by appointing Doug Lawler as President, Chief Executive Officer and Director. Under the leadership of Lawler and a restructured senior management team, Chesapeake has built a culture of integrity, operational efficiency, environmental stewardship, and health and safety. The company's management has rapidly implemented changes focused on increasing accountability and responsibility across the organization.

## Board Oversight and Risk Management

The Board has primary responsibility for risk oversight, and all members help determine the company's risk profile. Risks are discussed at each quarterly Board meeting, allowing directors to guide Chesapeake's operations with an appropriate level of discipline.

At the Board level, risk management starts with the Audit Committee. This committee oversees the integrity of our financial statements, legal and regulatory compliance, and the enterprise risk management (ERM) process. The committee's oversight functions include meetings with management, reports from internal audits and independent auditors, and feedback from the employee and vendor helpline and the director access line. In 2013, the Board appointed Louis Raspino as Audit Committee Chairman. Raspino has extensive oil and natural gas industry experience, as well as a reputation for implementing strong corporate governance practices.



Another strategic addition to the Chesapeake leadership team was Patrick Craine. In 2013, Craine was appointed the company's Chief Compliance Officer, a new position reporting separately to Jim Webb, Chesapeake's General Counsel, and the Audit Committee. Craine, a veteran legal and regulatory compliance expert in the oil and natural gas industry, joined Chesapeake from Bracewell & Giuliani LLP, where he was a partner in the firm's White Collar Defense, Internal Investigations and Regulatory Enforcement practice. In this role, he helped counsel companies, boards and committees in regulatory and compliance matters. Craine also served as an enforcement attorney with the U.S. Securities and Exchange

Commission (SEC) and the Financial Industry Regulatory Authority (FINRA), contributing to both organizations' oil and natural gas task forces.

Craine is leading efforts to improve and help ensure the effectiveness of the company's regulatory and legal compliance programs. Under his management in 2013, the risk and compliance team worked to improve the company's ERM process and developed a revised [Code of Business Conduct](#) to better reflect Chesapeake's overall business priorities and core values.

## Focus on Enterprise Risk Management

Identifying, analyzing and managing risk is essential to decision-making at all levels of our organization and the effective management of our business. Our ERM program includes:

- » **Hosting quarterly risk management meetings at the executive level and delivering ERM process updates to the Board's Audit Committee**
- » **Formalizing risk management considerations into core business processes, including in planning and capital allocation**
- » **Promoting and empowering everyone at Chesapeake to identify and elevate risks**

### ENTERPRISE RISK MANAGEMENT PROCESS FRAMEWORK





*Drilling Manager Jason Stidham shows Director Louis Raspino drilling equipment during a Board of Directors visit to Chesapeake's Eagle Ford operations.*

## Board Accountability

The Board holds itself accountable to shareholders. In 2013, shareholders had the opportunity to elect all directors even though only three directors were required to be elected under the company's charter. In 2014, each director again stood for election and was elected after receiving approval from a majority of the votes cast. In addition, the directors determined that it is in the best interest of shareholders to declassify the Board, implement proxy access and remove supermajority voting requirements from the company's governing documents. Accordingly, the Board submitted proposals reflecting these changes, and during the 2014 annual meeting of shareholders, all of the proposals were approved.

## Delivering Shareholder Value

The Board continues to incentivize management to deliver strong results for our shareholders. In 2013, it implemented an executive compensation program that focuses on objective metrics that it believes will drive shareholder value. The Compensation Committee has made significant reforms to Chesapeake's executive compensation by aligning pay with company performance.

»» During the past year, we have implemented governance reforms focused on enhancing financial and management oversight, Board accountability to shareholders and corporate responsibility.

## New Code of Conduct

The Board adopted a revised Code of Business Conduct that provides clear, practical guidance on living our core values. The new Code sets the tone from the top, gives clear ethical expectations to employees and institutionalizes



a framework for organizational accountability. It also provides the foundation guiding Chesapeake employees to act with integrity and plays a critical role in deterring noncompliance and unethical behavior. Every Chesapeake employee, regardless of title, business unit or geography, is expected to abide by the Code.

The Board also adopted a new Vendor Code of Conduct. The Vendor Code reinforces the company's core values and sets expectations for ethical conduct and fair dealing with our vendors. Chesapeake screens current and potential vendors and suppliers on the basis of ethical business conduct and will decline or terminate relationships that are not in line with the company's Code.

Together, the Code of Business Conduct and the Vendor Code of Conduct reflect our commitment to being a responsible and ethical business and a fair and lawful partner.

## Ethics Training

Our employees are committed to a high standard of business integrity, which is reinforced through educational sessions hosted by the company. Current employees received training on the Code through an executive town hall meeting and new employees are educated during orientation trainings. Code training explains the expectations regarding relationships with business partners and competitors, with an emphasis on fair dealing, protection of company assets and information, our responsibilities to the public and to reporting unethical conduct, and the various ways employees may bring forward violations and concerns. We also provide additional comprehensive and job-specific training to employees, vendors and suppliers with specific compliance training needs. In 2013, we conducted 39 ethics training sessions, reaching 929 employees and 2,927 business partners.

## Companywide Compliance

We expect our employees not only to abide by the Code but also to report conduct that may be unethical, illegal or in violation of the Code. Managers and supervisors strive to create an environment where employees feel comfortable reporting concerns about unethical behavior and violations. We also provide many channels for reporting violations and concerns. One available tool is the Chesapeake Ethics and Integrity Helpline, a third-party confidential hotline and secure website available every hour, every day of the year. True to our culture, Chesapeake does not tolerate retaliation against anyone who raises issues in good faith.

All reports of unethical business conduct are investigated fully, and appropriate corrective actions are taken. Serious incidents are elevated to executive management for review, and corrective actions are shared with the relevant business units. Any employee who fails to comply with the Code is subject to disciplinary action or termination. In 2013, Chesapeake initiated 106 ethics investigations, including 49 originating from reports through the helpline.

*In 2014, CEO Doug Lawler and members of Chesapeake's leadership team introduced the new Code of Business Conduct through an employee town hall meeting. During the meeting the leadership panel promoted compliance and discussed the different ways employees can report ethical concerns.*



OUR COMMITMENT TO

# Environment, Health & Safety

We are committed to developing greater supplies of domestic energy in a safe and environmentally responsible way. As a leader in the U.S. oil and natural gas industry, we are dedicated to maintaining strict standards in our operations and consistently improving our technologies to mitigate environmental risks. Our number one priority is to provide a safe work environment for our employees, contractors, landowners, local residents and the communities where we operate.

