Chesapeake Energy Corporation
Annual Report 2002

10

Celebrating Our Tenth Year

Chesapeake Overview

We are the 8th largest U.S. independent gas producer, with average daily gas equivalent production of more than 640 million cubic feet estimated for 2003

We are highly profitable, expecting to generate $200 million of net income to common shareholders and $700 million of cash flow from operations in 2003

We are the largest gas producer in the Mid-Continent, the third-largest gas supply region in the country

We have proven expertise in developmental drilling, in deep gas exploration and in acquiring high-quality, under-exploited producing properties

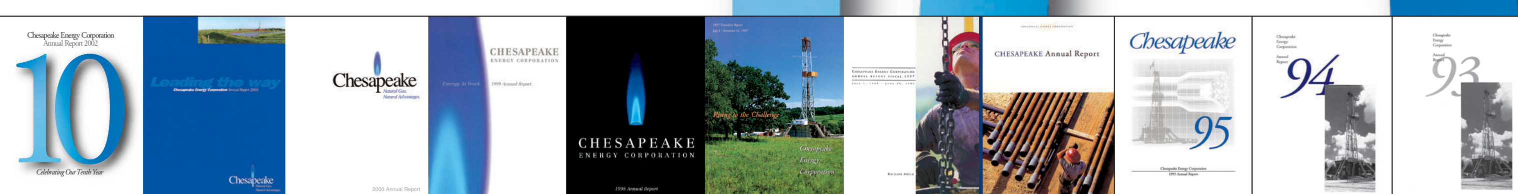
During our 10-year history as a public company, Chesapeake's stock price has been the #2 performer in the industry, up approximately 500%

We continue to improve our balance sheet, with shareholders' equity increasing in 2002 by $140 million

We have high-quality, geographically-focused assets with the lowest operating costs in our peer group

Our management team's commitment to building shareholder value is ensured by a 29 million share equity stake

10 Years



2002 | 2001 | 2000 | 1999 | 1998 | 1997 Transition | FY 1997 | FY 1996 | FY 1995 | FY 1994 | FY 1993

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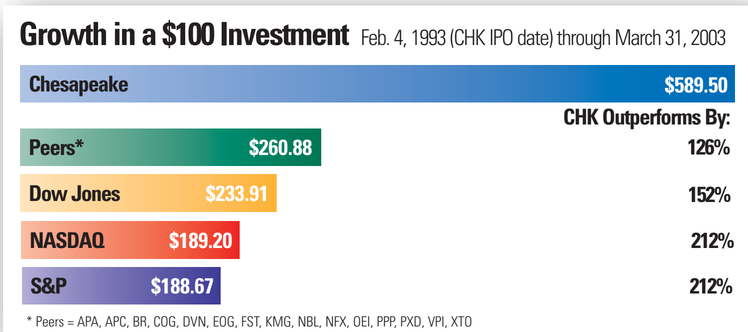
Selected Financial Data

Financial Data ($ in thousands, except per share data)	Year Ended December 31, 2002	2001	2000	1999	1998
Oil and gas sales	**$ 655,454**	$ 735,529	$ 470,170	$ 280,445	$ 256,887
Risk management income (loss)	**(88,018)**	84,789	—	—	—
Oil and gas marketing sales	**170,315**	148,733	157,782	74,501	121,059
Total revenues	**737,751**	969,051	627,952	354,946	377,946
Production expenses	**98,191**	75,374	50,085	46,298	51,202
Production taxes	**30,101**	33,010	24,840	13,264	8,295
General and administrative	**17,618**	14,449	13,177	13,477	19,918
Oil and gas marketing expenses	**165,736**	144,373	152,309	71,533	119,008
Oil and gas depreciation, depletion and amortization	**221,189**	172,902	101,291	95,044	146,644
Depreciation and amortization of other assets	**14,009**	8,663	7,481	7,810	8,076
Impairment of oil and gas properties	**—**	—	—	—	826,000
Impairment of other assets	**—**	—	—	—	55,000
Total operating costs	**546,844**	448,771	349,183	247,426	1,234,143
Income (loss) from operations	**190,907**	520,280	278,769	107,520	(856,197)
Other income (expense):					
Interest and other income	**7,340**	2,877	3,649	8,562	3,926
Interest expense	**(111,280)**	(98,321)	(86,256)	(81,052)	(68,249)
Loss on investment in Seven Seas Petroleum securities	**(17,201)**	—	—	—	—
Loss on repurchases of Chesapeake debt	**(2,626)**	—	—	—	(13,334)
Impairments of investments in securities	**—**	(10,079)	—	—	—
Gain on sale of Canadian subsidiary	**—**	27,000	—	—	—
Gothic Energy standby credit facility costs	**—**	(3,392)	—	—	—
Total other income (expense)	**(123,767)**	(81,915)	(82,607)	(72,490)	(77,657)
Income (loss) before income taxes and extraordinary item	**67,140**	438,365	196,162	35,030	(933,854)
Provision (benefit) for income taxes	**26,854**	174,959	(259,408)	1,764	—
Income (loss) before extraordinary item	**40,286**	263,406	455,570	33,266	(933,854)
Extraordinary item:					
Loss on early extinguishment of debt, net of applicable income taxes	**—**	(46,000)	—	—	—
Net income (loss)	**40,286**	217,406	455,570	33,266	(933,854)
Preferred stock dividends	**(10,117)**	(2,050)	(8,484)	(16,711)	(12,077)
Gain on redemption of preferred stock	**—**	—	6,574	—	—
Net income (loss) available to common shareholders	**$ 30,169**	$ 215,356	$ 453,660	$ 16,555	$ (945,931)
Earnings (loss) per common share – basic:					
Income (loss) before extraordinary item	**$ 0.18**	$ 1.61	$ 3.52	$ 0.17	$ (9.83)
Extraordinary item	**—**	(0.28)	—	—	(0.14)
Net income (loss)	**$ 0.18**	$ 1.33	$ 3.52	$ 0.17	$ (9.97)
Earnings (loss) per common share – assuming dilution:					
Income (loss) before extraordinary item	**$ 0.17**	$ 1.51	$ 3.01	$ 0.16	$ (9.83)
Extraordinary item	**—**	(0.26)	—	—	(0.14)
Net income (loss)	**$ 0.17**	$ 1.25	$ 3.01	$ 0.16	$ (9.97)
Cash dividends declared per common share	**$ 0.06**	$ —	$ —	$ —	$ 0.04
Other Financial Data ($ in thousands)					
Cash flow from operations	**$ 432,531**	$ 553,737	$ 314,640	$ 145,022	$ 94,639
Balance sheet data (at end of period):					
Total assets	**$ 2,875,608**	$ 2,286,768	$ 1,440,426	$ 850,533	$ 812,615
Long-term debt, net of current maturities	**1,651,198**	1,329,453	944,845	964,097	919,076
Stockholders' equity (deficit)	**907,875**	767,407	313,232	(217,544)	(248,568)
Operating Data ($ in thousands)					
Oil reserves (mbbls)	**37,587**	30,093	23,797	24,795	22,593
Gas reserves (mmcf)	**1,979,601**	1,599,386	1,212,033	1,056,826	955,791
Reserves in equivalent thousand barrels	**367,521**	296,658	225,802	200,933	181,891
Reserves in equivalent million cubic feet	**2,205,125**	1,779,946	1,354,813	1,205,595	1,091,348
Future net revenues discounted at 10%	**$ 3,717,645**	$ 1,646,667	$ 6,046,028	$ 1,089,496	$ 660,991
Future net revenues undiscounted	**$ 6,758,869**	$ 2,966,032	$ 10,702,974	$ 1,891,175	$ 1,208,641
Oil price used in reserve report (per bbl)	**$ 30.18**	$ 18.82	$ 26.41	$ 24.72	$ 10.48
Gas prices used in reserve report (per mcf)	**$ 4.28**	$ 2.51	$ 10.12	$ 2.25	$ 1.68
Oil production (mbbls)	**3,466**	2,880	3,068	4,147	5,976
Gas production (mmcf)	**160,682**	144,171	115,771	108,610	94,421
Production in equivalent thousand barrels	**30,246**	26,909	22,363	22,249	21,713
Production in equivalent million cubic feet	**181,478**	161,451	134,179	133,492	130,277
Average oil sales price (per bbl)	**$ 25.22**	$ 26.92	$ 26.39	$ 16.01	$ 12.70
Average gas sales price (per mcf)	**$ 3.54**	$ 4.56	$ 3.36	$ 1.97	$ 1.92
Average gas equivalent sales price (per mcfe)	**$ 3.61**	$ 4.56	$ 3.50	$ 2.10	$ 1.97

