

CHESAPEAKE ENERGY CORP
Form DEF 14A
April 10, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

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

CHESAPEAKE ENERGY CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than The Registrant)

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Q&A ABOUT THE ANNUAL MEETING

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

When and where is the Annual Meeting?

The 2015 annual meeting of shareholders (the Annual Meeting) will be held at the Company s headquarters, 6100 N. Western Avenue, Oklahoma City, Oklahoma 73118, on Friday, May 22, 2015, at 10:00 a.m. Central Time.

Who is entitled to vote?

You may vote at the Annual Meeting, and any adjournment or postponement thereof, if you were a holder of record of Chesapeake common stock as of the close of business on Monday, March 23, 2015, the record date for the Annual Meeting. Each share of Chesapeake common stock is entitled to one vote at the Annual Meeting, except for unvested shares of restricted stock issued prior to January 1, 2013 to

our directors, officers, employees and consultants, which do not have voting rights. On the record date, there were 665,122,918 shares of common stock issued and outstanding and 663,545,394 shares of common stock entitled to vote at the Annual Meeting. There are no cumulative voting rights associated with Chesapeake common stock.

Who is soliciting my vote?

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

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

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

The proxy materials for the Annual Meeting include:

The Notice of 2015 Annual Meeting of Shareholders;

This Proxy Statement; and

Our 2014 Annual Report to shareholders (the Annual Report).

If you requested printed versions by mail, these proxy materials also include the proxy card or voting instruction form for the Annual Meeting. These materials were first sent or made available to shareholders on or about April 10, 2015.

What proposals will be voted on at the Annual Meeting and how does the Board recommend that I vote?

Proposal	Board Vote Recommendation
Proposal 1: Election of Directors	FOR EACH DIRECTOR NOMINEE
Management Proposals	
Proposal 2: Advisory Vote to Approve Named Executive Officer Compensation	FOR
Proposal 3: Ratification of Independent Registered Public Accounting Firm	FOR
Shareholder Proposals	
Proposal 4: Appointment of Environmental Director	AGAINST
Proposal 5: Climate Change Report	AGAINST
Proposal 6: Political Spending Report	AGAINST
Proposal 7: Creation of Board of Director Risk Oversight Committee	AGAINST
Will any other business be conducted at the Annual Meeting?	

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

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

Q&A ABOUT THE ANNUAL MEETING **1**

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How many votes must be present to hold the Annual Meeting?

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

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

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

Pursuant to rules adopted by the SEC, we use the Internet as the primary means of furnishing proxy materials to shareholders. Accordingly, we have sent a Notice of Internet Availability of Proxy Materials (the Notice) to our shareholders. Instructions on how to access the proxy materials over the Internet or how to request a printed copy may be found in the Notice. All shareholders will be able to access the proxy materials online or to request a printed set of the proxy materials at www.proxyvote.com.

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

How can I access the proxy materials electronically?

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

View our proxy materials and Annual Report for the Annual Meeting; and

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

Choosing to receive future proxy materials by email will reduce the impact of our annual meetings on the environment and will save the cost of printing and mailing documents to you. If you choose to receive future proxy materials by email, you will receive an email message next year with instructions containing a link to those materials and a link to the proxy voting website. Your election to receive proxy materials by email will remain in effect until you terminate it.

[What is the difference between a shareholder of record and a beneficial owner of shares held in street name?](#)

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

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

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

[How do I vote?](#)

There are five ways to vote:

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

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

No.

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

Yes.

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

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

each voting item will be identical across all of those shares. To allow sufficient time for the trustee to vote the 401(k) Plan shares, your voting instructions must be received by 10:59 p.m. Central Time on May 20, 2014. If you do not vote your proxy, the trustee will vote the 401(k) Plan shares credited to your 401(k) Plan account in the same proportion as the 401(k) Plan shares of other participants for which the trustee has received proper voting instructions.