*Production Engineer Katie Caruso works to increase Chesapeake's base production, while prioritizing safe operations, in the Appalachia South region.*



In 2013, we made it a priority to achieve operational excellence, reduce risk and foster a culture where safety is a part of everyone's daily responsibility. We also set goals to reduce both our reportable spills by 25% and our total recordable incident rate (TRIR) by 10% in 2014, and linked employee compensation to achieving these objectives. To deliver on our commitment to Environment, Health and Safety (EHS) performance excellence, we renewed our guiding principles to focus all Chesapeake employees on the following:

- » **Health and Safety** — Protect the environment, employees, contractors and the public in the areas where we operate and never compromise our procedures or safety measures
- » **Compliance Management** — Continue improving best practices to always meet EHS compliance obligations and provide compliance guidance to the business
- » **Job Competency** — Provide employees with industry-leading EHS training and tools
- » **Contractor Management** — Build ethical and trusting relationships with contractors and practice mutual accountability for safe, efficient and environmentally sound operations
- » **Measured Performance** — Establish and measure goals, track performance and drive improvements
- » **Knowledge Sharing** — Encourage, communicate and recognize prevention efforts, lessons learned and shared best practices
- » **Organizational Learning** — Pursue and implement best practices across the company
- » **Community Engagement** — Continue improving communications and community engagement with stakeholders in our operating areas; respect their opinions, most importantly as they relate to our operations

## Environment, Health and Safety Leadership

Maintaining EHS excellence starts at the top. Recognizing this, we made key leadership appointments to help steer



our employees to achieve environmental and safety compliance. While these appointments happened in early 2014, they are critical to the EHS transformation that Chesapeake initiated in 2013.

In March 2014, Chesapeake promoted Brittany Benko to EHS

Vice President. Benko has made safety and reducing spills her department's top priorities. To improve in both of these areas, Benko and her team are working to build support for employees in Chesapeake's operating areas. Through Benko's leadership, Chesapeake is instilling a safety culture at the company, reducing incidents in both the field and office settings through employee education and training.

Also in 2014, Chesapeake hired Miles Tolbert as Associate General Counsel for EHS and Regulatory with responsibility for proper risk mitigation and compliance at the company. Prior to joining Chesapeake, Tolbert served as Secretary of the Environment for Oklahoma from 2003 to 2008. He also chaired the Environmental Practice Group at Crowe & Dunlevy and served as a trial attorney in the Environment and Natural Resources Division of the U.S. Department of Justice and as Chief of the Environmental Protection Unit in the office of the Oklahoma Attorney General.



## Air

As part of our goal of continuous improvement, we are regularly evaluating opportunities to reduce emissions and implementing improved measurement systems to better capture emissions data. We follow the federal Clean Air Act and comparable state laws and regulations, which establish strict standards for emissions of air pollutants from various industrial sources, including our production locations, compressor stations and other facilities. They also require various emission controls, monitoring, record keeping and reporting.

We also actively participate in the U.S. Environmental Protection Agency's (EPA) Natural Gas STAR Program. We have hosted and regularly participate in workshops on

»» The increased use of natural gas has reduced carbon emissions in the U.S. by **7.7% since 2006** or the equivalent of removing **84 million cars** from the road.

technology sharing and the evaluation of best practices that can drive improved performance related to methane emissions reductions.

In 2013, Chesapeake reported emissions of 5.28 million metric tons of carbon dioxide equivalent (CO<sub>2</sub>e), although at the time of this publication these numbers were pending EPA review and finalization. Chesapeake reported a total of 4.09 million metric tons of CO<sub>2</sub>e in gross emissions for calendar year 2012. This reporting increase is due in part to changes in EPA calculations, specifically an increase in the conversion rate from methane to CO<sub>2</sub>e.

### Flaring

Flaring safely burns off natural gas that cannot be used for commercial or technical reasons. We only flare when necessary and when we are permitted to do so, and we are committed to reducing flaring in the future. Well locations are designed to safely accommodate flaring operations, and flaring is minimized when the infrastructure necessary to move natural gas to market is available. This infrastructure is largely in place because of billions of dollars of past investments and commitments made by Chesapeake.

### Water

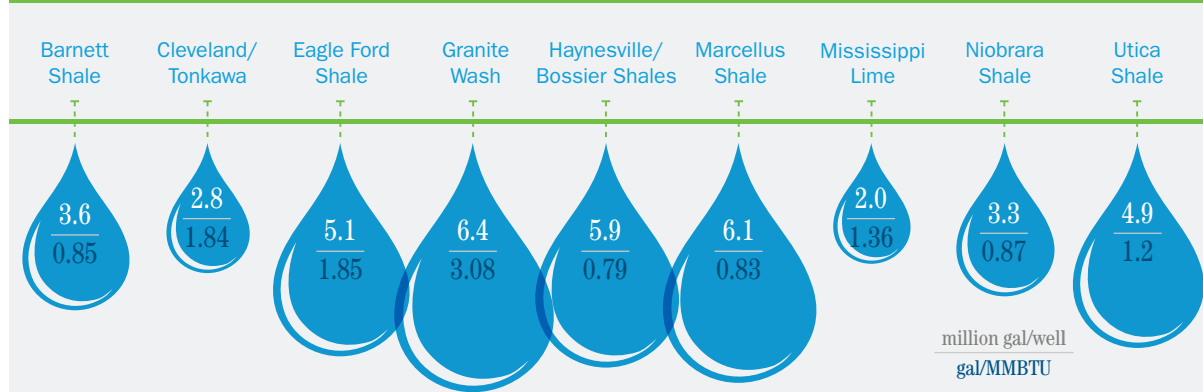
Chesapeake uses freshwater from municipal water resources, regional water districts, river authorities, ponds and lakes, and groundwater wells in our operations. We continue to work closely with federal, state and local agencies as we

evaluate and permit our freshwater usage. We are committed to improving how we measure water usage companywide and as of April 2014, we are tracking all water used in company operations. By evaluating this information, we are able to recognize cost efficiencies, more accurately source water, and track vendor safety and handling of water resources.

Our average amount of water used to drill and fracture a well was 4.36 million gallons in 2013 compared to approximately 3.85 million gallons in 2012. The volume of water needed to drill and complete a well varies considerably depending on the geology of the formation, the length and depth of the horizontal wellbore, and the number of stages fractured. We maintain our commitment to reducing our reliance on freshwater resources and continue to grow our [Aqua Renew®](#) program, which emphasizes produced

»» In 2013, we recycled nearly  
**246 million gallons**  
of produced water,  
**10 million gallons**  
more than in 2012.

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



»» Chesapeake is focused on improving our water use tracking and measurement system. We now track all water used in company operations and look for efficiencies and opportunities to minimize water usage.