Letter to Shareholders

The cover to this year's Annual Report makes clear that Chesapeake celebrated its tenth anniversary as a public company in 2002. Despite experiencing extremely volatile oil and natural gas prices during the past ten years, Chesapeake has grown from little more than a start-up to become the eighth largest independent natural gas producer in the U.S. Along the way, Chesapeake has delivered a total return to shareholders of 482%, a Compounded Annual Growth Rate (CAGR) of 20%.

We are especially proud that many of Chesapeake's operational results in 2002 were its best ever. The company ended 2002 with 2.2 trillion cubic feet of gas equivalent (tcfe) proved reserves and produced 181.5 billion cubic feet of gas equivalent (bcfe) during the year. Both of these were records and represented increases of 24% and 12%, respectively, over last year's results.



And, we are already off to a great start in 2003. During the first quarter of 2003, Chesapeake purchased $830 million of attractively priced, high-quality Mid-Continent gas reserves from ONEOK, Inc., El Paso Corporation and Vintage Petroleum, Inc. These purchases ensure that in 2003 Chesapeake will once again reach record levels of proved reserves and production. We are currently estimating that the company's year-end 2003 proved reserves will exceed 2.75 tcfe, and 2003 production levels should exceed 230 bcfe, both increases of approximately 25% over 2002's results.

Chesapeake's Business Strategy

The driver of Chesapeake's accomplishments during the past decade has been the company's unique focus on building one of the nation's largest onshore natural gas asset bases through balanced programs of deep gas exploration and opportunistic producing property acquisitions. The successful execution of this balanced business strategy has enabled Chesapeake to build unique economies of scale, an unrivaled backlog of drilling opportunities and the most accomplished Mid-Continent team of land, geoscience, engineering and operations personnel.

Because natural gas has become the fuel of choice to meet steadily increasing energy demand in the U.S., Chesapeake's focus on natural gas should provide substantial growth and financial return opportunities for its shareholders in the years ahead. With an undeveloped prospect inventory of 2,000 drillsites and further Mid-Continent consolidation opportunities likely in the coming years, our goal is to continue increasing Chesapeake's proved reserves, natural gas production, cash flow from operations and earnings per share by at least 15% per year on average. We also plan to continue improving Chesapeake's balance sheet and believe that further credit rating agency upgrades are likely as we continue executing the company's business strategy.

Chesapeake's Mid-Continent Focus

This strategy includes staying focused on the Mid-Continent, which is the nation's third-largest gas supply region and the location of 90% of Chesapeake's assets. Geographically, this area consists of Oklahoma, western Arkansas, the Texas Panhandle and southwest Kansas. In this region, Chesapeake is the largest natural gas producer (with a gas production market share greater than the combined share of the next two largest producers – BP and Apache), the most active driller (by a 4:1 margin over the second most active driller) and the most aggressive consolidator of under-exploited producing assets.

We have a number of reasons for concentrating in this region. The Mid-Continent is characterized by long-lived natural gas reserves that have predictable decline curves, multiple drilling targets that significantly reduce the risk of drilling dry holes, strong natural gas prices, lower service costs than in more competitive or remote basins and a favorable regulatory environment that allows for shorter prospect cycle times with virtually no federal land ownership issues. In addition, the location of our headquarters in Oklahoma City provides competitive advantages over companies that direct their Mid-Continent activities from other more distant locations.

Chesapeake's Growth Through the Drillbit

Chesapeake has increased its production in each of the past ten years, a remarkable achievement in an industry that has frequently experienced decreasing production during this period. Much of Chesapeake's growth has been created by the success of its internally generated drilling program. Since the company's inception in 1989, Chesapeake has built substantial operational expertise by drilling over 1,550 wells in some of the most challenging geological and operating environments in the U.S.

Today, Chesapeake is the third most active driller in the U.S. and the most active driller in the Mid-Continent. We plan to maintain Chesapeake's current level of drilling (32-38 rigs drilling on Chesapeake-operated prospects and 35-40 additional rigs drilling on non-operated prospects) throughout 2003. This level of drilling should result in continuing sequential quarterly increases in the company's production during 2003.

One of Chesapeake's greatest strengths is its drilling capability in the deep and complex geological structures of the Mid-Continent, to depths beyond the technological reach of many of the company's competitors. Chesapeake is presently drilling two of the three deepest onshore wells in the U.S., and historically has drilled, on average, the deepest wells in the country. We target deep and challenging gas reservoirs in Oklahoma's Arkoma and Anadarko Basins because we believe that a tremendous amount of gas remains to be discovered in these basins at depths below 15,000 feet – depths at which Chesapeake's geological and operations teams have industry-leading knowledge and experience.

In addition, the company's large 3-D seismic database provides important subsurface information and substantially reduces the geological risk associated with exploring for deep gas reserves 3-5 miles below the earth's surface. Because of our aggressive land acquisition strategies and Oklahoma's favorable regulatory environment, Chesapeake has been able to accumulate an onshore leasehold position of more than 2.2 million net acres. On this vast land inventory, Chesapeake's technical teams have identified more than five years of future drilling opportunities at our current rate of drilling. Chesapeake is unique: a prospect-rich company in an increasingly prospect-poor industry.

Chesapeake's Growth Through Acquisitions

Since January 1998, Chesapeake has complemented its drillbit success by completing over $2.7 billion of targeted, high-quality, Mid-Continent corporate and producing property acquisitions. By focusing on gas assets with low operating costs in areas with substantial remaining developmental and exploratory drilling upside, Chesapeake's acquisition efforts have been a key factor in enhancing value creation for its shareholders during the past five years.