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

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

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

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

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

Routine Matters. The ratification of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2015 (Proposal No. 2) is the only routine matter to be presented at the Annual Meeting on which brokers or other nominees may vote in their discretion on behalf of beneficial owners who have not provided voting instructions. Therefore, no broker non-votes are expected in connection with Proposal No. 2.

Non-Routine Matters. Each of the other proposals, including the election of directors (Proposal No. 1), the advisory resolution approving our executive compensation (Proposal No. 3), and each of the shareholder proposals (Proposal Nos. 4-7), are considered non-routine matters under applicable NYSE rules. A broker or other nominee cannot vote on non-routine matters without instructions, and therefore broker non-votes may exist in connection with Proposal No. 1 and Proposal Nos. 3-7.

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

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

Advisory Vote to Approve Named Executive Officer Compensation: The approval of our named executive officer compensation in an advisory manner requires the affirmative vote of a plurality of the votes cast, in

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

Ratification of Independent Registered Public Accounting Firm: The ratification of PricewaterhouseCoopers LLP as our independent registered public accounting firm requires the affirmative vote of a plurality of the votes cast, in person or by proxy. For this purpose, abstentions and broker non-votes are not counted as a vote cast either for or against the proposal.

Shareholder Proposals: The approval of shareholder proposals, if presented, requires the affirmative vote of a plurality of the votes cast, in person or by proxy. For this purpose, abstentions and broker non-votes are not counted as a vote cast either for or against the proposals.

[What is the effect of an advisory vote?](#)

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

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

Q&A ABOUT THE ANNUAL MEETING **3**

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

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

Requests for admission tickets will be processed in the order in which they are received and must be requested no later than Wednesday, May 20, 2015. Please note that seating is limited and requests for tickets will be accepted on a first-come, first-served basis. If you are

unable to attend the meeting, you can still listen to the meeting, which will be webcast and available on our Investor Relations website at www.chk.com/investors.

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

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

Do we have a policy about directors' attendance at the Annual Meeting?

Yes. Pursuant to our Corporate Governance Guidelines, directors are expected to attend the Annual Meeting. All of the persons who were serving as directors at the time and one new director nominee attended the 2014 annual meeting of shareholders.

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

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

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

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

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

[Is my vote confidential?](#)

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

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

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

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

[Who is paying for this proxy solicitation?](#)

We are paying all proxy solicitation costs. We have retained Alliance Advisors to assist in the distribution of proxy materials and the solicitation of proxies from brokerage firms, banks, broker-dealers or other similar organizations

representing beneficial owners of shares for the Annual Meeting. We anticipate paying Alliance Advisors a fee of \$18,500, plus expenses.

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

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

Obtaining beneficial owners voting instructions.

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

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

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

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

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

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

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CORPORATE GOVERNANCE

Our Board 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 applicable to all directors, officers and employees, including our principal executive officer, principal financial officer and principal accounting officer. These documents, along with our 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 all

committee charters, are available on our website at www.chk.com in the Corporate Governance sub-section of the section entitled "About." Waivers of provisions of the Code of Business Conduct, if any, as to any director or executive officer are required to be evaluated by the Nominating, Governance and Social Responsibility Committee or the Board and amendments to the Code of Business Conduct must be approved by the Board; we intend to post any such waivers from, or changes to, the Code of Business Conduct on our website within four business days of such approval.