### GROUNDING TANKS FOR SEVERE WEATHER

Several of our operating areas, such as those in western Oklahoma, are prone to severe weather. Frequent lightning strikes at facilities in these areas can ignite storage tanks. To better protect our sites, all newly constructed facilities are grounded to dissipate charge buildup and lessen the likelihood of lightning strikes. Certain high-risk sites have also been retrofitted with this charge dissipation equipment. We incorporated this new technology in partnership with expert lightning protection companies to better protect our facilities and prevent future damage caused by lightning strikes.



*A Chesapeake tank is damaged after being struck by lightning prior to the installation of grounding technology.*

water recycling. In 2013, we recycled nearly 246 million gallons of produced water, 10 million gallons more than in 2012. We were able to filter and reuse 137 million gallons of produced water associated with our operations in the Marcellus, 53 million gallons in the Utica and 39 million gallons in the Mississippi Lime. We are also introducing new technologies that enable us to drill and complete wells more efficiently.

## Hydraulic Fracturing

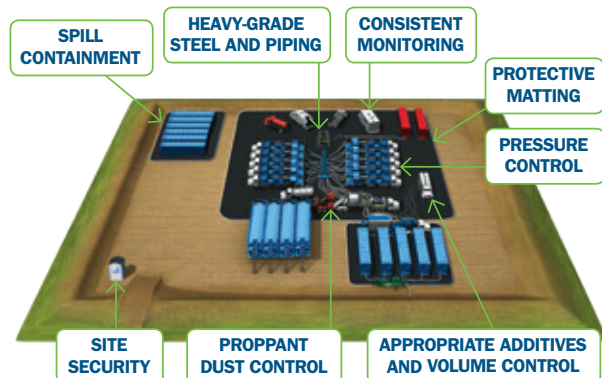
Vast quantities of natural gas, natural gas liquids and oil deposits exist in deep shale and other unconventional formations. It is customary in our industry to recover these resources through the use of hydraulic fracturing combined with horizontal drilling. Hydraulic fracturing, used safely in the industry since the 1940s, creates or expands fractures in deep underground formations using water, sand and other additives pumped under high pressure. As with the rest of the industry, we use hydraulic fracturing as a means to increase the productivity of almost every well that we drill and complete. We follow applicable legal requirements for groundwater protection in our operations that are subject to supervision by state and federal regulators, including the Bureau of Land Management on federal acreage.

Our well construction practices require the installation of multiple layers of protective steel casing, surrounded by cement, that are specifically designed and installed to protect freshwater aquifers and other natural resources by preventing the migration of fracturing fluids. Injection rates and pressures are monitored in real time at the surface during our hydraulic fracturing operations. Our hydraulic fracturing process can be viewed on our YouTube channel at [YouTube.com/Chesapeake](https://www.youtube.com/Chesapeake).

We also remain committed to reducing the environmental risk of hydraulic fracturing through our Green Frac initiative, which evaluates each chemical additive to determine its necessity and environmental friendliness. Since 2008, we have eliminated nearly 25% of the additives used in our hydraulic fracturing fluids in our major plays.

Since early 2011, we have participated in FracFocus, a publicly accessible web-based registry developed by the Ground Water Protection Council and the Interstate Oil and Gas Compact Commission, with support from the U.S. Department of Energy. Through FracFocus, we report the additives, chemicals and amount of water used in the hydraulic fracturing process for each of the wells we operate. Since February 2011, we have reported on 100% of our well completions, which equals 4,700 disclosures as of June 30, 2014. The website, [fracfocus.org](http://fracfocus.org), also includes information about how hydraulic fracturing works, the chemicals used in hydraulic fracturing and how freshwater aquifers are protected.

### HYDRAULIC FRACTURING SITE SAFETY FEATURES





Solar technology is installed at production sites to power automation equipment.

## Energy Use

Chesapeake's energy use is primarily associated with drilling and combustion equipment at our locations, automation needs, and our vehicle fleet.

Since 2006, Chesapeake has incorporated alternative fueling sources at its drilling and production sites. These alternative fueling sources include electric grid drilling (EGD), a dual-fuel blend of diesel and natural gas, and solar panel usage for automation equipment.

EGD-equipped rigs are powered by the existing infrastructure of an electric grid and are an ideal option in populated areas with on-site grid access. At year-end in 2013, Chesapeake operated EGD rigs in the Rockies, Barnett Shale and northern Mid-Continent. For 2014, Chesapeake is also working to incorporate rigs powered by natural gas turbines. These turbines will use buyback gas from nearby pipelines to produce the energy needed to operate the rig. Both EGD-equipped rigs and turbine rigs are cleaner alternatives to rigs powered by diesel fuel.

To improve upon traditional diesel-powered rigs, we developed a diesel and natural gas dual-fuel technology that has powered several of our rigs since 2009. Today, a Chesapeake dual-fuel rig's fuel mix is close to 60% natural gas and 40% diesel, which saves company resources while reducing carbon emissions.

We are also increasing our use of solar technologies by installing solar panels on new production sites. These panels capture and supply the energy necessary to power site automation equipment, including meters to measure and report production. At year-end, we had installed 3,937 new units, totaling more than 31,000 solar panels currently in use by the company.

Specific to our fleet, Chesapeake is committed to using compressed natural gas (CNG) because the transportation fuel emits far less pollution than gasoline and diesel — from 20 to 30% less CO<sub>2</sub>. In 2013, 1,707 fleet vehicles (approximately 30% of our fleet) used CNG. In addition to environmental benefits, CNG offered Chesapeake significant fuel cost savings — approximately \$4 million in 2013 alone.

## Spills and Releases

In 2013, spills prevention was identified as a critical priority for the company. Our EHS and engineering teams partnered to determine operational design and other improvements required to reduce the number and volume of spills. Our first step was collecting and analyzing data to identify the key causes of spills or releases. Through our evaluations we identified five areas of focus: pipeline failures, equipment malfunction, human error, corrosion or erosion, and weather. Operational teams were formed to further study each issue and recommend processes and quality improvements to address these primary causes.

For example, an operational team focused on weather-related causes and identified the need for a formal winterization checklist to prepare equipment for freezing temperatures at production sites. As a result, company winterization programs were enhanced to better protect company facilities and reduce the potential for equipment failure. We regularly track spill prevention recommendations to make continual progress toward our goal of reducing and eliminating spills.

Specific to 2013, we had 53 spill incidents of more than 100 barrels, with 46% of the spilled liquid recovered.

### 2013 SPILL SUMMARY > 100 BBLs

	Number of Spills	Barrels Spilled	Percent Recovered
Hydrocarbon Spills	13	3,893	40%
Non-hydrocarbon Spills	40	17,876	47%
<b>Total</b>	<b>53</b>	<b>21,769</b>	<b>46%</b>

### 2013 AIR RELEASE SUMMARY > 100 MCF

	Releases	Volume (mcf)
<b>Total</b>	<b>14</b>	<b>6,132</b>





EHS team members gather with senior leadership during the company's first EHS Expo and Awards program.