The hallmark of Chesapeake's acquisition program is its focus on smaller public and private independent producers and on small to mid-sized producing property packages that are being sold by larger, less-focused companies. By avoiding larger transactions, we are less likely to pay for upside and can more easily integrate the

acquisitions without disrupting the normal flow of our work. We also have a team of acquisition experts that focuses on purchasing smaller working and mineral interest owners in the company's existing wells. Because Chesapeake operates 5,700 wells and has more than 33,000 co-owners, we find numerous opportunities each year to consolidate ownership in the company's wells at very attractive acquisition costs.

Given that further consolidation among public companies in our industry is likely and that smaller private companies will continue experiencing more challenging operational and financial environments, Chesapeake expects to continue making value-added Mid-Continent gas acquisitions in the years ahead. One of the keys to success in this industry is the ability to generate balanced growth. Sometimes it is more advantageous to drill, and sometimes it is better to acquire. Chesapeake's historical performance demonstrates that its excellence in both areas is a key competitive advantage.

Chesapeake's History

As Chesapeake's co-founders, we would like to put into historical context the company's achievements of the past ten years. Chesapeake's roots go back to 1983 when we were 24-year-old landmen competing for leases in a hot play near the Oklahoma City airport. We were both native Oklahomans with third generation roots who had recently left the companies we were working for to go out on our own.

From 1983 to 1989, we operated a small 50/50 partnership on a handshake, generating oil and gas prospects for sale to the industry and participating as non-operators in the drilling of wells by others. Around the time of our 30th birthdays in 1989, we decided to start operating wells and incorporated Chesapeake with a $50,000 investment.

Our first drilling efforts focused on the Golden Trend and Sholem Alechem fields in southern Oklahoma and on the Giddings field in south Texas. As a result of initial drilling successes in these three fields, the company grew quickly, and in February 1993 Chesapeake completed its IPO at the split-adjusted price of $1.33 per share. This valued the company at approximately $70 million and reduced our common stock ownership position to just under 60% from 100%.

After a rocky start in 1993 (the stock declined 65%), Chesapeake began to grow rapidly from 1994 through 1996 through a series of major natural gas discoveries in the Giddings Field in southeast Texas. During this extraordinary three-year period, the company's stock price increased 73-fold from $0.47 per share to $34.44 per share, making Chesapeake the #1 performing stock in America. During this time, the company's enterprise value soared from a low of $35 million in early 1994 to a peak of $2.7 billion in late 1996. However, because of a failed effort to extend the company's success in the Austin Chalk trend from Texas into Louisiana and a dramatic collapse in oil and natural gas prices, Chesapeake's stock fell during 1997 through early 1999 reaching a low of $0.63 per share.

Facing the need to redefine Chesapeake's strategy and underpin the company with longer-lived assets and lower-risk drilling opportunities, we decided to return to our roots in Oklahoma as Mid-Continent natural gas producers. We were convinced that supply-constrained U.S. natural gas prices would outperform oil prices in the years ahead and that tremendous opportunities existed in the Mid-Continent for producing property acquisitions and corporate consolidations and

for the application of leading-edge, deep gas exploration techniques. The success of Chesapeake's restructuring effort is clearly apparent today by our growth to the nation's eighth-largest independent natural gas producer and in our stock price, which is up over 12-fold from early 1999.

Ten Years of Value Creation

As we close the historical review section of this letter, we want to share with you some of Chesapeake's most notable achievements during its first ten years as a public company. During the ten years from 1993 through 2002, Chesapeake's

- *production increased from 4 bcfe to 181 bcfe, a CAGR of 49%;*
- *proved reserves increased from 137 bcfe to 2,205 bcfe, a CAGR of 34%;*
- *revenues grew from $18 million to $738 million, a CAGR of 48%;*
- *shareholders' equity increased from $31 million to $908 million, a CAGR of 42% and;*
- *stock price increased from a split-adjusted IPO price of $1.33 per share to $7.74, a CAGR of 20%.*

Chesapeake's stock price performance has been the best in the oil and natural gas industry during the past four years and the second best during the past ten years, more than doubling the performance of the DJIA, S&P 500, and the NASDAQ during the past ten years.

Looking Forward

As we reflect on what Chesapeake has accomplished in just its first decade as a public company, we believe the experience we have gained and the financial, operational and technical teams we have built provide the opportunity for even greater returns during the next ten years. The company is certainly off to a great start in the first year of its second decade. In the first quarter of 2003, we have already increased Chesapeake's proved oil and gas reserves and production by 25% through the $830 million of acquisitions mentioned previously. Further growth this year will occur as a result of the successful execution of our deep gas drilling programs.

In addition, the combination of the strong outlook for natural gas prices and the proven success of our focused strategy, value-added risk management programs, balanced and successful drilling and acquisition programs, high-quality assets, low operating costs and high profit margins should enable Chesapeake to continue generating superior performance for its shareholders in the years ahead.

Best regards,

Aubrey K. McClendon

Aubrey K. McClendon
Chairman and Chief Executive Officer

Tom L. Ward
President and Chief Operating Officer

March 31, 2003

A Ten Year Retrospective

On February 4, 1993, Chesapeake priced its IPO at a split-adjusted $1.33 per share. The timeline below shows the company's history through its stock price changes with key events noted and through excerpts from our letters to shareholders over the past ten years.

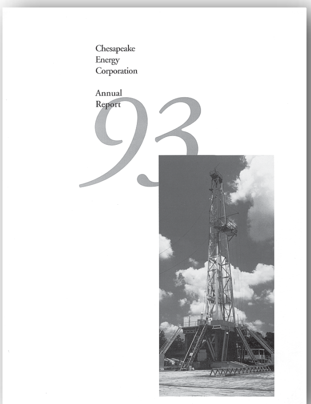
Stock Price

$40

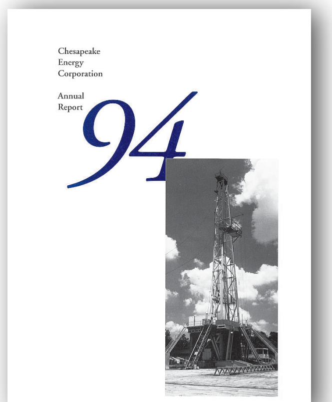
$30

$20

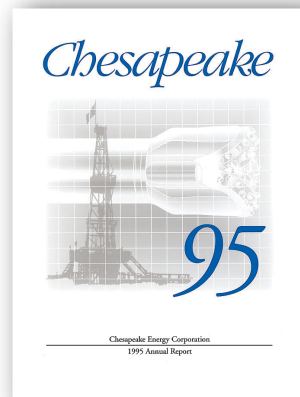
$10



FY 1993 "Chesapeake's business strategy is based on our view that the ownership and development of domestic energy reserves, particularly natural gas, will create substantial benefits to our shareholders. To maximize those benefits, we have concentrated our efforts in two areas: the Giddings Field in southern Texas and the Golden Trend Field in southern Oklahoma. Our use of advanced seismic, drilling and completion technologies in these fields has enabled Chesapeake to increase its annual production by 2,600% during the past four years. Our goals for 1994 and beyond remain ambitious. We believe the rest of the decade will be rewarding for well-managed, gas-leveraged companies that have demonstrated the capability to grow through the drillbit."
10.15.93

