CHESAPEAKE ENERGY CORP
Form PRE 14A
April 19, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

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

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §.240.14a-12

CHESAPEAKE ENERGY CORPORATION

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

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Letter to Shareholders From our Board of Directors

DEAR FELLOW SHAREHOLDER,

The past year has been a defining period for Chesapeake. The makeup of our Board has changed substantially, with a new independent non-executive Chairman and five other independent directors appointed in the last twelve months. In addition, the Company saw the implementation of a CEO succession plan with regard to its co-founder, Aubrey K. McClendon. While we continue the search for the Company's next CEO, our Board recently formed a three-person Office of the Chairman that will continue to lead the Company's strategy to develop our existing assets, optimize our portfolio through targeted asset sales, strengthen our balance sheet and drive capital efficiencies throughout our organization. We believe Chesapeake's brightest days lie ahead, and we look forward to delivering maximum value to shareholders as we develop our exceptional asset base.

We view our proxy statement as a vital communications opportunity; therefore, we endeavor to provide our investors with fulsome information using plain language in a format that is clear and easy to read. We invite you to read the governance highlights that follow this letter, which supply a roadmap for our proxy statement and provide detail on the Company's significant changes over the past year in the areas of corporate governance and executive compensation. We encourage you to read the entire proxy statement and our annual report carefully before voting.

Optimal Corporate Governance Practices

As you will see throughout the governance highlights and proxy statement, we are committed to maintaining corporate governance practices that are optimal for the Company. Over the past year, we have implemented governance reforms focused on enhancing financial and management oversight, Board accountability to shareholders and corporate responsibility. We have also continued to build on the Company's engagement and outreach efforts over the past few years, further emphasizing our belief that shareholders are key participants in the governance process.

Aligning Pay and Performance

As a part of our commitment to exceptional governance practices, we want to ensure that the Company's executive compensation programs appropriately tie executive pay to Company performance. With the assistance of an independent compensation consultant, our Compensation Committee undertook a comprehensive review of the Company's executive compensation programs. As more fully described in the governance highlights and proxy statement, the Committee has implemented substantial changes designed to optimize alignment of our executives' interests with those of our shareholders, including using formulaic annual and long-term performance-based incentive plans and ending substantially all perquisites.

Promising Future

After a difficult year in which we saw decade-low natural gas prices and experienced unprecedented scrutiny, Chesapeake has emerged as a strong company with a promising future. We believe that our corporate governance and executive compensation reforms further strengthen the Company by enhancing oversight and accountability. As we look ahead, we are excited about the tremendous value creation opportunities in front of us as our dedicated management team continues to execute on our business strategy. As stewards of the Company, we are committed to acting in the best interests of Chesapeake and all its shareholders. Thank you for your investment.

Archie W. Dunham	Bob	Vincent	R. Brad
Chairman of the Board	G. Alexander	J. Intrieri	Martin
Merrill A. “Pete”	Frederic	Louis	Louis
Miller, JR.	M. Poses	A. Raspino	A. Simpson

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Governance Highlights

CORPORATE GOVERNANCE

The Board exists to serve the long-term interests of the Company and its shareholders. The Board takes this responsibility seriously and believes a key component of its role at the Company is to establish an effective corporate governance model. In the past year, the Board has implemented governance reforms focused on enhancing financial and management oversight, Board accountability to shareholders and corporate responsibility. The Board also endeavors to continually improve its shareholder outreach efforts and provide a clear understanding of the Company's corporate governance, as demonstrated by our efforts to make our proxy statement more useful to shareholders.

Ensuring Good Governance

In little more than a year, the Company has taken great strides to maximize oversight and accountability to shareholders. This underscores the Board's commitment to maintaining leading corporate governance practices that are in the best interests of Chesapeake and its shareholders.

Chesapeake Governance Evolution

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Board Leadership Structure

The Company's leadership structure has evolved over the past year with the separation of the Chairman and CEO roles and appointment of Archie W. Dunham as the Company's independent, non-executive Chairman of the Board. Through the appointment of a non-executive Chairman, the Board has further strengthened its independent leadership, which the Board believes is a critical aspect of effective governance. On March 29, 2013, the Company announced the establishment of a three-person Office of the Chairman while the Board continues its search for the Company's next CEO. The Office of the Chairman consists of Mr. Dunham, Steven C. Dixon, the Company's Acting CEO and Chief Operating Officer, and Domenic J. Dell'Osso, Jr., the Company's Executive Vice President and Chief Financial Officer. The Office of the Chairman provides oversight of strategic, operational and financial matters as well as certain day-to-day management responsibilities.

See page 5 of the proxy statement for more details on the Company's Board leadership structure.

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Members of the Chesapeake Board

The Board has changed significantly over the past year. In June 2012, the Board appointed an independent, non-executive Chairman and four other new independent directors. The Board also recently appointed Louis A. Raspino to the Board and as the chairman of the Audit Committee. As the Company has previously announced, shareholders will vote on all directors at the 2013 annual meeting. The Board believes that each member of the Board is well qualified to guide the Company in maximizing shareholder value.

Board Balance

The Board seeks a mix of directors with the qualities that will achieve the ultimate goal of a well-rounded, diverse Board that thinks critically yet functions effectively by reaching informed decisions. The Nominating, Governance and Social Responsibility Committee's charter was recently amended to ensure that diverse candidates are included in all director searches, taking into account race, gender, age, culture, thought and geography. The Committee and the Board believe that a boardroom with a wide array of talents and perspectives leads to innovation, critical thinking and enhanced discussion. Additionally, the Committee expects each of the Company's directors to have proven leadership, sound judgment, integrity and a commitment to the success of the Company. The charts below illustrate the Board's tenure, experience and qualifications.

Tenure, Experience and Qualifications

See page 9 of the proxy statement for the biographies of each of the Company's directors.

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CREATING SHAREHOLDER VALUE

2012 was a year of substantial accomplishment. The Company continued its transition to an operational focus on asset development, having concluded its large-scale leasehold acquisition phase, and exited ancillary businesses that are no longer integral parts of its overall business strategy. Further, low natural gas prices in 2012 and early 2013 confirmed the Company's strategy, initiated in 2011, to focus on increasing liquids production. In 2012, the Company executed asset sales of approximately $12 billion of assets and delivered one of the best liquids growth stories in the industry, with liquids production up approximately 54% on average relative to 2011.

Key 2012 Operational Achievements

In 2012, Chesapeake delivered the following major operational accomplishments:

- We increased liquids production by 54%, or approximately 46,770 bbls per day. Chesapeake's year-over-year oil production growth was 84%, or approximately 38,950 bbls per day, and natural gas liquids production growth was 19%, or approximately 7,820 bbls per day.

- We increased production by 19% (net of asset sales) to an average of 3.89 bcfe per day, consisting of approximately 3.08 bcf of natural gas (80% on a natural gas equivalent basis) and approximately 133,550 bbls of liquids, consisting of approximately 85,420 bbls of oil (13% on a natural gas equivalent basis) and approximately 48,130 bbls of natural gas liquids (7% on a natural gas equivalent basis).

- We added 5.0 tcfe, or 840 million barrels of oil equivalent (mmboe), of new proved reserves (net of nonprice-related revisions) through the drillbit; however, primarily as a result of lower natural gas prices, the Company recorded downward price-related revisions of 5.4 tcfe, or 902 mmboe, during 2012.

Core of the Core Strategy

In 2012, we embarked on a two-year asset divestiture program to fund our capital expenditures, reduce our financial leverage and focus our operational efforts on our best plays. In pursuing our "core of the core" strategy, we sold nearly $12 billion of assets and built on already strong liquids production growth and cost discipline trends. Some of our major asset sales in 2012 included:

- Sale of Permian Basin assets in three separate transactions for total net cash proceeds of approximately $3.1 billion plus $466 million of additional consideration, subtantially all of which we have received or expect to receive in 2013.