The 2013 ratio of spilled oil to total fluids produced was 0.00124%. We had 14 air releases of more than 100 thousand cubic feet (mcf), eight of which were equal to or greater than 200 mcf. Two releases were greater than 1,000 mcf.

## Violations

Chesapeake takes each Notice of Violation seriously and investigates all violations to determine appropriate corrective actions, including modifying our operations and procedures, to avoid future occurrences. In 2013, Chesapeake paid and reported penalties associated with one violation where the penalty exceeded \$100,000. This violation was specific to the Ray Baker well pad in West Virginia, where the company was cited for pollution of the waters of the state. Although the violation was issued in 2013, the site was brought to full compliance in 2012.

Related to penalties, in December 2013 our subsidiary Chesapeake Appalachia entered into a consent decree with the EPA, Department of Justice and West Virginia Department of Environmental Protection (WVDEP) to resolve violations of the Clean Water Act and the West Virginia

Water Pollution Control Act at 27 sites in West Virginia. The EPA and WVDEP found that Chesapeake had impounded streams and discharged sand, dirt, rocks and other fill materials into streams and wetlands without a federal permit. These actions were taken to construct facilities related to natural gas extraction. The decree, which required Chesapeake to pay a civil penalty of approximately \$3 million, was lodged at the end of 2013 and approved in 2014. Chesapeake has paid the penalty and will restore the affected wetlands and streams, monitoring the restored sites for up to 10 years to facilitate restoration success.

Chesapeake is committed to operating responsibly, starting with complying fully with federal and local laws. While no violation is acceptable, Chesapeake will restore impacted sites and make necessary changes to prevent reoccurrences.

## Building a Culture of Safety

We recognize that changing safety behaviors begins at the top and our management is committed to creating a strong safety culture at Chesapeake. Senior executives regularly

### REDUCING LEAKS WITH LAY-FLAT WATERLINES

Moving significant freshwater volumes to a padsite can be an operational challenge with an increased risk of spills. Traditionally, operators pipe in water from a source using PVC or aluminum jointed pipe, which takes a great deal of manpower and planning; it can be a logistical problem as pipes have to cross terrain, fences and other obstacles. In 2013, Chesapeake's Eagle Ford team worked with third-party water transfer providers to transition to more efficient lay-flat waterlines to reduce the number of leaks and transfer-related delays by more than 90%. Lay-flat waterlines are flexible and can withstand the required pressure to transport all of Chesapeake's water to the site.



### USING CAMERAS TO MONITOR HIGH-PRESSURE AREAS

Chesapeake is completing wells faster and more efficiently across the U.S. and is doing this more safely by using new technology in the form of high-pressure area cameras at completion sites. These cameras allow operators to monitor the padsite's high-pressure areas from a data van. Workers are not allowed in these areas during pumping operations, yet the high-pressure area cameras enable them to zoom in for up-close views, helping to keep employees and operations safe.



### FIELD OFFICES THAT OPERATED INJURY FREE IN 2013

<b>5 years+</b>	<b>21 offices</b> <i>11 in 2012</i>
<b>1,000 days</b>	<b>14 offices</b> <i>7 in 2012</i>
<b>500 days</b>	<b>14 offices</b> <i>8 in 2012</i>

Speak about the importance of health and safety issues at company meetings and in company communications so that all employees understand safety is a priority. In 2014, the EHS department launched a yearlong safety awareness campaign highlighting safety topics of relevance to both field and corporate employees. And in 2013, the company initiated a peer-driven EHS Expo and Awards program, where employees from all operating areas shared accomplishments and key learnings for improving safety. During the two-day event, which occurred in January 2014, more than 125 Chesapeake employees engaged in dialogue on environmental, health and safety best practices, as well as gave presentations on safety improvements in their operating areas. The company's senior leadership reviewed the presentations and awarded operating areas for their environmental and safety achievements.

We are committed to the safety of both our employees and our partners. In 2013, we renewed our focus on improving the safety performance of our contractors and service providers by implementing a supplier safety management program. These initiatives are helping Chesapeake build a foundation of greater safety across the company.

### Health and Safety Standards (TRIR and LTIR)

At the core of our safety initiative is the protection of our employees and neighbors. One of our key performance measurements is recordable incident rates, and we set clear safety metrics for 2014 of reducing TRIR by 10%. This builds off of an already improved safety record in 2013 when we reported a combined (Chesapeake Operating, Inc. and Chesapeake Oilfield Services) TRIR of 1.00 versus 1.37 in 2012 and a combined Lost Time Incident Rate (LTIR) of 0.22 versus 0.35 in 2012. We will continue to improve our safety record through meaningful trainings and by equipping our field EHS employees with the tools they need to carry out operations with the highest health and safety standards in mind.

No Chesapeake employee suffered a fatal accident in 2013. However, tragically there was one contractor fatality. We have taken corrective actions to help avoid future accidents, including requiring contractors to develop a performance safety improvement plan before resuming work and emphasizing contractor safety in the same way as employee safety.



■ Combined      - - - Chesapeake Operating, Inc. (COI)  
■ (COI and COS)      - - - Chesapeake Oilfield Services (COS)

## Safety Training

Creating an incident-free work environment starts with providing our employees and contractors with the knowledge and skills to promote safety in their areas of work. In 2013, our EHS team led 122 safety courses and trained 9,081 attendees.

The foundation of our safety training efforts is Chesapeake's Stay Accident Free Everyday (SAFE) program, which empowers employees to stop work that they believe may adversely impact the environment or the health and safety of others. Contractors also have this authority to stop work if a safety issue is in question. Thanks to SAFE and other training programs, our TRIR has continued to decline. And as part of our commitment to continuous improvement, we are building on our current set of safety training programs by providing new trainings tailored to specific geographical locations and field conditions.

## Fleet Safety

Chesapeake field employees spend a considerable amount of time on the road. As a result, we maintain an extensive safe driving program to reduce the number of motor vehicle accidents (MVA). In 2013, we trained more than 4,600 employees in our safe driving program. We also implemented a fleet management solution that provides real-time alerts to our drivers when they exceed predetermined speeding, acceleration or hard-braking limits. These alerts serve as a remote driving coaching solution by reminding our fleet drivers to practice safe-driving habits. Our 2013 accident rate was 2.08 MVA per million miles, down from 2.92 MVA per million miles in 2012.

## Drug and Alcohol Testing

As part of our commitment to health and safety, Chesapeake regularly tests employees, contractors and service providers for drugs and alcohol. We also train our supervisors

to identify the behavioral signs associated with drug and alcohol impairment, and provide them with Chesapeake's policies as well as state and federal regulations. In 2013, 179 supervisors completed the training program.