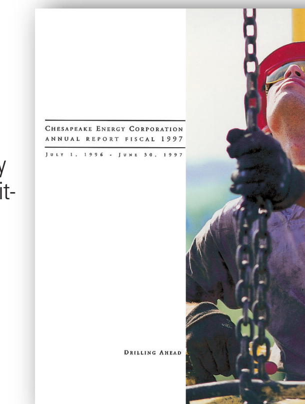


FY 1994 "Chesapeake has 'broken the code' in the downdip Austin Chalk by developing a drilling strategy around three distinguishing characteristics. First, Chesapeake has acquired large contiguous leasehold blocks. Second, Chesapeake has developed the drilling expertise and geological expertise within the field to identify the most prolific sections of the Austin Chalk formation. Finally, Chesapeake has contributed to the rapid rate of technological progress in horizontal drilling tools. In the future, we plan to continue our proven strategy of growth through the drillbit. Our plan centers on an aggressive undeveloped leasehold acquisition program on which we intend to utilize advanced horizontal and vertical drilling technologies to generate continuing production and reserve growth."
10.10.94



FY 1995 "A key feature distinguishing Chesapeake from its peers has been its ability to produce superior returns to shareholders during periods of lower commodity prices. We have built Chesapeake to grow and prosper in adverse environments. Our goal has been to create a new model for success as an independent energy producer by building on Chesapeake's competitive advantages. Chesapeake has grown during the past six years from five employees and $50,000 in assets to an industry leader with 200 employees and an enterprise value of $500 million. This success underscores the strengths of the company's strategy, its people, its assets, and its ability to utilize new technologies to discover and develop natural gas reserves."
10.01.95

FY 1997 "Since founding Chesapeake eight years ago, we have tried to develop a company with distinctive characteristics that could help us grow more quickly and profitably than our competitors. While we have not always achieved our ambitious growth objectives, we are proud that we have developed a reputation for clearly articulating the methods by which we seek to build shareholder value. We remain committed to certain fundamental beliefs: increasing reserves and production through the drillbit, establishing dominant leasehold positions, using our technological leadership to achieve high rates of return on our investments, and maintaining an entrepreneurial culture. And to further broaden our business strategy in 1998, we will consider selective acquisitions to diversify and strengthen our reserve base."
10.15.97



2.04.93 Chesapeake begins trading on NASDAQ under the symbol "CSPK" at the split-adjusted price of $1.33.

9.22.93 Chesapeake announces Giddings Field joint development agreement with Belco Oil & Gas Corporation.

11.02.93 Chesapeake announces Giddings Field joint development agreement with Union Pacific Resources.

1.14.94 Chesapeake's stock falls to $ 0.47 per share, marking the end of a rocky first year as a public company.

2.04.94 Chesapeake completes the Lanicek OL #I-H, the discovery well for the Navasota River area in the Giddings Field of southeast Texas.

4.04.94 Chesapeake completes a $47.5 mm senior notes offering.

11.16.94 Chesapeake announces a 2-for-1 stock split, its first of four stock splits during 1994-96.

4.28.95 Chesapeake moves from NASDAQ to the NYSE and changes its stock symbol to "CHK".

5.25.95 Chesapeake completes a $90 mm senior notes offering.

12.05.95 Chesapeake announces a 3-for-2 stock split.

4.04.96 Chesapeake announces $120 mm senior notes and $105 mm common stock offerings.

4.15.96 Chesapeake acquires Amerada Hess' assets in the Knox and Goldern Trend fields for $35 mm.

5.17.96 Chesapeake announces first Louisiana Austin Chalk success and a 3-for-2 stock split.

11.20.96 Chesapeake completes a $300 mm common stock offering.

12.3.96 Chesapeake announces a 2-for-1 stock split.

3.15.97 Chesapeake completes a $300 mm senior notes offering.

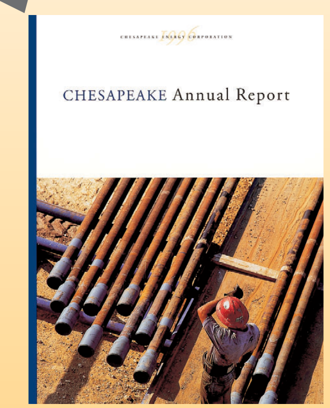
4.02.97 Chesapeake completes the Brown #1-H well in the Giddings Field, initial production exceeds 100 mmcfe per day.

6.27.97 Chesapeake announces $235 mm writedown associated primarily with its Louisiana assets.

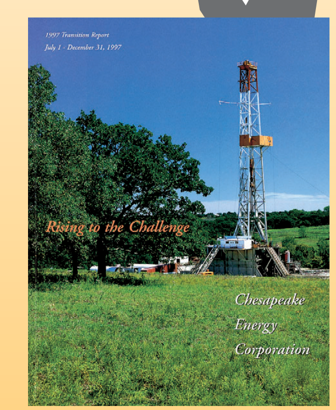
10.27.97 Chesapeake announces agreement to acquire AnSon Production Corp. and DLB Oil & Gas, Inc. for $200 mm.

11.13.97 Chesapeake announces agreement to acquire Hugoton Energy Corp. for $325 mm.

3.5.98 Chesapeake announces agreement to acquire Mid-Continent gas assets from OXY USA, Inc. for $100 mm.



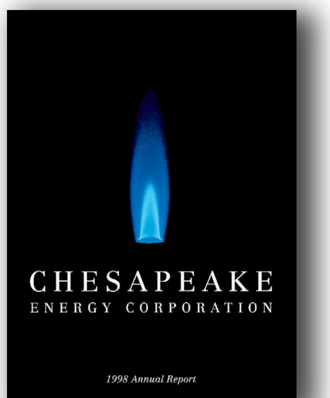
FY 1996 "Our company has led the sector in total shareholder return for the past two years – 544% in fiscal 1995 and 431% in fiscal 1996. This success is attributable to our clearly articulated strategy and to our experienced and motivated management team, supported by technical teams second to none. Since Chesapeake's inception in 1989, our business strategy has been 'growth through the drillbit.' Using this strategy, the company has rapidly expanded its reserves and production through the development of large blocks of acreage overlying deep, underdeveloped geological reservoirs. We are attracted to these reservoirs because they offer low geological risk, large reserve potential, and the opportunity to earn attractive economic returns through the application of advanced drilling and completion techniques."
10.01.96



