

CHESAPEAKE ENERGY CORP
Form SC TO-I
October 23, 2007

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Schedule TO

**Tender Offer Statement under Section 14(d)(1) or 13(e)(1) of the
Securities Exchange Act of 1934**

CHESAPEAKE ENERGY CORPORATION

(Name of Subject Company (Issuer) and Filing Person (Offeror))

6.25% MANDATORY CONVERTIBLE PREFERRED STOCK

(Title of Class of Securities)

165167818

(CUSIP Number of Class of Securities)

Jennifer M. Grigsby

Senior Vice President, Treasurer and

Corporate Secretary

6100 North Western Avenue

Oklahoma City, Oklahoma 73118

(405) 848-8000

(Name, address and telephone number of person authorized to receive notices and communications on behalf of filing person)

With copies to:

Michael S. Telle

Bracewell & Giuliani LLP

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711 Louisiana Street, Suite 2300

Houston, Texas 77002-2770

713-221-1327

713-221-2113 (fax)

CALCULATION OF FILING FEE

| Transaction valuation(*) | Amount of Filing Fee(**) |
|---------------------------------|---------------------------------|
| \$692,300,000 | \$21,253.61 |

- * Estimated solely for the purpose of calculating the registration fee and equal to the product of (a) 2,300,000 shares of the registrant's 6.25% Mandatory Convertible Preferred Stock proposed to be exchanged and (b) \$301.00, which is the average of the high and low prices per share of such preferred stock as reported on the New York Stock Exchange on October 19, 2007.
- ** The amount of the filing fee was calculated in accordance with Rule 0-11 of the Securities Exchange Act of 1934 and equals \$30.70 for each \$1,000,000 of the value of the transaction.

.. Check box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

| | | | |
|---------------------------|-----|---------------|-----|
| Amount Previously Paid: | N/A | Filing Party: | N/A |
| Form or Registration No.: | N/A | Date Filed: | N/A |

.. Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.
Check the appropriate boxes below to designate any transactions to which the statement relates:

- .. third-party tender offer subject to Rule 14d-1.
x issuer tender offer subject to Rule 13e-4.
.. going-private transaction subject to Rule 13e-3.
.. amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer: ..

This Tender Offer Statement on Schedule TO relates to an offer by Chesapeake Energy Corporation, an Oklahoma corporation (the *Company*), to exchange (the *Exchange Offer*) a number of shares of the *Company*'s common stock equal to (i) 6.25 shares plus (ii) a number of shares of common stock equal to \$71.43 divided by the Weighted Average Price of the *Company*'s common stock, for each validly tendered and accepted share of the *Company*'s 6.25% Mandatory Convertible Preferred Stock, on the terms and subject to the conditions described in the Offer to Exchange, dated October 23, 2007 (the *Offer to Exchange*), and in the related Letter of Transmittal, which, as amended or supplemented from time to time, together constitute the Exchange Offer. The Weighted Average Price of the *Company*'s common stock will be calculated pursuant to the procedure set forth in the Offer to Exchange. The terms and conditions of the Exchange Offer are set forth in the Offer to Exchange and the accompanying Letter of Transmittal, which are attached as exhibit (a)(1) hereto.

This Schedule TO is filed in satisfaction of the reporting requirements of Rule 13e-4 under the Securities Exchange Act of 1934, as amended. The Exchange Offer is being made by the *Company* pursuant to an exemption from registration under Section 3(a)(9) of the Securities Act of 1933, as amended (the *Securities Act*).

As of October 19, 2007, there were 2,300,000 shares of the *Company*'s 6.25% Mandatory Convertible Preferred Stock outstanding.

The information set forth in the Offer to Exchange, including the accompanying Letter of Transmittal attached as Annex A thereto, is hereby expressly incorporated herein by reference in response to all items required in this Schedule TO.

Item 1. Summary Term Sheet.

The information set forth in the Offer to Exchange in the sections entitled *Questions and Answers About the Exchange Offer* and *Summary The Exchange Offer* is incorporated herein by reference.

Item 2. Subject Company Information.

(a) Name and Address.

The name of the subject company is Chesapeake Energy Corporation. The address of the *Company*'s principal executive offices is 6100 North Western Avenue, Oklahoma City, Oklahoma 73118. Its telephone number is (405) 848-8000.

(b) Securities.

The information set forth in the Offer to Exchange in the section entitled *Description of the Preferred Stock* is incorporated herein by reference.

(c) Trading Market and Price.

The information set forth in the Offer to Exchange in the section entitled *Market for Common Stock and Preferred Stock* is incorporated herein by reference.

Item 3. Identity and Background of Filing Person.

(a) Name and Address.

The filing person is the issuer. The information set forth in Item 2(a) above is incorporated herein by reference.

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Pursuant to Instruction C to Schedule TO, the following persons are the directors and executive officers of the Company.

| Name | Position |
|-------------------------|---|
| Aubrey K. McClendon | Chairman of the Board, Chief Executive Officer and Director |
| Marcus C. Rowland | Executive Vice President-Finance and Chief Financial Officer |
| Steven C. Dixon | Executive Vice President-Operations and Chief Operating Officer |
| J. Mark Lester | Executive Vice President-Exploration |
| Douglas J. Jacobson | Executive Vice President-Acquisitions and Divestitures |
| Henry J. Hood | General Counsel and Senior Vice President-Land and Legal |
| Martha A. Burger | Senior Vice President-Human and Corporate Resources |
| Michael A. Johnson | Senior Vice President-Accounting, Controller and Chief Accounting Officer |
| Jennifer M. Grigsby | Senior Vice President, Treasurer and Corporate Secretary |
| Richard K. Davidson | Director |
| Frank Keating | Director |
| Breene M. Kerr | Director |
| Charles T. Maxwell | Director |
| Merrill A. Miller, Jr. | Director |
| Don Nickles | Director |
| Frederick B. Whittemore | Director |

The address and telephone number of each director and executive officer is: c/o Chesapeake Energy Corporation, 6100 North Western Avenue, Oklahoma City, Oklahoma 73118; (405) 848-8000.