## Emergency Preparedness and Response

Our emergency procedures are designed to respond to incidents quickly, with safety as the top priority. Our comprehensive procedures underscore the safety of all people, protection of the environment, integrity of our assets and preservation of our reputation.

As part of our emergency response plan, field employees are trained using the same management system used by emergency responders from FEMA to firefighters. The National Incident Management System (NIMS) provides situational awareness and standardizes the flow of information, which expedites the emergency response and creates a smoother reaction overall. While many companies train their employees in NIMS level 100, Chesapeake takes extra precautions. Every field employee is also trained in NIMS level 200 and to the operations level of Hazardous Waste Operations and Emergency Response. This additional training at higher NIMS levels results in field employees and corporate management teams having a clear understanding of their related duties, tasks and responsibilities, and enabling them to effectively communicate with emergency response personnel if necessary.

The emergency response team prepares for possible incidents by:

- » Utilizing risk identification tools to identify sensitive sites and areas
- » Developing tactical response plans
- » Performing tabletop exercises
- » Conducting drills



### IMPROVING SAFETY WITH NEW TORCH LIGHTING

Chesapeake's EHS team is finding innovative solutions to improve safety and operations. In 2013, the team collaborated with Worthington Industries to develop a specialized torch that provides a safer, more efficient way to light the pilot on heater treater systems. These systems, utilized in the field, separate oil from produced water and other condensates. The design of the torch evolved from a standard lawn and garden torch to a specialized tool created for the industry. This new torch provides a strong flame to light the pilot and lets the operator know when the torch is out, further protecting the torch operator. The torch has become so popular that Worthington is now marketing it to other oil and natural gas companies.

OUR COMMITMENT TO

# Communities

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2013 was a year of transformation for Chesapeake, but one aspect of the company's culture did not change — our unwavering support for the communities where we operate. Not only is being a good neighbor and partner important for our business success, but it is the right thing to do.

*Employees such as Vearl Tolbert, Application Systems Analyst, receive four hours of company time to volunteer each year.*



**W**e help build and maintain healthy communities by fostering economic growth and job creation, being accessible to community members and contributing through our corporate giving and volunteering programs. We are working every day to earn trust and be a partner of choice.

## Economic Catalyst

The impact of our operations generates economic development through job creation, capital investing and tax payments to municipalities. In 2013, 77% of our new employees (2,162 employees) were hired in our operating regions, including 960 in Texas to support our expanded operations in the Eagle Ford Shale. In addition to direct and indirect job creation as a result of our operations and capital investments, we paid \$697 million in local, state and federal taxes in 2013. These funds helped facilitate infrastructure projects, education efforts and safety services.

## Engaging Our Communities

We are committed to being a good steward and partner. Operating on the land someone calls home is a huge responsibility — one Chesapeake respects and strives to do right as it establishes long-term partnerships with our owners across the company.

Critical to this commitment is being available to our partners through two-way communication channels. Our Contact Center helps us better understand community needs and concerns by acting as a dedicated resource for company communications. Owners and community members can



*Contact Center team members commit to responding to each inquiry personally for increased accessibility to the company.*

contact the center via phone or email to have their questions addressed. In 2013, the center had 162,673 owner relations interactions and satisfied individuals' inquiries at a nearly 70% close-out rate. For those questions not resolved by our Contact Center, individuals were referred to the correct department for efficient response.

In addition to the Contact Center, Chesapeake team members participate in local events to educate the community on the oil and natural gas industry. For example, in March 2013, we participated in the "Marcellus to Manufacturing" event in West Virginia to help local residents understand shale production and its impact on growing the regional chemical and manufacturing industries. In North Texas, we developed a comprehensive gas well safety training program with a continuing education credit component

### REDUCING IMPACT THROUGH MULTIWELL PADSITES

Committed to continuous improvement, Chesapeake is emphasizing multiwell padsites throughout its operations. Thanks to horizontal drilling technology we are now able to drill multiple wells from a single location, rather than one well per site. By streamlining operations, the company has realized major efficiency gains and cost savings. Lessening community impact is a significant benefit as well. The multiwell sites use less acreage, generate less waste and reduce the opportunity for spills. Truck traffic and road maintenance are also reduced as equipment only moves once to and from the site. As multiwell sites become more common in the company's operating areas, Chesapeake teams are working closely to share best practices from one area to the next.





for North Texas first responders. Response to this program has been overwhelmingly positive with hundreds of emergency personnel enrolling in this daylong training during the past five years.

## Charitable Giving and Volunteering

Chesapeake continues to support local communities through donations, and in 2013, we invested \$18 million through more than 900 organizations in our operating areas. Additionally, our employees contributed \$2.4 million to support local charities.

### Operation Blue 2013

Chesapeake's H.E.L.P. (Helping. Energize. Local. Progress.) Initiative provides employees with meaningful opportunities to serve their neighbors and support their communities. The H.E.L.P. Initiative has both seasonal campaigns and year-round opportunities for Chesapeake employees to make giving back a regular part of their personal and professional lives.

»» Following the May 2013 tornadoes, Chesapeake responded with a **\$1 million** donation, **6,100** volunteer hours and **\$55,000** in employee contributions.



In its fifth year, the H.E.L.P. Initiative's annual Operation Blue campaign gave employees four hours of company time to volunteer in their local communities. In 2013, employees helped thousands of people across the nation by partnering with 414 nonprofit organizations to respond to local needs in 82 communities. In just a three-month time span, 5,653 Chesapeake employees volunteered nearly 39,307 hours.

The efforts of Operation Blue 2013 resulted in:

- » 20 Searcy, Arkansas, employees picking up litter and painting picnic tables at Riverside Park
- » 127 Oklahoma City employees landscaping and cleaning out barns at the Oklahoma City Zoo
- » 10 employees from the Sligo, Louisiana, office sorting donated furniture for the Renesting Project
- » 23 Borger, Texas, employees picking up trash along local highways, a park and a softball field
- » 10 employees from the Arkoma, Oklahoma, office building a shed for Habitat for Humanity

### Tornado Relief Efforts

In May 2013, tornadoes ripped through central Oklahoma, causing loss of life, injury and millions of dollars' worth of destruction. Chesapeake and its employees responded immediately. The company was the first corporation to pledge \$1 million to the American Red Cross Central and Western Oklahoma Region for rescue, recovery efforts and aid for tornado victims. Our Oklahoma City employees contributed in a number of ways, including donating more than \$55,000 to the Red Cross via payroll deduction and hosting a bake sale at the Oklahoma City campus that raised nearly \$10,000.