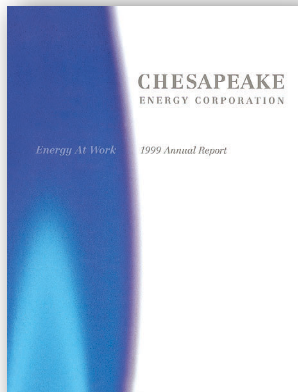
Transition Year 1997 "Although 1997 was a year of great disappointment for Chesapeake's shareholders and employees, it was also a year of tremendous accomplishment. During 1997, we substantially modified the company's strategy and significantly strengthened and diversified our asset base. Historically, the oil and gas industry has been subject to frequent and sometimes dramatic change. Management must be able to quickly modify its strategy to capture the benefits created by industry uncertainty. In the past nine months, we have transformed Chesapeake into a more diversified company with a lower risk profile, but with still significant growth potential. Chesapeake is defined today by balance: balance between drillbit growth and acquisitions, balance between development projects and exploration upside and balance between long and short reserve life properties."
4.20.98

50 employees — 100 employees — 200 employees — 276 employees — 300 employees — 360 employees

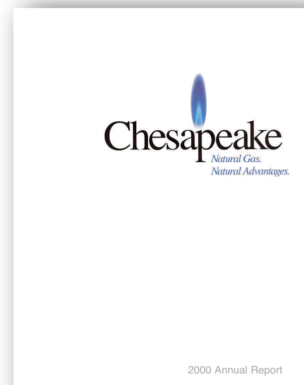
12.31.93 **12.31.94** **12.31.95** **12.31.96** **12.31.97**



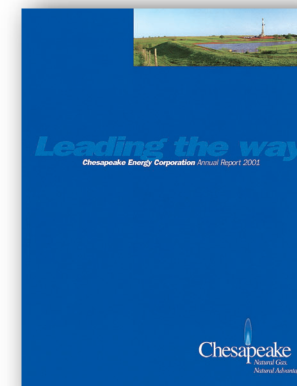
1998 "During 1998, a very challenging year for the oil and gas industry, Chesapeake completed the strategic repositioning effort it began in late 1997. Our goal was to reduce the company's risk profile, generate more attractive drilling results and build an inventory of long-lived natural gas reserves – the fuel of choice for the 21st century. Completely transformed, Chesapeake now owns one of the 20 largest inventories of onshore U.S. natural gas, and is well positioned to benefit when natural gas prices recover. Chesapeake is confident that natural gas is the long-term, environmentally sensitive answer to the nation's energy needs. Based on this belief and on our expertise in increasing value from natural gas assets, Chesapeake completed eight major property acquisitions in 1998."
3.15.99



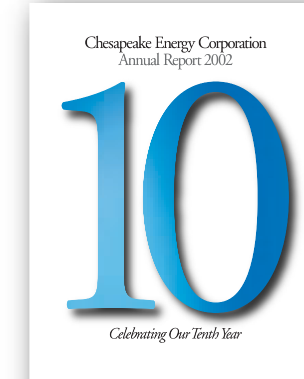
1999 "What a difference a year makes! Rarely does the outlook for an industry change so dramatically in the course of a year. Early in 1999, oil and natural gas prices collapsed to near 20-year lows of $10 per barrel and $1.50 per mcf and yet today are near 20-year highs of $30 per barrel and almost $3 per mcf. The dramatic pricing swings of the past year highlight oil and natural gas as the most volatile commodities in the world. Investing in oil and gas companies is not for the faint of heart. However, America's growing demand for clean-burning natural gas has set the stage for what is likely to be a sustained period of strong energy pricing and substantial rewards for Chesapeake's shareholders."
3.15.00



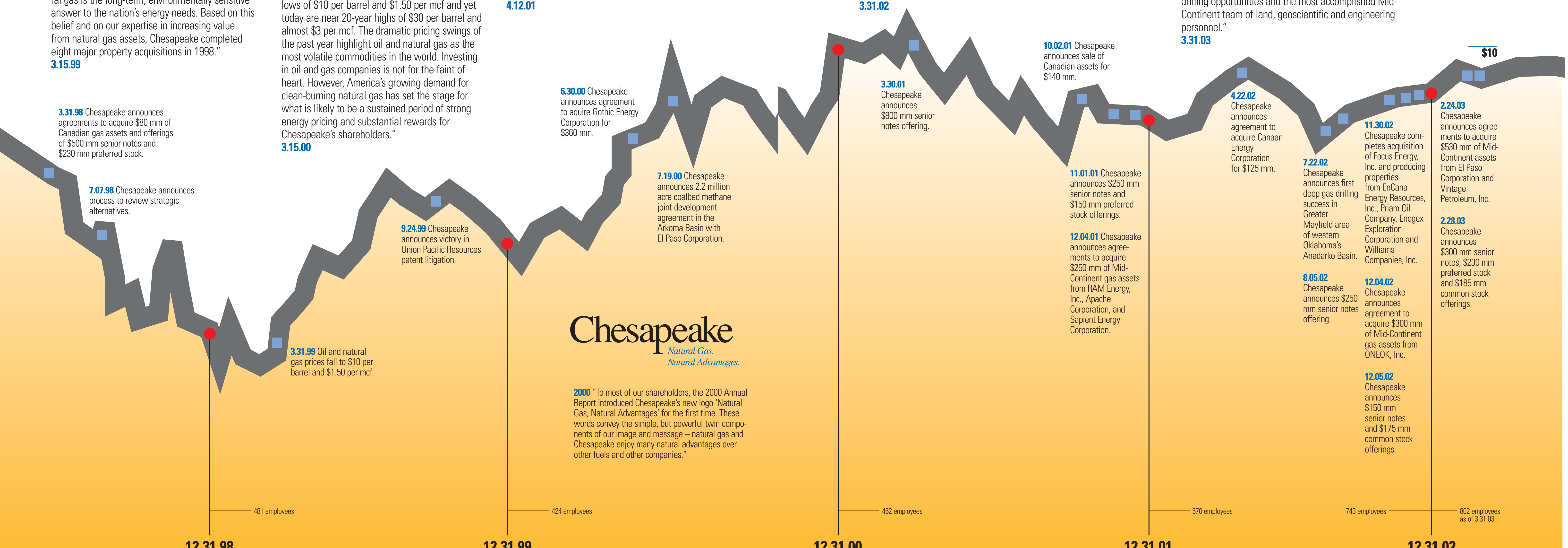
2000 "In just 12 years, Chesapeake has progressed from a $50,000 start-up to one of the largest and most profitable natural gas producers in the industry. As we look ahead to what should be a terrific environment for Chesapeake, we believe it's worth repeating our conclusion from last year's letter to you: 'As this decade unfolds, investors will increasingly envision this 21st century as the age of natural gas. Just as great wealth was created during the 20th century in the age of oil and in the 19th century in the age of coal, we believe investors will greatly profit from embracing the tremendous potential of the natural gas industry.' A year later, we still feel the same way and believe many more investors will increasingly share our view."
4.12.01