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Sale of all of our interests in Chesapeake Midstream Partners, L.P., now Access Midstream Partners, L.P., and the sole member of its general partner for cash proceeds of $2.0 billion.

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Sale of Chesapeake Midstream Operating, L.L.C., which held a substantial majority of our midstream business, to Access Midstream Partners, L.P. for cash proceeds of approximately $2.2 billion, subject to post-closing adjustments.

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Monetization of certain of our producing assets in the Anadarko Basin Granite Wash through a ten-year volumetric production payment for proceeds of approximately $744 million.

For more information regarding the Company’s performance, see our 2012 annual report.

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ALIGNING PAY AND PERFORMANCE

Response to 2012 "Say on Pay" Vote

At our 2012 annual meeting of shareholders, approximately 80% of shares were cast "against" our named executive officer compensation. Shortly thereafter, in June 2012, the Board appointed five new independent directors, as discussed earlier in these governance highlights. The Compensation Committee, entirely comprised of new members, two of which were appointed to the Board at the recommendation of our largest shareholder, considered the results of the advisory vote and believed it conveyed our shareholders' dissatisfaction with the Company's executive compensation in light of performance. The Compensation Committee engaged in a comprehensive review of the Company's executive compensation system, considering the outcome from the 2012 annual meeting as well as ongoing dialogue with our shareholders, with a goal of ensuring that the Company's compensation programs appropriately tie executive pay to Company performance. To assist in its review, the Compensation Committee engaged Frederic W. Cook & Co., Inc. as its independent compensation consultant.

The Compensation Committee's decisions regarding the Company's executive compensation system in 2012 included the following:

- Reduced 2012 total CEO compensation by approximately $1 million, including no 2012 annual incentive compensation, following a reduction of 2011 total CEO compensation of over $3 million.

- Pursued a compensation philosophy that emphasizes pay for performance and targets peer median compensation levels.

- Exercised downward discretion to further reduce payouts calculated based on a formulaic assessment of Company performance under the annual incentive program in 2012 to an average of approximately 50% of 2011 annual incentive payouts for the named executive officers and, after considering Mr. McClendon's recommendation to such effect, awarded no annual incentive compensation to Mr. McClendon.

- Held base salaries flat in 2012 for the majority of our named executive officers.

- Entered into new executive employment agreements that contain substantial changes, including the elimination of "single-trigger" change-of-control cash payments and cash payments upon death or disability.

- Significantly reduced perquisites for executive officers, including eliminating, or further limiting in the case of Mr. McClendon, personal use of fractionally owned Company aircraft.

Additional traits of the redesigned executive compensation system are summarized below, with asterisks indicating new or enhanced elements of the compensation system since the beginning of 2012:

What We Do	What We Don't Do
Award annual incentive compensation and over 50% of long-term compensation subject to achievement of objective pre-established performance goals tied to operational and strategic objectives*	No tax gross ups for executive officers

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2012 Pay for Performance Alignment

For 2012, the Compensation Committee adopted a comprehensive, market-based approach to the design and administration of our executive compensation system that is linked to the Company’s strategic plan. As shown below, our redesigned compensation system continues to utilize base salary and restricted stock awards and features the following performance-based components: (i) annual incentive awards and (ii) performance share unit (PSU) awards under our Long Term Incentive Plan.

Under our 2012 performance-based executive compensation system, we have:

- Introduced a substantial portion of “at-risk” compensation
- Replaced annual discretionary cash bonuses with performance-based annual incentive awards
- Reformulated long-term incentive awards to include a mix of PSU awards and restricted stock awards
- Allocated a substantial portion of the total compensation for each executive officer to compensation elements that align the interests of our executive officers with our shareholders

2013 Executive Compensation System

For 2013, the connection between pay and performance is further reflected in the Compensation Committee’s executive compensation decisions, including:

- Entered into new executive employment agreements that contain substantial changes from the Company’s previous executive employment agreements, including the elimination of “single-trigger” change-of-control cash payments and cash payments upon death or disability.
- Maintained base salaries at 2012 levels, except with regard to Mr. Dixon, whose base salary was increase in connection with his appointment as Acting CEO effective April 1, 2013.
- Implemented a new Annual Incentive Plan and based annual incentive opportunities on the Company’s performance relative to eleven pre-established objective operational and financial performance goals.

- Reduced target payout of long-term incentive awards for named executive officers by approximately 10% from 2012 target levels.

CEO Separation Arrangements

On April 1, 2013, Mr. McClendon ceased serving as President and CEO of the Company and as a director of its Board. On April 18, 2013, the Company and Mr. McClendon entered into a Founder Separation and Services Agreement, effective January 29, 2013. The agreement provides that Mr. McClendon will receive all of the rights, benefits and obligations owed to him for a termination without cause under his employment agreement.

For more information regarding our executive compensation, please refer to page 24 of our proxy statement.

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2013 ANNUAL MEETING OF SHAREHOLDERS

Please cast your vote right away on all of the proposals listed below to ensure that your shares are represented.

Vote Right Away

Even if you plan to attend our annual meeting in person, please read this proxy statement with care and vote right away using any of the following methods. **In all cases, have your proxy card or voting instruction form in hand and follow the instructions.**

		More information	**Board recommendation**	**Votes required for approval**
PROPOSAL 1	To elect directors	Page 8	FOR each nominee	50% of votes cast
PROPOSAL 2	To vote on a proposal to declassify our Board	Page 12	FOR	66 2/3% issued and outstanding
PROPOSAL 3	To vote on a proposal to implement proxy access	Page 13	FOR	66 2/3% issued and outstanding
PROPOSAL 4	To vote on a proposal to eliminate supermajority voting requirements	Page 15	FOR	66 2/3% issued and outstanding
PROPOSAL 5	To vote on a proposal to amend our 2003 Stock Award Plan for Non-Employee Directors	Page 18	FOR	Majority of votes cast*
PROPOSAL 6	To approve our named executive officer compensation	Page 55	FOR	Majority of votes cast
PROPOSAL 7	To vote on a proposal to amend our Long Term Incentive Plan	Page 56	FOR	Majority of votes cast*
PROPOSAL 8	To vote on a proposal to adopt our Annual Incentive Plan	Page 61	FOR	Majority of votes cast
PROPOSAL 9	To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm	Page 64	FOR	Majority of votes cast
PROPOSAL 10-12	Shareholder proposals	Pages 65-69	AGAINST each proposal	Majority of votes cast

** Total votes cast also must represent a majority of shares entitled to vote.*

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Notice of Annual Meeting of Shareholders
June 14, 2013

10:00 a.m.

Chesapeake Energy Corporation, 6100 North Western Avenue, Oklahoma City, Oklahoma

To the Shareholders of Chesapeake:

The 2013 annual meeting of shareholders of Chesapeake will be held at Chesapeake's corporate headquarters on Friday, June 14, 2013 at 10:00 a.m., local time, for the following purposes:

1.

To elect directors;

2.

To vote on a proposal to declassify our Board;

3.

To vote on a proposal to implement proxy access;

4.

To vote on a proposal to eliminate supermajority voting requirements;

5.

To vote on a proposal to amend our 2003 Stock Award Plan for Non-Employee Directors;

6.

To approve our named executive officer compensation;

7.

To vote on a proposal to amend our Long Term Incentive Plan;

8.

To vote on a proposal to adopt our Annual Incentive Plan;

9.

To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm;

10.

To consider three shareholder proposals, if properly presented at the meeting; and

11.

To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

In order to vote on the matters brought before the meeting, you may complete and mail the proxy card, vote by telephone or vote on the Internet, as explained on the proxy card. Holders of record of the Company's common stock at the close of business on April 15, 2013 are entitled to notice of, and to vote at, the meeting.

If you plan to attend the meeting, you must request an admission ticket in advance. For details, please refer to page 3 of the proxy statement.

By Order of the Board of Directors

Jennifer M. Grigsby

Senior Vice President, Treasurer and Corporate Secretary

May 3, 2013

Oklahoma City, Oklahoma

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be Held on June 14, 2013:
This proxy statement and the Company's annual report for 2012 are available at www.chk.com/proxy.