Chesapeake's relief efforts went beyond financial contributions. For example, Chesapeake worked with the Moore



Unified Incident Command, deploying heavy-duty lifting equipment, light towers and safety supplies for first responders within hours after the tornado struck. In addition, 1,420 employees contributed more than 6,100 volunteer hours and collected thousands of relief items to help organizations such as the United Way of Central Oklahoma, the Regional Food Bank of Oklahoma, the Salvation Army Central Oklahoma Area Command and the American Red Cross.

#### Hunger Relief Support

According to the U.S. Department of Agriculture, 49 million people in the United States live in households struggling to have enough food to eat. Through our community engagement, we identified hunger relief as a priority in many of our operating areas.

Volunteering for hunger relief organizations is encouraged across the company. During our Operation Blue summer volunteering campaign, 916 employees volunteered 3,416 hours sorting or serving food. From food pantries to meal delivery services, our employees worked to provide food to those most in need.

In addition to volunteering, Chesapeake provides financial support to hunger relief organizations in the communities where we operate.

» **Ohio** — In 2013, we worked with the Ohio Association of Second Harvest Food Banks to provide a total of \$40,000 to three regional food banks in eastern Ohio. These food banks provide hunger relief in the areas where we most often operate our rigs.

» **Texas** — We partner with two primary food banks in the Fort Worth area. In 2012 and 2013, we donated to the Community Food Bank. The pantry has been a strong partner with the company, particularly given its proximity to one of our compressor sites. The Tarrant Area Food Bank also receives support from the company through employee volunteers. In 2013, employees donated nearly 200 hours of volunteer time to the organization.

» **Oklahoma** — Chesapeake supports the Regional Food Bank of Oklahoma with funding and volunteer needs. Through an employee giving campaign in 2013, Oklahoma City employees contributed more than \$182,000, providing more than 913,000 meals to people in need across the state. The company also partnered with a local family to initiate a million dollar giving challenge during the month of December. As a result of this challenge, the organization raised \$4 million, the equivalent of 20 million meals, through community giving. Beyond funding, Chesapeake employees volunteered more than 2,200 hours packing and sorting food for distribution throughout Oklahoma.

» Giving back is an Oklahoma virtue and central to Chesapeake's culture.

OUR COMMITMENT TO

# Employees

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To be a great place to work, we must first be a great business. And for Chesapeake to continue to grow, we need to maintain a strong and talented workforce. This means hiring and retaining employees who are committed to delivering shareholder value within our company's core values.

*Tammy Harris, Senior Manager – Accounting, is committed to financial discipline for the benefit of Chesapeake shareholders, including employees.*





In 2013, our employees experienced changes necessary to transform the company and put Chesapeake on a path to becoming a top-performing E&P company. These changes included the retiring of our founder, the introduction of a new CEO and a major organizational restructuring. The changes brought a renewed focus on the health of our business in order to build a company with long-term sustainability that benefits our employees, shareholders and the communities where we operate.

## Chesapeake's Transformation

During our reorganization, it was a senior management priority to make the process inclusive with functional teams examining every aspect of our business. We engaged employees at all levels throughout the organization to assess our operations, assets and operating structure in order to help build a high-performance organization that could competitively position us in respect to our peer companies. Through this thoughtful and deliberate process, restructuring activities resulted in the separation of more than 1,000 employees. While a restructuring process is never easy — on the company or the employees let go — we worked hard to treat each employee with respect, including providing severance packages and job search assistance.

We proactively communicated transformation updates to employees through town hall meetings, emails and information on our intranet. We recognized that the transformation brought about significant change and a period of uncertainty for our employees. To help our employees understand and embrace the company's changes, our training department held more than 80 organizational change training sessions with more than 1,300 employees across the company. The trainings helped our employees understand and manage the change process and reinforced our company's business strategy and core values.



Travis Marker from Chesapeake's training department leads a training session to coach employees through the company's transformation.

## Career Development

The 2013 transformation created improved opportunities for employees and provided more direct paths for career growth. All employees receive annual reviews and ratings to evaluate their performance against company and individual objectives. The annual reviews also allow Chesapeake employees the opportunity to discuss career planning with their managers. To further professional development, we offer a robust training program for employees on safety, leadership development and job skills, and during 2013, we provided 548,841 hours of training across the company.

## Compensation and Benefits

For the first time in the company's history, we linked corporate strategy, top-quartile performance metrics and performance management to employee compensation. Our new compensation program enables us to provide competitive pay among our peer set, while rewarding top performance within the organization.

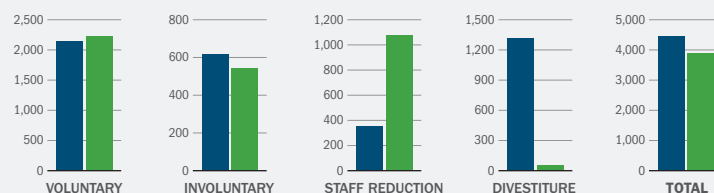
### EMPLOYEE DATA (CHESAPEAKE OPERATING, INC. AND CHESAPEAKE OILFIELD SERVICES)

**TOTAL YEAR-END HEADCOUNT** 2012: **11,989**  
2013: **10,783**

**COMPANY BREAKDOWN** **CAMPUS: 13.7%**  
**FIELD: 86.3%**

#### TURNOVER (number of employees)

■ 2012  
■ 2013



In addition to compensation, we offer an industry-competitive benefits program that promotes healthy lifestyles, personal financial stability and work-life balance. For example, at our Oklahoma City headquarters, we offer a child development center to provide convenience for our employees who are working parents. This center is one of the best child care options in the area, offering Chesapeake a recruiting advantage and our employees peace of mind that their children are receiving best-in-class care.

The Oklahoma City campus also hosts an on-site health clinic that offers medical and dental services, and a pharmacy managed by Walgreens. Beyond our campus, all Chesapeake employees have access to significant health benefits, including tobacco cessation, pregnancy wellness and nutrition programs. We believe that promoting healthy lifestyles contributes to reduced sick days, fewer accidents, lower health insurance premiums and costs, and enhanced employee productivity.

## Health Checks

In 2013, we continued our health checks program. Through this program, employees are offered a convenient way to meet with a health professional and be screened for common health-related issues. By year-end, 70% of our employees

had participated in a health check, up from 64% in 2012 and 60% in 2011. This high percentage includes many of our employees working on rig locations. The company is committed to providing access to health screenings to all employees, particularly these individuals who often do not have convenient access to general practitioners.