2001 "The theme of this year's letter to our shareholders is *Leading the Way*. This phrase reflects our performance during the past year and the philosophy of how we run our business. We focus on the details and strive to be the best at what we do: profitably finding and producing large amounts of natural gas in the U.S. Mid-Continent. We believe superior results are achieved by focused effort from talented professionals working on high quality natural gas assets – attributes that Chesapeake has in abundance. Chesapeake's performance in 2001 was consistent with our goal of *Leading the Way* and Chesapeake has now become the second largest producer of natural gas in the Mid-Continent region and among the largest independent gas producers in the U.S."
3.31.02



2002 "The cover to this year's Annual Report makes clear that Chesapeake celebrated its tenth anniversary as a public company in 2002. Despite experiencing extremely volatile oil and natural gas prices during the past ten years, Chesapeake has grown from little more than a start-up to become the eighth largest independent natural gas producer in the U.S. Along the way, Chesapeake has delivered a total return to shareholders of 482%, a Compounded Annual Growth (CAGR) of 20%. The driver of Chesapeake's accomplishments during the past decade has been the company's unique focus on building one of the nation's largest onshore natural gas asset bases through balanced programs of deep gas exploration and opportunistic producing property acquisitions. The successful execution of this balanced business strategy has enabled Chesapeake to build unique economies of scale, an unrivaled backlog of drilling opportunities and the most accomplished Mid-Continent team of land, geoscientific and engineering personnel."
3.31.03



Chesapeake
Natural Gas.
Natural Advantages.

2000 "To most of our shareholders, the 2000 Annual Report introduced Chesapeake's new logo 'Natural Gas, Natural Advantages' for the first time. These words convey the simple, but powerful twin components of our image and message – natural gas and Chesapeake enjoy many natural advantages over other fuels and other companies."

Directors and Officers

Directors

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

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

E. F. Heizer, Jr.
Private Investor
Chicago, Illinois

Breene M. Kerr
Private Investor
Easton, Maryland

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

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

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

Officers

Marcus C. Rowland
Executive Vice President
and Chief Financial
Officer

Steven C. Dixon
Senior Vice President –
Production

J. Mark Lester
Senior Vice President –
Exploration

Henry J. Hood
Senior Vice President –
Land and Legal

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

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

Douglas J. Jacobson
Senior Vice President –
Acquisitions and Divestitures

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

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

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

Stephen W. Miller
Senior Vice President –
Drilling

Team Chesapeake 802 Strong

1989 (7)
Pat Goode
Cheryl Hamilton
Mark Lester
Kinney Louthan
Aubrey McClendon
Tom Ward
Patsy Watters

1990 (6)
Colley Andrews
Kevin Decker
David Higgins
Linda Peterburs
Cindi Williams
Jeff Williams

1991 (12)
Steve Dixon
Marilyn Hooser
Wes Kruckenberg
Joe McClendon
Lori Ray
Debby Richardson
Patti Schlegel
Vivian Smith
John Striplin
Randy Summers
Julie Washam
Lu Ann Wernli

1992 (4)
Janelle McNeely
Tom Price
Melanie Weaver
Ken Will

1993 (9)
Ralph Ball
Rodney Beverly
David DeSalvo
Rick Hughes
Charles Imes
Mike Johnson
Randy Pierce
Marc Rowland
Dave Wittman

1994 (22)
Barbara Bale
Martha Burger
Michael Coles
Ron Goff
Traci Gonzales
Duane Heckelsberg
Brian Imes
Darvin Knapp
Greg Knight
Dan LeDonne
Felipe Maldonado
Steve Miller
Tommy Morphew
Pat Pope
Bobby Portillo
Danny Rutledge
Stephanie Shedden
Arlene Shuman
Peggy Vosika
Ronnie Ward
Janet Weeks
Gerald Zgabay

1995 (39)
Richey Albright
Paula Asher
Eric Ashmore
Jack Austin
Randy Borlaug
Patti Carlisle
Leon Carmona
Ilan Cathey
Melissa Chambers
Dale Cook
Ken Davidson
Ted Davis
Mandy Duane
Kyle Essmiller
Steve Gaskins
Jennifer Grigsby
Cliff Hanoch
Gayle Harris
Mike Hazlip
Carol Holden
Henry Hood
Lorrie Jacobs
Mike Johnston
Barry Langham
Cindy LeBlanc
Kimberly Louthan
Sandy Mathis
Leland Murray
Fred Portillo
John Qualls
Pat Rolla
Hank Scheel
Charles Scholz
Charlie Smith
Stan Stinnett
Brenda Stremble
Greg Weinschenk
Brian Winter
Jimmy Wright

1996 (46)
Heather Anderson
Judy Arias
Leslie Bross
Jamie Carter
Gary Collings
Jasen Davis
George Denny
Tim Denny
Gary Dunlap
Jan Fair
Barbara Frailey
Sherry Freeman
Linda Gardner
Jeff Geis
Charlene Glover
Randy Goben
Jim Gomez
Melissa Gruenewald
Doug Johnson
Jim Johnson
Susan Keller
Taylor Kemp
Phyllis Kimray
Sandi Lagaly
Mike Lebsack
Steve Lepretre
Janet Lowrey
Larry Lunardi
John Marks
Carrol McCoy
Sondra McNeiland
Liz Muskrat
Angela Ports
Robert Potts
Buddy Powell
Tommy Putz
Aaron Reyna
Kim Rogers
Bryan Sagebiel
Kurt Schrantz
Ricky Scruggs
Ken Turner
Joe Vaughan
Bill Wagner
Allan Waldroup
Linda Wayland

1997 (43)
Linda Allen
Karla Allford
Steve Burns
Sara Caldwell
Tasha Chamberlain
Steve Cody
Kristine Conway
Walter Cook
Randy Cornelsen
Michelle Cullen
Bruce Dixon
Greg Drwenski
Mark Evans
Joy Franklin
Terry Garrison
Rob Gilkes
Kim Ginter
Tony Gore
Shane Hamilton
Heidi Henry
Michael Horn
Eric Hughes
David Jones
Gwen Lang
Mike Ludlow
Sam McCaskill
Bob Neely
Bob Pope
Erick Porter
Les Rodman
Ray Roush
Jolene Schur
Carolyn Simmons
April Smith
Wilma Smith
Rachel Thompson
Lynda Townsend
Frank Unsicker
Ivajean Wallace
Craig White
Dori Williams
Curtis Williford
Alan Zeiler