Proxy Statement

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WELCOME TO THE CHESAPEAKE ANNUAL MEETING

Meeting Information

Our Board of Directors is soliciting your proxy to vote your shares at our 2013 annual meeting of shareholders. In connection with this solicitation, we are providing you with a Notice of Internet Availability of Proxy Materials and access to these proxy materials, which include this 2013 proxy statement, the proxy card for our 2013 annual meeting and our 2012 annual report. Unless the context otherwise requires, the terms "we," "our," "us," the "Company" or "Chesapeak as used in this proxy statement refer to Chesapeake Energy Corporation. Our annual meeting will be held on June 14, 2013 at 10:00 a.m. at Chesapeake's corporate headquarters located at 6100 North Western Avenue, Oklahoma City, Oklahoma 73118.

Shareholders of record on April 15, 2013, the record date, are entitled to notice of, and to vote at the meeting and any adjournment or postponement thereof. On the record date, there were 669,415,840 shares of our common stock outstanding and 653,677,421 shares entitled to vote at the meeting. A majority of the shares of common stock entitled to vote must be represented at the annual meeting, in person or by proxy, to constitute a quorum and to transact business. Each outstanding share of common stock is entitled to one vote, except unvested shares of our restricted stock issued prior to January 1, 2013 to our directors, employees and consultants, which do not have voting rights.

Notice of Internet Availability of Proxy Materials

In accordance with rules and regulations adopted by the U.S. Securities and Exchange Commission, or SEC, instead of mailing a printed copy of our proxy materials, including our annual report, to each shareholder of record, we now generally furnish proxy materials to our shareholders on the Internet at *www.chk.com/proxy*. Unless you have previously signed up to receive your materials in paper, you will receive a document entitled *Notice of Internet Availability of Proxy Materials*, which we also refer to as the Notice, and will not receive a printed copy of the proxy materials unless you specifically request them. Instead, the Notice will provide instructions for using the Internet to access and review all of the information contained in the proxy materials. The Notice also provides you instructions for submitting your proxy via the Internet. Instructions for requesting printed proxy materials are included in the Notice. Notices are distributed by mail, unless you previously signed up to receive your proxy materials electronically, in which case they will be emailed to you. Below is a summary of the various delivery methods:

- *Shareholders who previously signed up to receive proxy materials electronically.* If you previously signed up to receive proxy materials electronically, we will send the Notice to you via e-mail, to the last e-mail address you have supplied to us. We will e-mail electronic Notices on or about May 3, 2013.

- *Shareholders who previously signed up to receive printed proxy materials by mail.* If you previously submitted a valid election to receive all proxy materials in printed format, we will send you a full set of printed proxy materials, including our annual report. We will begin mailing these materials on or about May 3, 2013.

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All other shareholders. If you have not submitted any elections, we will send you a printed Notice by mail. We will begin mailing Notices on or about May 3, 2013.

If you are interested in receiving all future shareholder communications electronically, including proxy statements and annual reports, please visit *www.icsdelivery.com/chk* and register for electronic distribution. You will continue to receive all shareholder communications electronically until you change this election at *www.icsdelivery.com/chk*. Electronic distribution saves us the cost of printing and mailing the documents to you, reduces the amount of mail you receive and is environmentally friendly by helping to conserve natural resources consumed in the printing process.

Voting Methods

You may vote your shares through one of the following methods:

- *In person at the annual meeting*. All shareholders of record may vote in person at the meeting. Beneficial owners may vote in person at the meeting if they have a legal proxy from their bank, broker or other intermediary.

- *By telephone or Internet.* All shareholders of record may vote by telephone from the U.S., Puerto Rico and Canada, using the toll-free telephone number on the proxy card, or through the Internet, using the procedures and instructions described on the proxy card. Beneficial owners may vote by telephone or Internet if their bank, broker or other intermediary makes those methods available, in which case they will include the instructions with the proxy materials. Shareholders may also vote through the Internet via *www.proxyvote.com*.

- *By written proxy.* All shareholders of record can vote by written proxy card. If you received a printed copy of these proxy materials by mail, you may vote by signing, dating and mailing the enclosed proxy card, or if you are a beneficial owner, you may request a written proxy card or a vote instruction form from your bank, broker or other intermediary.

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If you are a Chesapeake employee and you participate in the Chesapeake Energy Corporation Savings and Incentive Stock Bonus Plan, or the 401(k) Plan, you may receive a proxy via email so that you may instruct the trustee of the 401(k) Plan how to vote your 401(k) Plan shares. If you also hold shares directly, you may receive one proxy for both your directly held and 401(k) Plan shares which will allow you to vote those shares as one block. Please note, however, that since you only vote one time for all shares you own directly and in the 401(k) Plan, your vote on each voting item will be identical across all of those shares. To allow sufficient time for the trustee to vote the 401(k) Plan shares, your voting instructions must be received by 10:59 p.m. (CDT) on June 12, 2013. If you do not vote your proxy, the trustee will vote the 401(k) Plan shares credited to your 401(k) Plan account in the same proportion as the 401(k) Plan shares of other participants for which the trustee has received proper voting instructions.

Voting Instructions

Your shares of Chesapeake stock will be voted in accordance with your instructions. If you return the proxy card but do not specify voting instructions on the proxy card, the shares will be voted:

- **FOR** all director nominees (see page 8);
- **FOR** the proposal to declassify our Board (see page 12);
- **FOR** the proposal to implement proxy access (see page 13);
- **FOR** the proposal to eliminate supermajority voting requirements (see page 15);
- **FOR** the amendment to our 2003 Stock Award Plan for Non-Employee Directors (see page 18);
- **FOR** the shareholder advisory vote to approve named executive officer compensation (see page 55);
- **FOR** the amendment to our Long Term Incentive Plan (see page 56);
- **FOR** the adoption of our Annual Incentive Plan (see page 61);
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FOR ratification of the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm (see page 64); and

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AGAINST voting items 10-12 (see pages 65-69).

In the absence of instructions to the contrary, proxies will be voted in accordance with the judgment of the person exercising the proxy on any other matter properly presented at the annual meeting.

Under the rules of the New York Stock Exchange, or NYSE, brokers who hold shares on behalf of their customers have the authority to vote on certain proposals when they have not received instructions from beneficial owners. A broker non-vote occurs when a broker holding shares for a beneficial owner does not vote on a particular proposal because the broker does not have discretionary voting power with respect to that item and has not received voting instructions from the beneficial owner. Your broker has discretionary authority to vote your shares only in the ratification of the appointment of our independent public accountants. In the absence of specific instructions from you, your broker is not empowered to vote your shares on any other matter to be voted on at the meeting.

Votes Necessary on Ballot Items

Voting Item	**Vote Required to Elect or Approve**
• Election of Director Nominees	• Each director must receive a number of "for" votes equal to or greater than votes cast "against" with respect to such director, or such director will comply with the Company's resignation procedures.
• Declassify Board	• Each proposal requires the affirmative vote of sixty-six and two-thirds percent (66 ⅔%) of the issued and outstanding common stock of the Company.
• Implement Proxy Access	
• Eliminate Supermajority Voting Requirements	
• Amendment to 2003 Stock Award Plan for Non-Employee Directors	• Each proposal requires the affirmative vote of a majority of shares of common stock present, in person or by proxy. In addition, the NYSE requires that the total votes cast on each proposal must represent greater than fifty percent (50%) of all shares entitled to vote.
• Amendment to Long Term Incentive Plan	
•	•

Shareholder Advisory Vote to Approve Named Executive Officer Compensation • Annual Incentive Plan • Ratification of Appointment of Independent Registered Public Accounting Firm	Each proposal requires the affirmative vote of a majority of shares of common stock present, in person or by proxy.
• Shareholder Proposals	• Each proposal requires the affirmative vote of a majority of shares of common stock present, in person or by proxy, provided such proposal is properly presented at the meeting.