## Support for Veterans

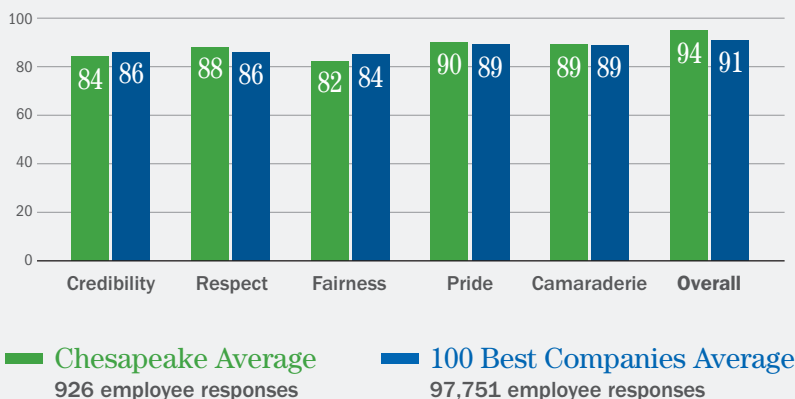
Chesapeake supports military veterans through hiring, job resources and community efforts. At year-end, we had 1,222 veterans in our workforce, representing 11.3% of our total employee base. We recognize the value veterans bring to our workforce and actively recruit service members at military job fairs and bases. In addition to these efforts, our recruiters are trained in how to read military resumes and translate military skills into context for hiring managers.

Support for veterans extends beyond hiring. Once hired, former military employees have access to tools that help them integrate into Chesapeake's culture and civilian employment. For example, we have a dedicated affinity group and social network, Troop Connect, which offers our military veteran employees and their families the opportunity to connect with each other — sharing experiences, stories, photos and tips about both military and civilian life. Troop

### A GREAT PLACE TO WORK

In 2013, Chesapeake was named to *FORTUNE*'s 100 Best Companies to Work For® list for the seventh consecutive year. Chesapeake ranked #51, showcasing the company as one of the best employers in the country. *FORTUNE* partners with the Great Place to Work® Institute to develop the rankings based on a number of factors, most notably employee survey responses that measure trust in management, workplace pride and camaraderie, and job satisfaction.

**CHESAPEAKE RATINGS COMPARED TO FORTUNE AVERAGES**





Chesapeake's support for and recognition of our veterans includes a companywide affinity group and an annual Veterans Day ceremony to honor their service to our country.

Connect also hosts philanthropic activities to benefit veterans support organizations. We have partnered with Boots to Suits, providing clothing to veterans and their families transitioning to civilian careers, and The Hugs Project, providing toiletries and other items for care packages for deployed service members.

Chesapeake also holds annual activities to honor our veterans and active military, including Veterans Day events at our headquarters and field offices. This past Veterans Day, CEO Doug Lawler recognized our military employees through a video message and personally honored approximately 150 veterans at a special ceremony at our Oklahoma City corpo-

rate campus. During the campus ceremony, and at similar special events at field offices, managers presented each military service member with a commemorative corporate challenge coin to thank them for their service. In the armed forces, exchanging coins with a handshake represents a token of affiliation, respect and honor from a commanding officer to troop members.

The company's commitment to military veterans was recognized by several military-specific media outlets in 2013. Chesapeake was named a top veteran employer by *Military Times* magazine, *G.I. Jobs* magazine and *CivilianJobs.com*.

## 2013 Award Highlights

### CORPORATE CITIZEN

- » **Corporate Social Responsibility Initiative of the Year** — Northeast Oil and Gas Awards

### BEST EMPLOYER

- » **100 Best Companies to Work For®** — *FORTUNE* Magazine
- » **Best Places to Work in IT** — *ComputerWorld* Magazine
- » **100 Best Adoption-Friendly Workplaces** — Dave Thomas Foundation for Adoption
- » **Fit-Friendly Worksite, Platinum Award** — American Heart Association
- » **Best Employers for Healthy Lifestyles, Gold Award** — National Business Group on Health

### TOP MILITARY EMPLOYER

- » **The Patriot Award (recognizing individual supervisors)** — Employer Support of the Guard and Reserve
- » **Top 100 Military Friendly Employers** — *G.I. Jobs* Magazine
- » **Most Valuable Employers for Military** — *CivilianJobs.com*
- » **Best for Vets: Employers 2013** — *Military Times* Magazine

## Chesapeake Key Performance Indicators 2013

Economic	
Revenues	\$17.506 billion
Net income available to common shareholders	\$474 million
EBITDA	
Net income (loss) before income tax expense, interest expense and depreciation, depletion and amortization expense	\$5.016 billion
Operating cash flow	
Net cash provided by operating activities before changes in assets and liabilities	\$4.956 billion
Average daily production (mboe)	665
Cash dividends declared per common share	\$0.35
Tax revenue to government	\$697 million
Number of operated wells drilled	1,376 (899 net)
Number of operated wells	approximately 28,100
Proved reserves (bboe)	2.678
Corporate Governance	
Board members	9
Ethics training sessions	39
Business partners trained in ethics/security	2,927
Employees trained in ethics/security	929
Ethics investigations	106
Environment	
Air releases > 100 mcf (#)	14
Greenhouse gas emissions (million metric tons CO <sub>2</sub> e)	5.28
Average water used to drill and complete a well (million gal/well)	4.36
Volume of produced water recycled (gal)	nearly 246 million
FracFocus disclosures (# since 2011)	4,700
Violations resulting in fines in excess of \$100,000	1
Spills > 100 bbls (#)	53
Spills > 100 bbls (# of barrels)	21,769
Spills > 100 bbls (% recovered)	46%
Ratio of oil spilled to total produced fluids	0.00124%
Solar panels installed for automation	3,937
Solar panels in service	31,558
Fleet vehicles	5,619
CNG vehicles in fleet	1,707
CNG cost savings (annual)	\$4 million
Fleet fuel usage gasoline (gal)	6.9 million
Fleet fuel usage % gasoline	78%
Fleet fuel usage CNG (GGE)	2 million
Fleet fuel usage % CNG	22%
Health and Safety	
EHS professionals (field, district, corporate)	190
EHS training hours	188,467
EHS training courses offered	122
Attendees safety trained	9,081
Employees trained in safe driving courses	4,617
Man-hours in safety training courses	166,448
At fault motor vehicle accidents (MVA) rate (per million miles)	2.08
Supervisors who completed drug testing or substance abuse training	179
Combined employee TRIR (COI and COS)	1.00
COI employee TRIR	0.48
COS employee TRIR	1.47
Combined employee LTIR (COI and COS)	0.22
COI employee LTIR	0.16
COS employee LTIR	0.26
Contractors total number of OSHA recordable incidents	203
Employee fatalities	0
Contractor fatalities	1
Community	
Charitable giving	\$18 million
Organizations receiving donations (financial/in-kind)	909
Employee giving	\$2.4 million
Employee volunteer hours	42,692
Organizations supported by employee volunteering	432
Value of in-kind donations	\$1.04 million
Scholarships awarded	377
University support	\$2.9 million
Employees	
Employee headcount (year-end)	10,783
New hires (#)	2,815
Female new hires (%)	9.5%
Women in workforce (%)	17.7%
Women in workforce at OKC HQ (%)	43.9%
Women in SVP level and above (%)	10.5%
Minority employees (%)	19%
Veterans in workforce (# and %)	1,222 (11.3%)
Median workforce age	38
Total turnover (% COI and COS)	36.7%
Total employee training (hours)	548,841