1998 (90)
Stephen Adams
Crae Barr
Francy Beesley
Joel Bennett
Leonard Berry
Susan Bradford
Wade Brawley
Mark Brown
Randy Brown
Lori Budde
Ken Bynum
Terry Caldwell
Bob Campbell
Ted Campbell
Jesse Canaan
Sherri Childers
Sherry Childress-Walton
Jennifer Copeland
Frank Coshow
David Craycraft
Cheryl Davis
Kim Doty
Mac Drake
Don Dunn
Gary Egger
Steve Emick
Dan Estes
Gary Finn
Charles Floyd
Dennis Frick
Randy Gasaway
Stacy Gilbert
Gena Goodwin
Marty Gore
Jim Gowens
Tana Griggs
Kelsey Hammit
Tresa Hammond
Jeff Harris
Debbie Hulett
Julie Ingram
Eugene James
Tammy Kelln
Rose Kim
Steve King
Mike Lancaster
Chris Lee
Randy Lee
Carrie Lewis-Crawford
Craig Madsen
John Marshall
Kim Massey
Allen May
Dennis McGee
Allen Miller
Bill Miller
Carey Milligan
David Mobley
Debby Morgan
Wes Myers
Bud Neff
Jay Newton
Kathy Nowlin
Don Pannell
Michael Park
Mandy Pena
Barbie Phelps
Matt Rockers
Kelly Ruminer
Delores Schreiber
Dan Scott
Greg Small
Bill Snyder
Jimmy Snyder
George Soto
Dan Sparks
Linda Steen
Iris Tadlock
Becky Thomas
John Tracy
Jennifer Van Meir
Shelby VanWinkle
Rusty Walker
Dennis Whipple
Mandy Whipple
Shelly White
Mary Whitson
Sam Wilder
Tina Willingham
Lon Winton

1999 (46)
Jonathan Ball
Mel Barker
Sue Black
Tami Brody
Kevin Brown
Debbie Brummett
Larry Coshow
Dory Douglas
Laurie Eck
Mark Edge
Jenny Ferguson
Jeanie Fuller
Dan Garvey
Susan Green
Yamei Hou
Doug Jacobson
Melissa Jarvis
Katy Jump
Jim Kelley
Steve Lane
Juanita Laplante
Lynn Looper
Sarah Lumen
Robyn Martin
Dea Mengers
Drew Miller
Mike Miller
David Murray
Steve Nath
Tammy Nguyen
Sharon Patterson
Kimberly Queen
Glenda Ratcliffe
Lacosta Rawls
Michelle Rother
Tom Sharp
Larry Shipley
Brandy Sullens
Jennifer Taylor
Trish Thompson
Connie Turner
Courtney Tyson
Tonya Vallerand
Clarence Watts
Durell Willoughby
Tobin Yocham

2000 (69)
Shellie Ashworth
Doug Bellis
Jan Benton
Bobby Bolton
Jeff Brooks
Mike Brown
Lauren Brunken
Heather Burke
Shelli Butler
Tom Carroll
Becky Cassel
Bill Chatham
Rachel Clapp
David Cochran
Kendra Copeland
Debbie Curtis
Keith Curtis
Mark Deal
Jason Dye
Tammy Fields
Gregg Flaming
Pam Ford
Robin Gonzalez
Annie Hamilton
Mary Hartman
Twila Hines
Ronnie Howell
Cindy Hubbard
Jennifer Jacques
Cynthia Jones
Jim Kuhlman
Jesse Langford
Don Lee
Fred Lewis
Debbie Lloyd
Jay May
Andrea McCall
Cindy McClintock
Collin McElrath
Kevin McElyea
Greg McMahan
Elizabeth Miller
Courtney Moad
Georgia Moller
Nathan Morrison
Mecca Osban
Nancy Richardson
David Roule
Crystal Rutledge
Mike Sawatzky
Maria Scherff
Brent Scruggs
Vance Shires
Stuart Skelton
David Smith
Sandra Smith
Chantelle Sousa
Catherine Stairs
Jeff Stanford
Krysta Starkey
Michael Stow
Rob Underwood
Nick Wavers
Brenda Wheeler
Scott White

Team Chesapeake 802 Strong

Bob Whitman
David Whitten
Brent Williams
Bob Woodside

2001 (128)
Sharlot Abernatha
Jerry Aebi
Bill Albert
Karen Albornoz
Jeremy Allison
Terry Ashton
Betsy Ball
Gloria Bates
Michelle Bender
Shireen Boddy
Bruce Boeckman
Selena Bolin
Amy Bonura
Sharon Bradford
Tom Brennan
Von Brinkley
Deanne Brooks
Marty Byrd
Mandy Calderon
Carlos Caraveo
Denise Carr
John Carter
Keith Case
Kristi Clemmens
Tim Cloud
Kyle Cole
Juanita Cooper
Jim Corsoro
Catherine Crabtree
Leigh Crain
Brian Cunningham
Garry Curry
Kristi Davis
Jory Downey
Jeff Eager
Richard Easterly
Amanda Elam
Brian Exline
Kristin Fitzgerald
Alex Gallardo
Matt Gambill
Karen Gardner
Velisha Garland
Suzie Goolsby
Randy Grayson
Richard Green
Kajsa Greenhoward
Jackie Gross
Chris Haag
Johnny Harris
Caleb Hause
Melanie Hayhurst
Shanon Henderson
Michael Hodges
Gail Hyche
Jeremiah Jackson
Krista Jacobson
Justin Johnson
Keith Johnson
Lynn Jones
Rob Jones
John Kapchinske
Ginni Kennedy
Julie Knox
Daniel Koehn
Kennetta Lee
Jeff Lenocker
Julia Lillard
Darwin Lindenmuth
Travis Long
Rita Marple
Jim Mazza
Kenny McGuire
Jim McHenry
Debra McKee
Mick McMurphy
Don Messerly
J. C. Morris
Melinda Neher
John Nelson
Lee Nelson
Tim Newville
Deborah O'Neal
Laynie Parrott
Daron Patterson
Ricky Petty
Dianne Pickard
Lynn Regouby
Gina Romano
John Romine
Larry Ross
Steve Ross
Mike Rossiter
Don Rozzell
Lindsay Seaman
Heather Seaton
Larry Settle
Vanessa Shantz
Mike Shklar
Kristin Sipe
Dee Smith
Patrick Smith
Catherine Snyder
Chris Sorrells
Dennis Splan
Cindy Stevens
Bill Stillwell
Gayla Stone
Marika Stone
Gary Stoner
Howard Stout
Lisa Strackbein
Tim Taylor
Jason Thaxton
Rudy Thomas
Gene Vogt
Dung Vu
Paul Waits
Larry Watters
Brian Weaver
Johnny White
Paige Whitehead
Jim Wilkinson
Connie Williams
Freda Williams
Dawn Wilson
Marvin Winter
Mary Beth Wright
Amanda Young