Revoking Proxies

You may revoke your proxy at any time before it is voted by (i) executing and submitting a revised proxy; (ii) providing a written revocation to the Corporate Secretary of the Company; or (iii) voting in person at the meeting. If you do not hold your shares directly, you should follow the instructions provided by your bank, broker or other intermediary to revoke your previously voted proxy.

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Counting Votes

The Company will appoint an inspector of election to tabulate votes and certify the results of matters voted upon at the meeting. It is the Company's policy to (i) count abstentions and broker non-votes for purposes of determining the presence of a quorum at the meeting; (ii) treat abstentions as shares represented at the meeting and voting against a proposal and to disregard broker non-votes in determining results on proposals requiring a majority or higher vote; and (iii) consider neither abstentions nor broker non-votes in determining results of plurality votes.

Voting Results

We will announce preliminary voting results at the meeting and publish final results in a current report on Form 8-K filed with the SEC within four business days after the meeting.

Proxy Solicitation

The Company will bear the cost of solicitation of proxies. We have engaged AST Phoenix Advisors to assist in the solicitation of proxies for fees and disbursements not expected to exceed $25,000 in the aggregate. In addition, employees and representatives of the Company may solicit proxies, and we will request banks and brokers or other similar agents or fiduciaries to transmit the proxy materials to the beneficial owners for their voting instructions.

Householding

We are permitted to send a single Notice and any other proxy materials we choose to mail to shareholders who share the same last name and address. This procedure is called "householding" and is intended to reduce our printing and postage costs. If you would like to receive a separate copy of a proxy statement or annual report, either now or in the future, please contact us (i) by email at *investorinfo@chk.com*; (ii) by telephone at (405) 935-8000 or (iii) in writing to the following address: Attn: Investor Relations, P.O. Box 18496, Oklahoma City, Oklahoma 73154. If you hold your shares through a broker or other intermediary and would like additional copies of the Notice and any other proxy materials we mail, or if you are currently receiving multiple copies of the Notice or proxy materials and would like to request householding, please contact your broker.

Attending the Annual Meeting

If you plan to attend the annual meeting, you must request an admission ticket in advance. Tickets will be issued to registered and beneficial owners as of the record date, or their legal proxy holders, and to one guest accompanying each registered or beneficial owner, subject to our discretion based on space availability and the relationship of the guest to the registered or beneficial owner. You may request tickets by visiting *www.chk.com/proxy* and providing the required information.

Please note that if you hold your shares through a bank, broker or other intermediary, you will be required to provide proof of share ownership, such as a copy of the portion of your voting instruction form showing your name and address, a bank or brokerage firm account statement or a letter from the bank, broker or other intermediary holding your shares, confirming ownership.

Requests for admission tickets must be received by the Company no later than June 7, 2013. Please note that seating at the annual meeting will be limited. Requests for tickets will be processed as they are received but ticket issuance will be based on ownership confirmation by the Company. On the day of the meeting, each shareholder will be required to present a valid picture identification such as a driver's license or passport with his or her admission ticket.

No cameras, recording equipment, large bags, briefcases or packages will be permitted in the annual meeting. Attendees may be asked to pass through a security screening device prior to entering the meeting.

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CORPORATE GOVERNANCE

The Board of Directors has adopted Corporate Governance Principles, which include information regarding the Board's role and responsibilities, director qualifications and determination of director independence and other guidelines, and charters for each of the Board committees. The Board has also adopted a Code of Business Conduct and Ethics applicable to all directors, officers and employees of the Company, including our principal executive officer, principal financial officer and principal accounting officer. These documents, along with the Company's Certificate of Incorporation and Bylaws, provide the framework for the functioning of the Board. The Corporate Governance Principles, as well as the Code of Business Conduct and Ethics and all committee charters are available on the Company's website at *www.chk.com* in the Corporate Governance sub-section of the section entitled "About". Waivers of provisions of the Code as to any director or executive officer and amendments to the Code of Business Conduct and Ethics must be approved by the Audit Committee of the Board, and we will post required disclosure about any such waiver or amendment on our website within four business days of such approval.

Board of Directors

The Company's Board of Directors has changed significantly over the past year. In June 2012, after extensive discussions with the Company's major shareholders, the Board appointed Archie W. Dunham as the Company's independent, non-executive Chairman of the Board and Aubrey K. McClendon, our co-founder and then-CEO, stepped down as Chairman. The Board also appointed four other new independent directors, Bob G. Alexander, Vincent J. Intrieri, R. Brad Martin and Frederic M. Poses, to replace four directors in office at that time. The Board also recently appointed Louis A. Raspino to serve as a director of the Company. Since the Board's reconstitution, the Board has appointed new members and new chairmen to each of its committees, including Mr. Raspino, who replaced V. Burns Hargis as the chairman of the Audit Committee. On April 1, 2013, Mr. McClendon ceased serving as President, CEO and a director of the Company.

Board Culture and Focus

The newly constituted Board has established a boardroom dynamic that results in informed decisions through meaningful and robust discussion, where views are readily challenged based on each director's diverse background and opinions. Each member of the Board is committed to maximizing shareholder value and promoting shareholder interests. The Board's key areas of focus are on the Company's strategy and vision, enhancing financial and management oversight, Board accountability and risk management. The Board has demonstrated its focus through the following actions: (i) formation of Board working groups to evaluate certain Company matters, including budgetary and overhead expense matters (see *"—Board Leadership Structure and Oversight"* below), (ii) submission of proposals to implement leading corporate governance practices related to Board accountability, including Board declassification, proxy access and removal of supermajority voting provisions (see *"Voting Item 2: Proposal to Declassify our Board"*, *"Voting Item 3: Proposal to Implement Proxy Access"* and *"Voting Item 4: Proposal to Eliminate Supermajority Voting Requirements"* below), (iii) development of an executive compensation system that appropriately ties executive pay to Company performance (see *"Executive Compensation—Compensation Discussion and Analysis"*) and (iv) full Board evaluation of significant Company risks at each regular meeting, including commodity price and environmental, health and safety risks (see *"—Board Role in Risk Oversight"* below).

Board Independence

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

In assessing director independence, the Committee considered the business the Company conducted in 2010, 2011 and 2012, including payments made by the Company to National Oilwell Varco, Inc. (NYSE:NOV), for which Mr. Miller serves as Chairman, President and Chief Executive Officer. The Company's business transactions with NOV were all conducted in the ordinary course of business. Payments made to NOV represented 0.56%, 0.98% and 0.76% of NOV's gross revenues during 2010, 2011 and 2012, respectively, well below the 2.0% of gross revenues threshold under the NYSE director independence rules. In assessing the independence of Messrs. Dunham, Martin and Simpson, the Committee also considered payments made by the Company to (i) Union Pacific Corporation (NYSE:UNP), for which Mr. Dunham serves as a director, (ii) FedEx Corporation (NYSE:FDX), for which Mr. Martin serves as a director, and (iii) SAIC, Inc. (NYSE:SAI), for which Mr. Simpson served as a director in 2012, which payments were, in each case, nominal. The Committee determined that all transactions and relationships it considered during its review were not material transactions or relationships with the Company and did not impair the independence of any of the independent directors.

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Board Leadership Structure and Oversight

The Company's leadership structure has evolved over the past year with the separation of the Chairman and CEO roles and appointment of Archie W. Dunham as the Company's independent, non-executive Chairman of the Board. The Board believes that this leadership structure provides an effective governance framework for the Company. Through the appointment of a non-executive Chairman, the Board has further strengthened its independent leadership, which the Board believes is a critical aspect of effective governance.

The chart below details the purpose of each level of hierarchy in the Company's leadership structure, including certain working groups formed by the Board in 2012, and provides additional detail on composition, meetings and 2012 activities with regard to the Board. More detail with regard to the composition, meeting and 2012 activities of each of the committees can be found below under *"—Board Committees"*.