Board of Directors

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

The Board is led by Archie W. Dunham, the independent, non-executive Chairman, and is comprised of nine independent members (including

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

Board Culture and Focus

The Board has established a boardroom 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. The directors are expected to, and do, ask hard questions of management. Each member of the Board is committed to maximizing shareholder value and promoting shareholder interests. The Board's key areas of focus are on our strategy and vision, enhancing financial and management oversight, Board accountability and risk management. The Board has demonstrated its focus through the following actions: (i) development of a corporate strategy focused on financial discipline and profitable and efficient growth from captured resources; (ii) submission

and approval of proposals at the 2014 annual meeting to implement leading corporate governance practices related to Board accountability, including Board declassification, proxy access and removal of supermajority voting provisions; (iii) development of an executive compensation program that appropriately ties executive pay to Company performance (see *Executive Compensation Compensation Discussion and Analysis*); (iv) hiring of a Chief Compliance Officer who reports to the Chairman of the Audit Committee; and (v) full Board evaluation of significant Company risks at each regular meeting, including commodity price and environmental, health and safety risks (see *Board Role in Risk Oversight*).

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Board Leadership Structure and Oversight

We separated the Chairman and CEO roles in 2012 and the Board appointed Mr. Dunham as its independent, non-executive Chairman. The Chairman presides at all meetings of the Board, as well as executive sessions of non-employee directors and, in consultation with the CEO, non-employee directors and management, establishes the agenda for each Board meeting. The Board has also delegated certain matters to its four committees, each of which is chaired by an independent director. The Board believes that this leadership structure provides an effective governance framework at this time.

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

The Finance Committee was formed in June 2014. Previously, the Finance Committee was a subcommittee of the Audit Committee.

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

Each director attended, either in person or by telephone conference, at least 75% of the Board and committee meetings held while serving as a director or committee member in 2014. We expect all serving directors to attend annual meetings of shareholders. All directors serving at the time of the 2014 annual meeting and one new director nominee attended the meeting.

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Board Committees

The Board currently has four standing committees: an Audit Committee, a Finance Committee, a Compensation Committee and a Nominating, Governance and Social Responsibility Committee, or Nominating Committee. Each committee has a charter which can be found on our website at 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 under Director Nominees.

AUDIT COMMITTEE	Members: 4	
	Independent: 4	
	Audit Committee Financial Experts: 3	
	2014 Meetings: 11	
Chairman:	Responsibilities:	Significant 2014 Events:
Louis A. Raspino	Oversee the integrity of the Company's financial statements and financial disclosure	Recommended that Finance Subcommittee be elevated to full Committee status in order to provide assistance to the Board in overseeing the financing strategy, financial policies and financial condition of the Company
Members:	Oversee the Company's compliance with legal and regulatory requirements	
John J. Lipinski	Oversee the Company's internal audit function	
Kimberly K. Querrey	Oversee the Company's Chief Compliance Officer	Oversaw new Chief Compliance Officer, who reports directly to the Audit Committee, the internal audit function and the independent registered public accounting firm
Thomas L. Ryan	Appoint and oversee the independent registered public accounting firm	
	Oversee the Company's enterprise risk management program	Oversaw management of high volume of legal matters and regulatory inquiries
	Oversee the employee and vendor hotline for anonymous reporting of questionable activity	
Appointed April 2015		
FINANCE COMMITTEE	Members: 5	
	Independent: 5	
	2014 Meetings: 4 (since formation in June 2014)	
	Responsibilities:	Significant 2014 Events:

Chairman:	Oversee annual budget process	Worked closely with management to develop the 2015 budget
Vincent J. Intrieri	Oversee the Company's financing strategy, financial policies and financial condition	Oversaw policies and procedures related to commodity hedging program
Members:	Oversee and evaluate opportunities to reduce debt and balance sheet complexity	Successfully assisted in evaluation and execution of alternatives to reduce leverage and financial complexity, including refinancing of a new \$4 billion unsecured credit facility, spin-off of oilfield services business, property exchange in Powder River Basin and dispositions of non-core assets, including a \$4.975 billion sale of assets in southern Marcellus and eastern Utica Shale
Archie W. Dunham	Oversee the Company's financial risk assessment program, including capital expenditure levels and debt/equity repurchase opportunities	Recommended adoption of \$1 billion share repurchase program
R. Brad Martin	Oversee strategic transactions, including potential dispositions of non-core assets, spin-offs and acquisitions	
Frederic M. Poses		
Thomas L. Ryan		