2002 (202)
Nicole Adams
Jenny Adkins
Roger Aldrich
Jimmy Alexander
Tim Andrews
Joann Arcidez
Brian Babb
Charlie Bagley
Megan Bain
Bob Baker
Lynard Barrera
Cindy Barrios
Stephanie Beadnell
James Beavers
Randy Bergen
Leonard Blackwill
Thomas Blanco
Paul Bowyer
Kathy Boyls
Troy Bradford
Robert Bradley
Don Bredy
Gaye Breedlove
Tammy Brewer
Lindell Bridges
Jim Brock
Cindy Brown
Kathy Brown
Mike Brown
Lynn Broyles
Rusty Buchanan
Jason Budde
Greg Burchett
Aaron Bush
Ernest Byrd
Steve Campbell
Cindy Carden
Chris Carter
Marty Cates
Monica Chamberlain
Lori Chatterton
Paul Childers
Clint Cook
Jackie Cooper
Tony Cristelli
Cary Crusinbery
Rhonda Cruz
Nicole Darr
Omer Davis
Kurt Davis
Cathy DeGiusti
Trent Delano
Cody Denney
Larry Dill
Sherry Dixon
Stephanie Dugan
Bryan Dunn
Jennifer Dunn
Eldon Eagan
Eric Edwards
Walker Edwards
Heidi Evans
Michael Falen
Mark Falk
Shawn Fields
Richard Fladeland
Tom Flesher
Viel Flores
Justin Foust
Melissa Franklin
Adam Gaskill
Fred Gipson
Amber Green
Steve Hall
Donna Hane
Melvin Harper
Abe Henry
John Henry
Jarvis Hensley
Gordon Highfill
Sharon Hofegartner
Jerry Horner
John Hornsby
Rick Horseman
Debi Huff
Brent Huntsman
Ralayna Hurley
Todd Ice
Kevin Ince
Rhonda Ingle
Bud Jackson
Cheryl Jackson
Gayla Jackson
Danny Jech
Jim Jinkins
Tamara John
Gary Johnson
Holly Johnson
Chris Jones
Joe Jones
Robin Jones
James Keathley
Michael Kee
Julie Kimberling
Dax Kimble
Mark Kneeland
Nancy Knox
Greg Kochenower
Trey Krampf
Spencer Land
Steve Larman
Ricky Laster
Sarah Ledgerwood
Casidy Lee
Ken Leedy
Paula Lillard
Stephen Lobaugh
Billy Manning
Don Marlett
Shawn Marsh
Steven Martin
Nikki Mason
Andrew McCalmont
Maureen McCollum
Dusty McDaniel
Duane McDowell
Todd McGinley
Mitch McNeill
Tim Meek
Lisa Meier
Richard Mieser
Linda Miller
Steve Mills
Claudia Molina Cifuentes
Jonathan Morris
Monica Mroz
Todd Murphy
Renee Nance
Jeff Newby
Doneeta Nowlin
Rick Nunley
David Parker
Lori Pettit
Ryan Phillips
Terra Pierce
Bob Portman
Kristi Puerta
Mike Reddick
Ronald Reidle
Darrell Rice
Lisa Roberts
A. D. Robison
Vern Roe
Kiley Rollins
Brandon Rutledge
Danny Schmidt
Stacy Settles
Jeffrey Sharp
Michael Sherwood
Will Shisler
Jim Shoptaw
Maria Sinclair
Mark Singleton
Greg Skiles
Chad Smith
Jamie Smith
Jesse Smith
Michael Stapp
William Stillwell
Josh Swift
Oscar Thiems
Diana Thompson
Oleg Tolmachev
Jerry Townley
Chris Townsend
Michelle Townsend
Ryan Turner
Randy Tyler
Rodney Vaeth
Johnny Van Buskirk
Sara Vance
Fred Vasquez
Ruben Vega
Don Vermillion
Ashlyn Walters
Leslie Ward
Al Warner
James Warner
Hazel Welch
Leslie Wertz
Robert White
Eddie Whitehead
Gary Willeford
Merrill Williamson
Kathy Willingham
Mark Willson
Jerry Wilson
Robert Wilson
Roger Wilson
Travis Wilson
Matthew Wyckoff
David Zerger

2003 (79 thru 3.31)
Monica Allison
Katherine Austin
Tammi Bradford
Kim Brady
Chad Bragg
Serena Branch
David Brannen
Aron Bridges
Buster Burton
Tony Clark
Todd Coates
Tom Corley
Lee Ann Cossey
Wendy Cunningham
Barney Darr
Kory Davis
Ryan Dean
Kirtus Dixon
Steven Donley
Sharon Dries
Tarah Fagen
Carol Fehrenbacher
Tommy Foust
Justin Froehlich
Randy Gladden
Jeff Gorton
Troy Gosney
Liz Gotcher
Buck Hall
Roger Harrod
Sue Henthorn
Veronica Hill
Lanny Holman
Misty Holtgrefe
Roy Howe
Donna Huff
Greg Johnson
Brooke Kemp
Melissa Ketchum
Joe Kidwell
Melvin Kingcade
Amy Kopocis
Pete Lane
Joshua Lawson
Clint Lord
Amber Love
Shelly Martin
Anthony Martinez
Reid McCarty
Jeremy McClung
Carol McKenzie
April McKnight
Brent Mills
David Mills
Scott Newell
Jane Norris
Donnie Patton
Matt Roberts
Jennifer Scarbrock
Cheryl Self
Kari Shaffer
Keith Shahan
Clay Shamblin
John Slagell
Jessie Smith
Devin Smith
Mark Smith
Eric Sommerhauser
Kristina Stacey
Blake Surrell
Joanne Thompson
Stephen Trolinger
Jon Vanburen
Angela Weeks
Susannah Wells
Chad Whitson
Todd Wright
Chesley York
Linn Yousey

Corporate Information

Stock Price Data

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

2001	High	Low	Last
Fourth Quarter	$ 7.59	$ 5.26	$ 6.61
Third Quarter	6.96	4.50	5.65
Second Quarter	9.45	6.20	6.80
First Quarter	11.06	7.65	8.85

Stock Split History

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

Trustee for the Company's Senior Notes

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

Internet Address

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

Common Stock

Chesapeake Energy Corporation's common stock is listed on the New York Stock Exchange under the symbol CHK. As of March 31, 2003, there were approximately 45,000 beneficial owners of our common stock.

Common Stock Dividends

The company currently intends to pay quarterly cash dividends on its common stock of $0.03 per share on each January 15, April 15, July 15 and October 15.

Corporate Headquarters

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

Independent Public Accountants

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

Stock Transfer Agent and Registrar

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

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

Forward-Looking Statements

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

Although we believe the expectations and forecasts reflected in these and other forward-looking statements are reasonable, we can give no assurance they will prove to have been correct. They can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Factors that could cause actual results to differ materially from expected results are described under "Risk Factors" in Item 1 of our 2002 10-K and include: the volatility of oil and gas prices, our substantial indebtedness, the strength and financial resources of our competitors, the cost and availability of drilling and production services, our commodity price risk management activities, including counterparty contract performance risk, uncertainties inherent in estimating quantities of oil and gas reserves, projecting future rates of production and the timing of development expenditures, our ability to replace reserves, the availability of capital, uncertainties in evaluating oil and gas reserves of acquired properties and associated potential liabilities, declines in the values of our oil and gas properties resulting in ceiling test write-downs, drilling and operating risks, our ability to generate future taxable income sufficient to utilize our NOLs before expiration, future ownership changes which could result in additional limitations to our NOLs, adverse effects of governmental and environmental regulation, losses possible from pending or future litigation, and the loss of officers or key employees.

We caution you not to place undue reliance on these forward-looking statements, which speak only as of the date of our 2002 10-K, and we undertake no obligation to update this information. We urge you to carefully review and consider the disclosures made in this and our other reports filed with the Securities and Exchange Commission that attempt to advise interested parties of the risks and factors that may affect our business.