Chairman of the Board

Purpose: Leads our Board of Directors and sets the tone for the Board's culture, including ensuring Board effectiveness and responsiveness to Chesapeake's shareholders. Oversees the scheduling and preparation of agendas for meetings of the Board and chairs executive sessions of the non-employee directors, which take place at least quarterly.

Chesapeake Board of Directors

Purpose: Promote the long-term success of Chesapeake for its shareholders and ensure proper oversight of management.

Members: 8

Independent: 8

2012 Meetings: 5 in person, 13 telephonic

Significant 2012 Events:

Appointed five new independent directors, including a non-executive Chairman of the Board

Negotiated the early termination of the Founder Well Participation Program

Reduced director compensation by approximately 20% and eliminated director use of fractionally owned aircraft for personal travel

Board Committees

Audit Committee	Compensation Committee	Nominating, Governance and Social Responsibility Committee
Purpose: Oversee financial reporting, legal compliance, internal and external audit functions and risk management systems	**Purpose:** Establish and oversee compensation policies that effectively attract, retain and motivate executive officers	**Purpose:** Oversee corporate governance structure and practices, board composition and corporate social responsibility matters

Board Working Groups[(1)]

Budget and Finance Working Group	Loan Working Group	General and Administrative Working Group
Purpose: Formed to work with management in the evaluation of various budget scenarios and asset sales	**Purpose:** Formed to work with management in the evaluation and execution of a term loan financing	**Purpose:** Formed to lead evaluation of the Company's general and administrative expenses to identify potential savings opportunities

(1)

The Board formed various informal working groups to work alongside management to evaluate certain focus areas of the Board in 2012. The working groups communicated regularly and working group activities were reported to the full Board.

Outside of formal Board and committee meetings and informal working group meetings, management frequently discusses matters with directors on an informal basis. Non-employee directors meet without management at each regularly scheduled Board meeting. Mr. Dunham presides over meetings of the non-employee directors. On March 29, 2013, the Board established a three-person Office of the Chairman while the Board continues its search for the Company's next CEO. The Office of the Chairman consists of Mr. Dunham, Steven C. Dixon, the Company's Acting CEO and Chief Operating Officer, and Domenic J. Dell'Osso, Jr., the Company's Executive Vice President and Chief Financial Officer. The Office of the Chairman is providing oversight of strategic, operational and financial matters as well as certain day-to-day management responsibilities.

Each director attended, either in person or by telephone conference, at least 75% of the Board and committee meetings held while serving as a director or committee member in 2012. The Company expects all serving directors to attend annual meetings of shareholders. All directors serving at the time of the 2012 annual meeting, except one, attended the meeting.

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Board Committees

The Company currently has three standing committees: an Audit Committee, a Compensation Committee and a Nominating, Governance and Social Responsibility Committee or Nominating Committee. Each committee has a charter which can be found on our website at *www.chk.com* in the Corporate Governance sub-section of the section entitled "About". A biographical overview of the members of our committees can be found beginning on page 9.

AUDIT COMMITTEE

Independent: **3**

Members: **3**

2012 Meetings: **5** in person, **6** telephonic

"It is an honor to serve on the Board of this great company. As Audit Committee chairman, I look forward to working with Messrs. Martin and Miller to ensure the effectiveness of our oversight function."

Chairman:

Louis A. Raspino

Members:

R. Brad Martin

Merrill A. ("Pete") Miller, Jr.

Responsibilities:

• Oversee the integrity of the Company's financial statements and disclosure

• Oversee the Company's compliance with legal and regulatory requirements

• Oversee the Company's internal audit function

• Appoint and oversee the independent auditor

• Oversee the Company's enterprise risk management program

• Oversee the Employee and Vendor Hotline for anonymous reporting of questionable activity

Significant 2012 Events:

• Undertook a comprehensive review of CEO personal financing and other related party arrangements

• Undertook a comprehensive review of legal matters related to 2010 leasing activities in Michigan

• Oversaw management of high volume of other legal matters and regulatory inquiries

COMPENSATION COMMITTEE

Independent: **3**

Members: **3**

2012 Meetings: **3** in person, **4** telephonic

"I am extremely proud of the work of the Compensation Committee over the past 18 months, which clearly demonstrates the Board's philosophy that Chesapeake pays for performance."

Chairman:

Merrill A. ("Pete") Miller, Jr.

Members:

Responsibilities:

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

Significant 2012 Events:

• Adopted formal compensation philosophy that emphasizes pay for performance and targets peer median

Bob G. Alexander

R. Brad Martin

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

• Periodically evaluate succession plans for executive officers

• Evaluate and recommend to the Board compensation of directors and other executive officers

• Oversee and administer the Company's compensation plans

• Establish and monitor compliance with stock ownership guidelines

compensation

• Substantially reduced 2012 annual incentive compensation and perquisites for executive officers, including elimination of personal use of fractionally owned Company aircraft by executive officers

• Approved new executive employment agreements with substantial changes, including elimination of "single-trigger" change of control payments

NOMINATING COMMITTEE

Independent: **4**

Members: **4**

2012 Meetings: **3** in person, **1** telephonic

"Our Committee's actions reflect the Board's belief that an effective corporate governance model, including a qualified Board that is accountable to shareholders, is critical to the Company's success."

Chairman:

Louis A. Simpson

Members:

Archie W. Dunham

Vincent J. Intrieri

Frederic M. Poses

Responsibilities:

• Establish criteria for Board and committee membership and selection of new directors

• Evaluate and recommend nominees for Board service

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

• Periodically evaluate the Company's Corporate Governance Principles and make recommendations to the Board on corporate governance matters

• Oversee compliance by the Board and management with the Company's Corporate Governance Principles and its Code of Business Conduct and Ethics

• Oversee policies, programs and practices respecting corporate social responsibility

Significant 2012 Events:

• Undertook a comprehensive review of corporate governance practices resulting in declassification, proxy access and supermajority voting elimination proposals

• Adopted policies regarding political and trade association payment oversight and disclosure

• Amended charter to address matters of corporate social responsibility and Board diversity

• Oversaw publication of inaugural corporate responsibility report

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Board Role in Risk Oversight

The Board has primary responsibility for risk oversight. The Board believes it is appropriate for the full Board to determine the Company's risk appetite and risk tolerance for significant risks, such as risks related to commodity price fluctuations and environmental, health and safety matters. This allows the full Board to analyze the Company's material risks and influence the Company's business strategies in light of such risks. Certain matters related to risks inherent in their respective areas of oversight are delegated to the various Board committees, with each committee reporting to the Board at each regular Board meeting. The Audit Committee, in addition to overseeing the integrity of our financial statements and compliance with legal and regulatory requirements and risks related thereto, is primarily responsible for overseeing the Company's enterprise risk management process, which oversight includes meetings with management, internal audit and independent auditors that focus on risks facing the Company, as well as the Employee and Vendor Hotline for anonymous reporting of questionable activity. The Compensation Committee oversees risks related to our compensation programs, management retention, development and succession. The Nominating Committee oversees risks related to Board composition and the Company's leadership structure and corporate governance, reputational and social responsibility risks. A number of other processes at the Board level support our risk management efforts, including Board reviews of our long-term strategic plans, capital budget and certain capital projects, hedging policy and strategy, significant acquisitions and divestitures and capital markets transactions, together with oversight of management in carrying out their risk management responsibilities.

Internal Board Review

On February 20, 2013, we announced that our Board of Directors had received the results of its previously announced review of the financing arrangements between Mr. McClendon (and the entities through which he participates in the Founder Well Participation Program, or FWPP) and third parties identified as having a financial relationship with us, as well as other matters. The review, which was led by the Audit Committee of the Board with the assistance of independent counsel retained by the independent members of the Board in April 2012, has been completed. In connection with the review, millions of pages of documents were collected and reviewed and more than 50 interviews of Chesapeake and third-party personnel were conducted.