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COMPENSATION COMMITTEE	Members: 3	
	Independent: 3	
	2014 Meetings: 7	
	Responsibilities:	Significant 2014 Events:
	Chairman:	
	Merrill A. (Pete) Miller, Jr.	Negotiated new target compensation for CEO and named executive officers near the median of our peer group
	Members:	
John J. Lipinski	Implemented a new Annual Incentive Plan and based annual incentive opportunities on the Company's performance relative to six pre-established, objective operational and financial goals	
R. Brad Martin	Evaluate and recommend to the Board compensation of directors	
	Evaluate and approve compensation of named executive officers	Held named executive officer base salaries and target annual incentive opportunities substantially flat for 2014
	Oversee and administer the Company's compensation plans	Oversaw implementation of a Company-wide employee compensation program that aligns with corporate performance goals
	Establish and monitor compliance with stock ownership guidelines	
NOMINATING COMMITTEE	Members: 4	
	Independent: 4	
	2014 Meetings: 5	
	Responsibilities:	Significant 2014 Events:
Chairman:		
R. Brad Martin	Establish criteria for Board and committee membership and selection of new directors	Successfully recruited a highly regarded director, John J. Lipinski, to the Board
Members:		
Archie W. Dunham	Evaluate and recommend nominees for Board service	Increased the maximum number of directors to ten with goal of enhancing director diversity
Vincent J. Intrieri	Periodically assess and advise the Board on sufficiency of the size and diversity of the Board	Oversaw shareholder engagement program whereby the Company engaged with nearly 60% of its shareholder base on various topics
Frederic M. Poses	Oversee compliance with, and periodically evaluate, the Company's Corporate Governance Principles	Recommended, and oversaw implementation of, best practice corporate

Evaluate and make recommendations to the Board on corporate governance matters	governance initiatives, including declassification of Board, proxy access and elimination of supermajority voting requirements
Monitor the Company's charitable contributions, political spending and lobbying activities	Evaluated and recommended realignment of Committee membership
Oversee policies, programs and practices with regard to corporate social responsibility	Oversaw publication of the Company's third corporate responsibility report

Board Independence

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

In assessing director independence, the Committee considered the business the Company conducted in 2012, 2013 and 2014 with the companies below that had affiliations with our directors. The Committee determined that all transactions and relationships it considered during its review were not material transactions or relationships with the Company and did not impair the independence of any of the independent directors.

Director	Organization	Relationship	Transactions	Size for Each of Last Three Years
Mr. Dunham	Union Pacific Corporation	Director	Sales to CHK	<1% of Union Pacific revenues
	DeutscheBank Trust Company Americas (DTCA)	Advisory Board Member	Sales to CHK	<1% of DTCA revenues
Mr. Intrieri	Hertz Global Holdings, Inc. (HTZ)	Director	Sales to CHK	<1% of HTZ revenues
Mr. Miller	National Oilwell Varco, Inc. (NOV)	Former Executive Chairman and CEO	Purchases from CHK	<1% of NOV revenues
	Now Inc. (DNOV)	Executive Chairman	Sales to CHK	<1% of NOV revenues
Mr. Martin	FedEx Corporation	Director	Sales to CHK	1.4% of DNOW revenues
	Pilot Travel Centers LLC	Member of Board of Managers	Sales to CHK	<1% of FedEx revenues
			Sales to CHK	<1% of Pilot revenues

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Board Oversight of Risk Management