Item 4. Terms of the Transaction.

(a) Material Terms.

The information set forth in the Offer to Exchange in the sections entitled Questions and Answers About the Exchange Offer, Summary The Exchange Offer, The Exchange Offer Terms of the Exchange Offer, The Exchange Offer Exchange Ratio, The Exchange Offer Expiration Date, The Exchange Offer Conditions to the Exchange Offer, The Exchange Offer Extension, Delay in Acceptance, Amendment or Termination, The Exchange Offer Procedures for Tendering Shares of Preferred Stock, The Exchange Offer Withdrawals of Tenders, The Exchange Offer Acceptance; Exchange of Shares of Preferred Stock, Comparison of Rights Between the Preferred Stock and Our Common Stock, Description of Capital Stock Common Stock, Description of the Preferred Stock, The Exchange Offer Accounting Treatment, and Material United States Federal Income Tax Consequences is incorporated herein by reference.

(b) Purchases.

None of the Company's 6.25% Mandatory Convertible Preferred Stock is to be purchased from any officer, director or affiliate of the Company.

Item 5. Past Contacts, Transactions, Negotiations and Agreements.

(a) Agreements Involving the Subject Company's Securities.

The information set forth in the Offer to Exchange in the sections entitled "Description of Capital Stock" and "Description of the Preferred Stock" is incorporated herein by reference.

Item 6. Purposes of the Transaction and Plans or Proposals.

(a) Purposes.

The information set forth in the Offer to Exchange in the sections entitled "Questions and Answers About the Exchange Offer - Why are we making the exchange offer" and "The Exchange Offer - Purpose and Effects of the Exchange Offer" is incorporated herein by reference.

(b) Use of Securities Acquired.

The information set forth in the Offer to Exchange in the sections entitled "Questions and Answers About the Exchange Offer - What do we intend to do with the shares of Preferred Stock that are tendered in the exchange offer," "Summary - The Exchange Offer" and "The Exchange Offer - Terms of the Exchange Offer" is incorporated herein by reference.

(c) Plans.

The information set forth in the Offer to Exchange in the section entitled "Summary - Chesapeake," "Risk Factors - Shares of Preferred Stock that you continue to hold after the exchange offer are expected to become less liquid following the exchange offer" and "Capitalization" is incorporated herein by reference.

Item 7. Source and Amount of Funds or Other Consideration.

(a) Source of Funds.

The information set forth in the Offer to Exchange in the sections entitled "Questions and Answers About the Exchange Offer - What will I receive in the exchange offer if I tender shares of Preferred Stock and they are accepted," "Summary - The Exchange Offer," "The Exchange Offer - Terms of the Exchange Offer" and "The Exchange Offer - Exchange Ratio" is incorporated herein by reference.

(b) Conditions.

Not applicable.

(c) Borrowed Funds.

Not applicable.

Item 8. Interest in the Securities of the Subject Company.

(a) Securities Ownership.

None of the Company's 6.25% Mandatory Convertible Preferred Stock is owned by any director or officer of the Company.

(b) Securities Transactions.

None of the Company or the Company's executive officers or directors have effected any transactions with respect to the 6.25% Mandatory Convertible Preferred Stock within the 60 day period prior to October 23, 2007.

Item 9. Persons/Assets, Retained, Employed, Compensated or Used.

(a) Solicitations or Recommendations.

The information set forth in the Offer to Exchange in the sections entitled "The Exchange Offer Solicitation" and "The Exchange Offer Fees and Expenses" is incorporated herein by reference.

Item 10. Financial Statements.

(a) Financial Information.

The information set forth in the Offer to Exchange in the sections entitled "Where to Find Additional Information" and "Summary Consolidated Financial Data" is incorporated herein by reference. The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006 and the Company's Quarterly Reports on Form 10-Q for the three months ended March 31, 2007 and June 30, 2007 are incorporated herein by reference and can also be accessed electronically on the Securities and Exchange Commission's website at <http://www.sec.gov>.

(b) Pro Forma Information.

Not applicable.

Item 11. Additional Information.

(a) Agreements, Regulatory Requirements and Legal Proceedings.

The information set forth in the Offer to Exchange in the section entitled "The Exchange Offer Conditions to the Exchange Offer" is incorporated herein by reference.

(b) Other Material Information.

Not applicable.

Item 12. Exhibits.

- (a)(1) Offer to Exchange, dated October 23, 2007, and related Letter of Transmittal.
- (a)(2) Press Release, dated October 23, 2007.
- (b) Not applicable.
- (d) Not applicable.
- (g) Not applicable.
- (h) Not applicable.

Item 13. Information Required by Schedule 13E-3.

(a) Not applicable.

SIGNATURES

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: October 23, 2007

CHESAPEAKE ENERGY CORPORATION

By: /s/ JENNIFER M. GRIGSBY
 Jennifer M. Grigsby
 Senior Vice President, Treasurer and Corporate
 Secretary

EXHIBIT INDEX

| EXHIBIT NUMBER | EXHIBIT NAME |
|-----------------------|---|
| (a)(1) | Offer to Exchange, dated October 23, 2007, and related Letter of Transmittal. |
| (a)(2) | Press Release, dated October 23, 2007. |
| (b) | Not applicable. |
| (d) | Not applicable. |
| (g) | Not applicable. |
| (h) | Not applicable. |