Over the life of the FWPP, Mr. McClendon has typically mortgaged his interests acquired under the FWPP with one or more lenders, some of which also have lending, investment or advisory relationships with the Company. Mr. McClendon's mortgages with these lenders secure loans used in whole or in part to fund FWPP well costs. See *"Transactions with Related Persons—Founder Well Participation Program"*. The review of the financing arrangements did not reveal any improper benefit to Mr. McClendon or increased cost to the Company as a result of the overlap in the financial relationships. The review also covered other relationships in which both Mr. McClendon and the Company conducted business with the same financial institutions, issues regarding administration of the FWPP and other matters. Based on the documents reviewed and interviews conducted, no intentional misconduct by Mr. McClendon or any of the Company's management was found by the Board concerning these relationships and/or these transactions and issues.

We also announced on February 20, 2013 that our Board of Directors had concluded that the Company did not violate antitrust laws in connection with the acquisition of Michigan oil and gas rights in 2010. In June 2012, we received a subpoena and demands for documents and information from the U.S. Department of Justice and state governmental agencies investigating possible antitrust violations arising from 2010 leasing activities. The Board commenced its own investigation of these allegations in June 2012 and based its conclusion on a thorough review conducted independently by outside counsel and cooperation with the Department of Justice.

Communications to the Board

Shareholders and other interested parties may communicate with the Board, either individually or as a group, through one of the processes outlined on the Company's website at *www.chk.com* in the Corporate Governance sub-section of the section entitled "About".

Director Criteria, Qualifications and Experience

The Nominating Committee periodically assesses the skills and the experience needed for the Board to properly oversee the business and affairs of the Company. The Committee then compares those skills to the skills of the current directors and potential director candidates. The Committee conducts targeted efforts to identify and recruit individuals who have the qualifications identified through this process. The Committee has used third party consultants to assist in identifying potential director nominees. The Committee considers director candidates recommended by shareholders and, in the past, has nominated appropriate candidates recommended pursuant to the foregoing process.

Chesapeake is a large, vertically integrated exploration and production company. As such, the Committee looks for its current and potential directors collectively to have a diverse mix of skills, qualifications and experience, some of which are described below:

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

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The Committee seeks a mix of directors with the qualities that will achieve the ultimate goal of a well-rounded, diverse Board that thinks critically yet functions effectively by reaching informed decisions. The Committee's charter was recently amended to ensure that diverse candidates were included in all director searches, taking into account race, gender, age, culture, thought, leadership and geography. The Committee and the Board believe that a boardroom with a wide array of talents and perspectives leads to innovation, critical thinking and enhanced discussion. Additionally, the Committee expects each of the Company's directors to have proven leadership, sound judgment, integrity and a commitment to the success of the Company.

In evaluating director candidates and considering incumbent directors for nomination to the Board, the Committee considers a variety of factors. These include each nominee's independence, financial literacy, personal and professional accomplishments and experience in light of the needs of the Company. For incumbent directors, the factors also include past performance on the Board and contributions to their respective committees. Along with each director's biography, we have included below an assessment of the skills and experience of such director.

Voting Item 1: Election of Directors

Pursuant to provisions of the Company's Certificate of Incorporation and Bylaws, the Board has fixed the maximum number of directors at nine, subject to the rights of the holders of our preferred stock to nominate and elect two additional directors under preferred stock certificates of designation in circumstances that are not anticipated to apply. Our Certificate of Incorporation and Bylaws currently provide for three classes of directors serving staggered three-year terms, each to hold office until a successor is elected and qualified or until the director's earlier resignation or removal. Our Board is recommending that shareholders approve the declassification of our Board in this proxy statement. See *"Voting Item 2: Proposal to Declassify our Board"*. The outcome of that vote will determine whether we declassify the Board and provide for annual elections of directors beginning with the 2014 annual meeting or continue to have a classified Board.

The terms of Bob G. Alexander, Merrill A. ("Pete") Miller, Jr. and Louis A. Simpson, each a member of Class I, expire at the meeting. The Board has nominated each of them to serve for a one-year term if shareholders approve declassifying the Board or, alternatively, for a three-year term expiring in 2016 if shareholders do not approve declassifying the Board. Due to the Company's mandatory retirement policy, Mr. Alexander's term will end at the 2014 annual meeting in either case.

The directors currently serving in Class II and Class III have indicated their support for the elimination of the Company's classified board structure and have agreed to allow shareholders to vote on their continued service on the Board. The Class II directors consist of Vincent J. Intrieri and Frederic M. Poses, whose terms expire in 2014. Any director serving in Class II who receives a majority of votes cast in favor of his continued service on the Board will continue to serve as a director for the remainder of his term, or one year. The Class III directors consist of Archie W. Dunham, R. Brad Martin and Louis A. Raspino, whose terms expire in 2015. If declassification is approved by shareholders, any director serving in Class III who receives a majority of votes cast in favor of his continued service on the Board will serve for an additional year and his term will expire at the 2014 annual meeting, in accordance with the proposed amendment to our Certificate of Incorporation. If declassification is not approved by shareholders, any director serving in Class III who receives a majority of votes cast in favor of his continued service on the Board will serve the remainder of his term, or until 2015.

Whether or not declassification of our Board is approved by shareholders, the Company's Bylaws provide that any incumbent director, which includes all nominees, who does not receive a majority of votes cast in favor of his election, or a Majority Against Vote, will, following the certification of the shareholder vote by the inspector of elections, promptly comply with the resignation procedures established under the Company's Corporate Governance

Principles. The Class II and Class III directors have agreed that they will comply with these procedures if their continued service on the Board is not approved by a majority vote.

It is the intention of the persons named in the enclosed form of proxy to vote such proxies for the election of the nominees. The Board expects that all of the nominees will be available for election but, if any of the nominees is not available, proxies received will be voted for substitute nominees to be designated by the Board or, if no such designation is made, proxies will be voted for a lesser number of nominees.

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Director Nominees

Bob G. Alexander

Independent Director Nominee

Age: 79

Director since: 2012

Board Committee: Compensation

Other current public directorships: TransAtlantic Petroleum Ltd. and CVR Energy, Inc.

Bob G. Alexander, 79, has been a member of our Board of Directors since June 2012. Mr. Alexander, a founder of Alexander Energy Corporation, served as Chairman of the Board, President and Chief Executive Officer of Alexander Energy from 1980 to 1996. Alexander Energy merged with National Energy Group, Inc., an oil and gas property management company, in 1996 and Mr. Alexander served as President and Chief Executive Officer from 1998 to 2006. From 1976 to 1980, Mr. Alexander served as Vice President and General Manager of the Northern Division of Reserve Oil, Inc. and President of Basin Drilling Corporation, both subsidiaries of Reserve Oil and Gas Company of Denver, Colorado. He currently serves on the Board of Directors of TransAtlantic Petroleum Ltd. (AMEX:TAT) and CVR Energy, Inc. (NYSE:CVI). Mr. Alexander also served as a director of Quest Resource Corporation from June to August 2008. Mr. Alexander has served on numerous committees with the Independent Petroleum Association of America, the Oklahoma Independent Petroleum Association and the State of Oklahoma Energy Commission. The Board believes Mr. Alexander's experience as Chief Executive Officer of two public energy companies and current service as a director of two public energy companies qualifies him to serve on the Board.

Merrill A. ("Pete") Miller, Jr.

Independent Director Nominee

Age: 62

Director since: 2007

Board Committee: Audit, Compensation (Chair)

Other current public directorships: National Oilwell Varco, Inc.