The Board has primary responsibility for risk oversight. The Board believes it is appropriate for the full Board to determine the Company's risk profile and risk tolerance for significant risks, such as risks related to commodity price fluctuations and environmental, health and safety matters. This allows the full Board to analyze the Company's material risks and influence the Company's business strategies in light of such risks. Certain matters related to risks inherent in their respective areas of oversight are delegated to the various Board committees, with each committee reporting to the Board at each regular Board meeting. The Audit Committee, in addition to overseeing the integrity of our financial statements and compliance with legal and regulatory requirements and risks related thereto, is primarily responsible for overseeing the Company's enterprise risk management process, which oversight includes meetings with management, internal audit and independent auditors that focus on risks facing the Company, as well as monitoring the employee and vendor hotline for anonymous reporting of questionable activity. The Finance Committee, which was a subcommittee of the Audit Committee until June 2014, oversees corporate financial strategies and risks, including the annual budget, strategic transactions, debt/equity

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

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

Communications to the Board

Shareholders and other interested parties may communicate with the Board, either individually or as a group (including only independent directors), through one of the processes outlined on the Company's

website at 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 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 looks for its current and potential directors collectively to have a diverse mix of skills, qualifications and experience, some of which are described below:

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

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

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

At the 2014 Annual Meeting, shareholders approved an amendment to the Company's Certificate of Incorporation to increase the maximum number of directors from nine to ten. The Nominating Committee then began a search for a new director nominee with a view toward enhancing the diversity of the Board. On April 7, 2015, upon recommendation of the Nominating Committee, the Board appointed Kimberly K. Querrey as a new director and nominated her for election to the Board at the 2015 Annual Meeting. Ms. Querrey was recommended to the Nominating Committee by one of the Company's shareholders. Potential candidates were solicited from significant shareholders and directors. The Board considered several candidates who were evaluated based on the established criteria for persons to be nominated. The Board believes Ms. Querrey meets the established criteria and is well qualified for election to the Board.

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Proposal 1: Election of Directors

Our Certificate of Incorporation and Bylaws currently provide for up to ten directors, each serving a one-year term, each to hold office until a successor is elected and qualified or until the director's earlier resignation or removal. In 2014, shareholders approved the declassification of our Board, thereby providing for annual elections of all directors, and an increase in the size of our Board from nine to ten directors. Pursuant to provisions of the Company's Certificate of Incorporation and Bylaws, the Board has fixed the maximum number of directors at ten, with a goal of increasing the diversity of the Board, and subject to the right of our preferred stockholders to nominate and elect two additional directors in circumstances that are not anticipated to apply.

The Company's Bylaws provide that, if any incumbent director or any non-incumbent nominee receives a greater number of votes cast against his or her election than in favor of his or her election, or a Majority Against

Vote (as defined in the Bylaws), the non-incumbent nominee will not be elected as a director, and the incumbent director will, following the certification of the shareholder vote by the inspector of elections, promptly comply with the resignation procedures established under the Company's Corporate Governance Principles.

The Board has nominated the following individuals to be elected as directors until the next annual meeting of shareholders and until their successors are duly elected and qualified. At the Annual Meeting, proxies can be voted only with respect to the ten nominees named in this Proxy Statement. Holders of proxies solicited by this Proxy Statement will vote the proxies received by them as directed on the proxy card or, if no direction is made, for the election of the Board's ten nominees. If any nominee is unable or declines to serve as a director at the time of the Annual Meeting, the proxy holders may vote for any nominee designated by the present Board to fill the vacancy.