## Chesapeake Corporate Responsibility Report GRI Indicators

Indicator	Description	Reported	Page
1.1	Statement from the most senior decision-maker of the organization.	Fully	Letter to Our Stakeholders on Page 1
1.2	Description of key impacts, risks, and opportunities.	Fully	Letter to Our Stakeholders on Page 1
2.1	Name of the organization.	Fully	About Our Company on Page 2
2.2	Primary brands, products, and/or services.	Fully	About Our Company on Page 2
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	About Our Company on Page 2; Operations Map on Page 3
2.4	Location of organization's headquarters.	Fully	Operations Map on Page 3
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	Operations Map on Page 3
2.6	Nature of ownership and legal form.	Fully	<a href="#">Chesapeake Annual Report</a>
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	<a href="#">Chesapeake Annual Report</a>
2.8	Scale of the reporting organization.	Fully	About Our Company on Page 2; Operations Map on Page 3; Chesapeake Key Performance Indicators 2013 on Page 26; Chesapeake Corporate Responsibility Report GRI Indicators on Pages 27 – 29
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	About Our Company on Page 2; Results and Reserves on Page 3; Our Commitment to Corporate Governance on Page 7
2.10	Awards received in the reporting period.	Fully	2013 Award Highlights on Page 25
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	About This Report on Page 5
3.2	Date of most recent previous report (if any).	Fully	About This Report on Page 5
3.3	Reporting cycle (annual, biennial, etc.)	Fully	About This Report on Page 5
3.4	Contact point for questions regarding the report or its contents.	Fully	Communicate with the Company on Page 29
3.5	Process for defining report content.	Fully	About This Report on Page 5
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	Fully	About Our Company on Page 2; About This Report on Page 5
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	About This Report on Page 5
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	Chesapeake Corporate Responsibility Report GRI Indicators on Pages 27 – 29
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Fully	Our Approach to Corporate Responsibility on Page 5; Our Commitment to Corporate Governance on Pages 7 – 9
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	<a href="#">chk.com</a>
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Partially	Chesapeake Key Performance Indicators 2013 on Page 26
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	Communicate with the Company on Page 29; Chesapeake's Transformation on Page 23
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Partially	Our Commitment to Corporate Governance on Pages 7 – 9

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

Indicator	Description	Reported	Page
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Fully	Our Core Values on inside front cover; New Code of Conduct on Page 9
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Fully	Our Approach to Corporate Responsibility on Page 5
4.14	List of stakeholder groups engaged by the organization.	Fully	Stakeholder Engagement on Page 5
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	Stakeholder Engagement on Page 5
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	Stakeholder Engagement on Page 5; Our Commitment to Communities on Page 19; Chesapeake's Transformation on Page 23; Communicate with the Company on Page 29
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Partially	About This Report on Page 5
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Partially	Economic Catalyst on Page 19; Charitable Giving and Volunteering on Pages 20 – 21; Chesapeake Key Performance Indicators 2013 on Page 26
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Partially	Our Commitment to Environment, Health & Safety on Pages 11 – 14
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Partially	Economic Catalyst on Page 19
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Fully	Our Commitment to Communities on Pages 19 – 21
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Fully	Our Commitment to Communities on Pages 19 – 21
OG1	Volume and type of estimated proved reserves and production.	Fully	Results and Reserves on Page 3; Chesapeake Key Performance Indicators 2013 on Page 26
EN3	Direct energy consumption by primary energy source.	Partially	Energy Use on Page 14
EN5	Energy saved due to conservation and efficiency improvements.	Partially	Energy Use on Page 14
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Partially	Energy Use on Page 14
EN8	Total water withdrawal by source.	Partially	Water on Pages 12 – 13
EN9	Water sources significantly affected by withdrawal of water.	Fully	Water on Pages 12 – 13; Hydraulic Fracturing on Page 13
EN10	Percentage and total volume of water recycled and reused.	Fully	Water on Pages 12 – 13; Chesapeake Key Performance Indicators 2013 on Page 26
EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	Air on Pages 11 – 12; Chesapeake Key Performance Indicators 2013 on Page 26
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Partially	Air on Pages 11 – 12

Indicator	Description	Reported	Page
EN23	Total number and volume of significant spills.	Fully	Spills and Releases on Pages 14 – 15; Chesapeake Key Performance Indicators 2013 on Page 26
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Partially	Our Commitment to Environment, Health & Safety on Pages 11 – 15
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	Violations on Page 15; Chesapeake Key Performance Indicators 2013 on Page 26
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Partially	Employee Data on Page 23; Chesapeake Key Performance Indicators 2013 on Page 26
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Partially	Employee Data on Page 23; Chesapeake Key Performance Indicators 2013 on Page 26
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Fully	Compensation and Benefits on Pages 23 – 24
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	Partially	Health & Safety Standards on Page 16; Chesapeake Key Performance Indicators 2013 on Page 26
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Partially	Compensation and Benefits on Pages 23 – 24
LA10	Average hours of training per year per employee by gender, and by employee category.	Partially	Chesapeake Key Performance Indicators 2013 on Page 26
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Partially	Career Development on Page 23
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	Fully	Career Development on Page 23
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Partially	Chesapeake Key Performance Indicators 2013 on Page 26
S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Partially	Our Commitment to Communities on Pages 19 – 21
S04	Actions taken in response to incidents of corruption.	Partially	Companywide Compliance on Page 9; Chesapeake Key Performance Indicators 2013 on Page 26
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Fully	Our Commitment to Environment, Health & Safety on Page 11; Hydraulic Fracturing on Page 13; Building a Culture of Safety on Pages 15 – 16

## COMMUNICATE WITH THE COMPANY

### Chesapeake Board of Directors

c/o James R. Webb  
Executive Vice President –  
General Counsel and  
Corporate Secretary  
P.O. Box 18496  
Oklahoma City, OK 73154  
866-291-3401 (Director Access Line)

### Compliance and Ethics

Patrick K. Craine  
Vice President –  
Chief Compliance Officer  
877-CHK-8007 (anonymous)  
[compliance@chk.com](mailto:compliance@chk.com)  
[chkethics.com](http://chkethics.com)

### Investor Relations

405-935-8870  
[ir@chk.com](mailto:ir@chk.com)

### Landowner and Mineral

**Owner Inquiries**  
Contact Center  
877-CHK-1GAS  
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