Merrill A. ("Pete") Miller, Jr., 62, has been a member of our Board of Directors since 2007 and was our Lead Independent Director from March 2010 to June 2012. Mr. Miller is Chairman, President and Chief Executive Officer of National Oilwell Varco, Inc. (NYSE:NOV), a supplier of oilfield services, equipment and components to the worldwide oil and natural gas industry. Mr. Miller joined NOV in 1996 as Vice President of Marketing, Drilling Systems and was promoted in 1997 to President of the company's products and technology group. He was named President and Chief Operating Officer in 2000, elected President and Chief Executive Officer in 2001 and also elected Chairman of the Board in 2002. Mr. Miller served as President of Anadarko Drilling Company from 1995 to

1996. Prior to his service at Anadarko, Mr. Miller spent fifteen years at Helmerich & Payne International Drilling Company (NYSE:HP) in Tulsa, Oklahoma, serving in various senior management positions, including Vice President, U.S. Operations. Mr. Miller serves on the Board of Directors for the Offshore Energy Center, Petroleum Equipment Suppliers Association and Spindletop International, and is a member of the National Petroleum Council. The Board believes Mr. Miller's more than 30 years of management and executive experience in the energy industry and service as Chairman, President and Chief Executive Officer of NOV qualifies him to serve on the Board.

Louis A. Simpson

Independent Director Nominee

Age: 76

Director since: 2011

Board Committee: Nominating (Chair)

Other current public directorships: VeriSign, Inc.

Louis A. Simpson, 76, has been a member of our Board of Directors since June 2011. He is the Chairman of SQ Advisors, LLC, a private investment company. Mr. Simpson served as President and Chief Executive Officer, Capital Operations, of GEICO Corporation (a subsidiary of Berkshire Hathaway Corporation (NYSE:BRK.A)) from 1993 until his retirement on December 31, 2010. From 1985 to 1993, he served as Vice Chairman of the Board of GEICO. Mr. Simpson joined GEICO in 1979 as Senior Vice President and Chief Investment Officer. Prior to joining GEICO, Mr. Simpson was President and Chief Executive Officer of Western Asset Management, a subsidiary of the Los Angeles, California-based Western Bancorporation. Previously, Mr. Simpson was a partner at Stein Roe and Farnham, a Chicago, Illinois investment firm, and an instructor of economics at Princeton University. Mr. Simpson has also served as a director of VeriSign, Inc. (NASDAQ:VRSN) since 2005 and served as a director of SAIC, Inc. (NYSE:SAI) from 2006 to June 2012. He was previously a director of Western Asset Funds Inc. and Western Asset Income Fund and a trustee of Western Asset Premier Bond Fund until 2006. The Board believes Mr. Simpson's experience as Chief Executive Officer, Capital Operations, of GEICO and service on multiple public company boards provides a unique blend of experience and qualifies him to serve on the Board.

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Vincent J. Intrieri

Independent Director Nominee

Age: 56

Director since: 2012

Board Committee: Nominating

Other current public directorships: CVR Energy, Inc., CVR Refining, LP, Federal-Mogul Corporation and Navistar International Corporation

Vincent J. Intrieri, 56, has been a member of our Board of Directors since June 2012. Mr. Intrieri has been employed by Icahn-related entities since October 1998 in various investment related capacities. Since January 2008, Mr. Intrieri has served as Senior Managing Director of Icahn Capital LP, the entity through which Carl C. Icahn manages private investment funds. In addition, since November 2004, Mr. Intrieri has been a Senior Managing Director of Icahn Onshore LP, the general partner of Icahn Partners LP, and Icahn Offshore LP, the general partner of Icahn Partners Master Fund LP, Icahn Partners Master Fund II LP and Icahn Partners Master Fund III LP, entities through which Mr. Icahn invests in securities. Mr. Intrieri has been a director of CVR Refining GP, LLC, the general partner of CVR Refining, LP (NYSE:CVRR), an independent downstream energy limited partnership, since January 2013; Navistar International Corporation (NYSE:NAV), a truck and engine manufacturer, since October 2012; CVR Energy, Inc. (NYSE:CVI), an independent petroleum refiner and marketer of high value transportation fuels, since May 2012; and Federal-Mogul Corporation (NYSE:FDML), a supplier of automotive powertrain and safety components, since December 2007. Mr. Intrieri was previously a director of Icahn Enterprises G.P. Inc., the general partner of Icahn Enterprises L.P. (NASDAQ:IEP), a diversified holding company engaged in a variety of businesses, including investment, automotive, energy, gaming, railcar, food packaging, metals, real estate and home fashion, from July 2006 to September 2012, and was Senior Vice President of Icahn Enterprises G.P. Inc. from October 2011 to September 2012; a director of Dynegy Inc. (NYSE:DYN), a company primarily engaged in the production and sale of electric energy, capacity and ancillary services, from March 2011 to September 2012; chairman of the board and a director of PSC Metals Inc., a metal recycling company, from December 2007 to April 2012; a director of Motorola Solutions, Inc. (NYSE:MSI), a provider of communication products and services, from January 2011 to March 2012; a director of XO Holdings, Inc., a telecommunications company, from February 2006 to August 2011; a director of National Energy Group, Inc., a company that was engaged in the business of managing the exploration, production and operations of natural gas and oil properties, from December 2006 to June 2011; a director of American Railcar Industries, Inc. (NASDAQ:AEII), a railcar manufacturing company, from August 2005 to March 2011, and was a Senior Vice President, the Treasurer and the Secretary of American Railcar Industries from March 2005 to December 2005; a director of WestPoint International, Inc., a manufacturer and distributor of home fashion consumer products, from November 2005 to March 2011; chairman of the board and a director of Viskase Companies, Inc., a meat casing company, from April 2003 to March 2011; a director of WCI Communities, Inc., a homebuilding company, from August 2008 to September 2009; a director of Lear Corporation (NYSE:LEA), a global supplier of automotive seating and electrical power management systems and components, from November 2006 to November 2008; and President and Chief Executive Officer of Philip Services Corporation, an industrial services company, from April 2005 to September 2008. CVR Refining, CVR Energy, Federal-Mogul, PSC Metals, XO Holdings, National Energy Group, American Railcar Industries, WestPoint, Viskase Companies and Philip Services each are or previously were indirectly controlled by Carl C. Icahn. Mr. Icahn also has or previously had a non-controlling interest in

Chesapeake, Navistar, Dynegy, Motorola Solutions, WCI Communities and Lear, in each case, through the ownership of securities. Mr. Intrieri was a certified public accountant. The Board believes Mr. Intrieri's vast executive experience and service on multiple public company boards qualifies him to serve on the Board.

Frederic M. Poses

Independent Director Nominee

Age: 70

Director since: 2012

Board Committee: Nominating

Other current public directorships: TE Connectivity Ltd. and Raytheon Company

Frederic M. Poses, 70, has been a member of our Board of Directors since June 2012. Mr. Poses is the Chief Executive Officer of Ascend Performance Materials, a private company. Previously, he was Chairman and Chief Executive Officer of Trane Inc. (formerly American Standard Companies, Inc.), a subsidiary of Ingersoll-Rand plc (NYSE:IR), from 1999 to 2008. He previously spent 30 years at AlliedSignal, Inc. and predecessor companies from 1969 to 1999, most recently as President and Chief Operating Officer. He currently serves as non-executive Chairman of the Board of Directors of TE Connectivity Ltd. (NYSE:TEL) and a director of Raytheon Company (NYSE:RTN). He is a former director of Centex Corporation (now a part of PulteGroup, Inc. (NYSE:PHM)) and WABCO Holdings Inc. (NYSE:WBC). The Board believes Mr. Poses' experience as Chief Executive Officer of publicly traded and private companies and service on multiple public company boards qualifies him to serve on the Board.

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Archie W. Dunham

Independent Director Nominee

Age: 74

Director since: 2012

Board Committee: Nominating

Other current public directorships: Union Pacific Corporation and Louisiana-Pacific Corporation

Archie W. Dunham, 74, has been the non-executive Chairman of our Board of Directors since June 2012. Mr. Dunham served as Chairman of ConocoPhillips (NYSE:COP) from 2002 until his retirement in 2004. Prior to that, he served as Chairman, President and Chief Executive Officer of Conoco Inc. from 1999 to 2002, after being elected President and Chief Executive Officer in 1996. Mr. Dunham currently serves on the Board of Directors of Union Pacific Corporation (NYSE:UNP) and Louisiana-Pacific Corporation (NYSE:LPX). Mr. Dunham was a director of Phelps Dodge Corporation from 1998 to 2007 and Pride International, Inc. from 2005 until May 2011. Mr. Dunham is currently a member of DeutscheBank's Americas Advisory Board and is the past Chairman of the National Association of Manufacturers, the United States Energy Association and the National Petroleum Council. The Board believes Mr. Dunham's experience as Chief Executive Officer of Conoco Inc. and Chairman of ConocoPhillips and service on multiple public company boards qualifies him to serve on the Board.