Director Nominees

Archie W. Dunham

Independent Director Nominee

Age: 76

Director since: 2012

Board Committees: Finance, Nominating

Other current public directorships: None

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

Vincent J. Intrieri

Independent Director Nominee

Age: 58

Director since: 2012

Board Committees: Finance (Chair), Nominating

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

Vincent J. Intrieri has been a member of our Board of Directors since June 2012. Mr. Intrieri has been employed by Icahn related entities since October 1998 in various investment related capacities. Since January 2008, Mr. Intrieri has served as Senior Managing Director of Icahn Capital LP, the entity through which Carl C. Icahn manages private investment funds. In addition, since November 2004, Mr. Intrieri has been a Senior Managing Director of Icahn Onshore LP, the general partner of Icahn Partners LP, and Icahn Offshore LP, the general partner of Icahn Partners Master Fund LP, entities through which Mr. Icahn invests in securities. Mr. Intrieri has been a director of Navistar International Corporation (NYSE:NAV), a truck and engine manufacturer, since October 2012; Transocean Ltd. (NYSE:RIG), a provider of offshore contract drilling services for oil and gas wells, since May 2014; and Hertz Global Holdings, Inc. (NYSE:HTZ), a car rental company, since September 2014. Mr. Intrieri was previously a director of CVR Refining, LP (NYSE:CVRR), an independent downstream energy limited partnership, from September 2012 to September 2014; a director of Forest Laboratories, Inc. (NYSE:FRX), a supplier of pharmaceutical products, from June 2013 to June 2014; a director of CVR Energy, Inc. (NYSE:CVI), a diversified holding company primarily engaged in the petroleum refining and nitrogen fertilizer manufacturing industries, from May 2012 to May 2014; a director of Federal-Mogul Corporation (NYSE:FDML), a supplier of automotive powertrain and safety components, from December 2007 to June 2013; a director of Icahn Enterprises L.P., the general partner of

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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; 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, a competitive provider of telecom services, from February 2006 to August 2011; a director of National Energy Group, Inc., a company that was engaged in the business of managing the exploration, production and operations of natural gas and oil properties, from December 2006 to June 2011; a director of American Railcar Industries, Inc. (NASDAQ:AEII), a railcar manufacturing company, from August 2005 until March 2011, Senior Vice President, Treasurer and Secretary of American Railcar Industries from March 2005 to December 2005; a director of WestPoint Home LLC, a home textiles manufacturer, from November 2005 to March 2011; and Chairman of the Board and a director of Viskase Companies, Inc., a meat casing company, from April 2003 to March 2011. CVR Refining, CVR Energy, Federal Mogul, Icahn Enterprises, PSC Metals, XO Holdings, National Energy Group, American Railcar Industries, WestPoint Home and Viskase Companies each are or previously were indirectly controlled by Carl C. Icahn. Mr. Icahn also has or previously had a non controlling interest in Forest Laboratories, Navistar, Chesapeake, Dynegy and Motorola Solutions 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.

Robert D. (Doug) Lawler

Director Nominee

Age: 48

Director since: 2013

Board Committees: None

Other current public directorships: None

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

Anadarko, the Board believes Mr. Lawler is well qualified to serve on the Board.

John J. (Jack) Lipinski

Independent Director Nominee

Age: 64

Director since: 2014

Board Committees: Audit, Compensation

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

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

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R. Brad Martin

Independent Director Nominee

Age: 63

Director since: 2012

Board Committees: Nominating (Chair), Compensation, Finance

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

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

Merrill A. (Pete) Miller, Jr.

Independent Director Nominee

Age: 64

Director since: 2007

Board Committees: Compensation (Chair)

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

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

Frederic M. Poses

Independent Director Nominee

Age: 72

Director since: 2012

Board Committees: Nominating, Finance

Other current public directorships: TE Connectivity Ltd.

Frederic M. Poses 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.) from 2000 until its acquisition by Ingersoll-Rand plc (NYSE:IR) in 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 lead independent director of the Board of Directors of TE Connectivity Ltd. (NYSE:TEL). He is a former director of Raytheon Company (NYSE:RTN), 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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Kimberly K. Querrey

Independent Director Nominee

Age: 54

Director since: 2015

Board Committees: Audit

Other current public directorships: None.

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

Louis A. Raspino

Independent Director Nominee

Age: 62

Director since: 2013

Board Committees: Audit (Chair)

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

Louis A. Raspino has been a member of our Board of Directors since March 2013. 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 2005 until the sale of the company in 2011. He was the Executive Vice President and Chief Financial Officer of Pride International Inc. (formerly NYSE:PDE) from 2003 until 2005. Before joining Pride International in 2003, he was Senior Vice President and Chief Financial Officer of Grant Prideco, Inc. (formerly NYSE:GRP), a manufacturer of drilling and completion products supplying the energy industry, from 2001 until 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 of 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 of experience in the exploration and production industry, and service on multiple public company boards qualifies him to serve on the Board.

Thomas L. Ryan

Independent Director Nominee

Age: 49

Director since: 2013

Board Committee: Audit, Finance

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

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

The Board of Directors recommends a vote **FOR** each of the nominees

for election to the Board of Directors

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Director Compensation

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

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

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

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

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

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

We began issuing restricted stock units in lieu of restricted stock in June 2013. Restricted stock unit grants to non-employee directors vest 25% immediately upon award and 75% ratably over the three years following the date of award. Grants of restricted stock units have been made pursuant to our 2014 Long Term Incentive Plan, or 2014 LTIP, since June 13, 2014, when shareholders approved our new 2014 LTIP. Prior to June 13, 2014, grants of restricted stock units were made pursuant to our Amended and Restated Long Term Incentive Plan, or 2005 LTIP. In 2014, quarterly equity awards were made along with retainer payments on the first business day of each quarter. Annual equity awards to the

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

Each new non-employee director receives an initial stock award upon appointment to the Board of 10,000 shares of fully vested restricted stock pursuant to our 2003 Stock Award Plan for Non-Employee Directors. These awards have provided the Company with a valuable tool to ensure that the Board can recruit talented directors to serve on the Board and ensure that such directors' interests are immediately aligned with shareholders. In 2014, one non-employee director, John J. Lipinski, received 10,000 shares under the 2003 Stock Award Plan upon his election to the Board.

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

We have established a stock ownership guideline for non-employee directors to hold at least 15,000 shares of our common stock (which includes restricted stock units) at all times while serving as a director. Newly appointed directors are generally given three years from the date of appointment to comply with this guideline. Failure to comply with this guideline or potential deferrals of the guideline due to hardship are addressed on a case-by-case basis by the Board. There were no failures or deferrals in 2014.

Director Compensation Table for 2014

Name	Fees Earned or Paid in Cash ^(a)	Stock Awards ^(b)	Option Awards ^(c)	All Other Compensation	Total
Archie W. Dunham	\$ 100,000	\$ 441,811	\$	\$	\$ 541,811
Vincent J. Intrieri	100,000	261,541			361,541
John J. Lipinski	50,000	442,213			492,213
R. Brad Martin	100,000	261,541			361,541
Merrill A. (Pete) Miller, Jr.	100,000	261,541			361,541
Frederic M. Poses	100,000	250,034			350,034
Louis A. Raspino	100,000	269,212			369,212
Thomas L. Ryan	100,000	250,034			350,034
Bob G. Alexander ^(d)	50,000	125,007			175,007

(a) Reflects annual retainer for all directors. Messrs. Intrieri, Lipinski, Martin and Ryan have elected to defer their annual cash retainers into Company stock through the Chesapeake Deferred Compensation Plan for Non-Employee Directors.

(b) Reflects the aggregate grant date fair value of 2014 restricted stock and restricted stock unit awards determined pursuant to FASB ASC Topic 718. The assumptions used by the Company in calculating these amounts are incorporated by reference to Note 9 to the consolidated financial statements in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014, filed with the SEC on February 27, 2015 (the Form 10-K). In connection with the spin-off of our oilfield services business on June 30, 2014 (the 2014 Spin-off), and pursuant to the terms of our share-based compensation plans, unvested restricted stock units were modified as of the date of the 2014 Spin-off to ensure that the

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value of each award of unvested restricted stock units did not change as a result of the 2014 Spin-off. Unless otherwise noted, all references to the number of such unvested restricted stock units, and corresponding prices, have been adjusted to reflect modifications on the 2014 Spin-off date.