R. Brad Martin

Independent Director Nominee

Age: 61

Director since: 2012

Board Committee: Audit, Compensation

Other current public directorships: Dillard's Inc., FedEx Corporation and First Horizon National Corporation

R. Brad Martin, 61, has been a member of our Board of Directors since June 2012. Mr. Martin is the Chairman of RBM Venture Company, a private investment company, and was recently named interim president of the University of Memphis effective July 1, 2013. He was Chairman and Chief Executive Officer of Saks Incorporated (NYSE:SKS) from 1989 to January 2006, and remained Chairman until his retirement in May 2007. Mr. Martin currently serves as a director of FedEx Corporation (NYSE:FDX), First Horizon National Corporation (NYSE:FHN) and Dillard's Inc. (NYSE:DDS), although he has notified Dillard's that he will not stand for re-election at its annual meeting of stockholders in May 2013. He was previously a director of Caesars Entertainment Corporation (NASDAQ:CZR) (formerly Harrah's Entertainment, Inc.), lululemon athletica inc. (NASDAQ:LULU), Gaylord Entertainment Company (now Ryman Hospitality Properties, Inc. (NYSE:RHP)) and Ruby Tuesday, Inc. (NYSE:RT). The Board believes Mr. Martin's experience as Chief Executive Officer of a publicly traded company for nearly 20 years and service on multiple public company boards qualifies him to serve on the Board.

Louis A. Raspino

Independent Director Nominee

Age: 60

Director since: 2013

Board Committee: Audit (Chair)

Other current public directorships: Dresser-Rand Group, Inc. and Forum Energy Technologies

Louis A. Raspino, 60, has been a member of our Board of Directors since March 2013 when he was appointed to the vacancy created by the retirement of V. Burns Hargis. Mr. Raspino was President and Chief Executive Officer of Pride International Inc., an international provider of contract drilling and related services to oil and natural gas companies, from June 2005 until the sale of the company in May 2011. He was the Executive Vice President and Chief Financial Officer of Pride International Inc. from December 2003 until June 2005. Before joining Pride International in December 2003, he was Senior Vice President and Chief Financial Officer of Grant Prideco, Inc., a manufacturer of drilling and completion products supplying the energy industry, from July 2001 until December 2003. Previously, he was Vice President of Finance for Halliburton Company (NYSE:HAL), Senior Vice President and Chief Financial Officer of The Louisiana Land & Exploration Company and began his career with Ernst & Young. He has been a director of Dresser-Rand Group, Inc. (NYSE:DRC) since 2005 and a director of Forum Energy Technologies, Inc. (NYSE:FET) since 2012. Mr. Raspino is a certified public accountant. The Board believes Mr. Raspino's over 35 years experience in the oil and gas industry, including serving as Chief Executive Officer of Pride International, Inc., Chief Financial Officer of three public companies and 20 years experience in the exploration and production industry, and service on multiple public company boards qualifies him to serve on the Board.

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

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Voting Item 2: Proposal to Declassify our Board

We are asking shareholders to approve an amendment to our Certificate of Incorporation to effect the declassification of our Board of Directors. Currently, our Certificate provides that our Board is divided into three classes, with members of each class holding office for staggered three-year terms. One class of directors, representing approximately one-third of our directors, stands for election at each annual meeting of shareholders.

Following our 2012 annual meeting, our Board performed a comprehensive review of the Company's corporate governance practices, led by our Nominating, Governance and Social Responsibility Committee, which included the solicitation of shareholder input in this area. In connection with this review, our Board considered the issue of board declassification. In light of a recent change in the Oklahoma General Corporation Act that no longer requires our Board to be classified, and shareholder feedback on the issue, our Board, at its meeting on April 5, 2013, approved an amendment to the Certificate to declassify the Board, subject to shareholder approval.

Proposed Amendment

A summary of the proposed amendment to the Certificate is set forth below. The description of the proposed amendment to the Certificate set forth herein is qualified in its entirety by reference to the text of the proposed amendment, which is attached as Exhibit A to this proxy statement.

Amendment to Certificate

We are asking shareholders to approve an amendment to our Certificate that would eliminate the three-year classified terms of our directors and provide instead for the annual election of all directors elected at our 2014 annual meeting for one-year terms expiring at the next succeeding annual meeting, subject to a director's earlier death, resignation, retirement, disqualification or removal from office. Further, in connection with the proposed declassification of the Board, we are also proposing to amend our Certificate so that a director elected or appointed by the Board to fill any vacancy on our Board will hold office for a term expiring at the next annual meeting of shareholders. If the proposed amendment to the Certificate is approved as set forth in this Voting Item 2, all directors would be elected by shareholder vote at the 2014 annual meeting and would be elected for one-year terms to expire at the annual shareholders meeting in 2015. In addition, following the effectiveness of the amendment to the Certificate, any directors elected or appointed to fill any vacancies on the Board would be appointed for terms expiring at the next annual meeting of shareholders following such appointment. The proposed amendment will thus have the effect of shortening the existing terms of certain directors whose terms extend beyond the 2014 annual meeting. See *"Voting Item 1: Election of Directors"* for a description of the terms of each class of our directors.

Conforming Amendment to Bylaws

In connection with the amendment to our Certificate to declassify the Board, our Board has approved a conforming amendment to our Amended and Restated Bylaws which will become effective immediately following the effectiveness of the counterpart amendment to our Certificate without further action by the shareholders; provided, however, that the amendment to the Bylaws is conditioned upon shareholder approval of the proposed amendment to the Certificate. In addition to the conforming changes made in accordance with the amendment to the Certificate described above, our Board has approved changes to the Bylaws to provide that, from and after the effectiveness of the declassification of the Board, a majority of shareholders may remove any director or the entire Board of Directors with or without cause. Under Oklahoma law, shareholders may remove directors of corporations with classified boards only for cause, while directors of corporations without classified boards may be removed with or without cause. Accordingly, the Board believes that it is appropriate to amend the Bylaws to confirm that, in accordance with Oklahoma law, from and after the effectiveness of the declassification, shareholders may remove a director with or without cause.

Effectiveness and Vote Required

If the proposed amendment to our Certificate to declassify the Board is approved, it will become effective upon the filing of such amendment with the Oklahoma Secretary of State, and the conforming changes to the Bylaws will become effective immediately following the effectiveness of the amendment to the Certificate. If the proposed amendment is not approved, the Board will continue to be divided into three classes of directors elected for three-year terms, and the shareholders will continue to be able to remove directors only for cause pursuant to the Bylaws. The affirmative vote of the holders of at least sixty-six and two-thirds percent (66 2/3%) of the issued and outstanding common stock of the Company is required to approve the amendment to our Certificate to declassify the Board.

The Board of Directors recommends a vote “FOR” amending our Certificate to declassify our Board

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Voting Item 3: Proposal to Implement Proxy Access

We are asking shareholders to approve an amendment to our Bylaws to permit shareholder-nominated director candidates in our proxy materials. At our 2012 annual meeting, a similar shareholder-submitted proposal received the support of a majority of shareholders who cast votes at the meeting. Our Board considered the proposal at its meeting on April 5, 2013 and, because it relates to the fundamental right of shareholders to elect directors, determined to submit this proposal to amend the Bylaws to implement proxy access.

Proposed Amendment

A summary of the proposed amendment to the Bylaws is set forth below. The descriptio