On January 2, 2014, April 1, 2014, July 1, 2014, and October 1, 2014, respectively, each serving non-employee director received a regular quarterly award of 2,453, 2,500, 2,138 and 2,787 restricted stock units, respectively, with a grant date fair value of \$62,504, \$62,503, \$62,515 and \$62,512, respectively. Mr. Lipinski, who was first elected to the Board on June 13, 2014, received a prorated regular award of 427 restricted stock units for the second quarter of 2014, with a grant date fair value of \$12,485.

For Mr. Dunham's service as Chairman of the Board during 2014, he received 8,550 restricted stock units with a grant date fair value of \$191,777. For Mr. Raspino's additional responsibilities as Chairman of the Audit Committee chair during 2014, he received 855 restricted stock units with a grant date fair value of \$19,178 effective as of July 1, 2014. For their additional responsibilities as Chairmen of the Compensation, Finance and Nominating Committees during 2014, Messrs. Martin, Intrieri and Miller each received 513 restricted stock units with a grant date fair value of \$11,507 effective as of July 1, 2014.

Mr. Lipinski received a new non-employee director grant of 10,000 shares of fully vested restricted stock with a grant date fair value of \$304,700 upon his initial election to the Board on June 13, 2014.

As of December 31, 2014, the aggregate number of shares of unvested restricted stock and unvested restricted stock units, as applicable, held by each of the serving non-employee directors was as follows: Mr. Dunham, 65,676; Mr. Intrieri, 16,373; Mr. Lipinski, 4,013; Mr. Martin, 16,667; Mr. Miller, 17,770; Mr. Poses, 15,988; Mr. Raspino, 13,161; and Mr. Ryan, 10,972.

(c) The Company granted no stock options to non-employee directors in 2014 and none of the non-employee directors held any stock options as of December 31, 2014.

(d) Mr. Alexander retired from the Board on June 13, 2014, the date of the 2014 Annual Meeting of Shareholders. In accordance with our form of Director Restricted Stock Unit Award Agreement, previously awarded restricted stock units became fully vested upon his departure.

Transactions with Related Persons

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

Committee has

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

BP p.l.c. and SandRidge Energy, Inc.

David C. Lawler, who became the Chief Executive Officer of BP p.l.c.'s Lower 48 Onshore business in August 2014 and previously served as Executive Vice President and Chief Operating Officer of SandRidge Energy, Inc., is the brother of Robert D. Lawler, the Company's CEO. The

Company engages in transactions with BP and SandRidge in the ordinary course of business and no such transaction has been determined to be a related party transaction under the Company's related party transaction policy.

Employment of Family Members

Andrew Kapchinske, son of John M. Kapchinske, Senior Vice President Exploration and Subsurface Technology, has been an employee of the Company since September 2007. Andrew Kapchinske's total cash and equity compensation for 2014 was \$223,973. The Company is a significant employer in Oklahoma City. We seek to fill positions with qualified employees, whether or not they are related to our executive

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

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Beneficial Ownership

The table below sets forth (i) the name and address and beneficial ownership of each person known by management to own beneficially more than 5% of our outstanding common stock, and (ii) the beneficial ownership of common stock of our director nominees, directors and named executive officers and all current directors and executive officers of the Company as a group. Unless otherwise noted, information is given as of March 23, 2015, the record date, and the persons named below have sole voting and/or investment power with respect to such shares. Furthermore, in connection with the 2014 Spin-off, and pursuant to the

terms of our stock-based compensation plans, unvested restricted stock and restricted stock units and unexercised stock options were modified as of the date of the 2014 Spin-off in order to ensure that the value of these equity awards did not change as a result of the 2014 Spin-off. Unless otherwise noted, all references to numbers of such unvested restricted stock units and unexercised stock options, and corresponding prices, have been adjusted to reflect modifications on the 2014 Spin-off date.

Beneficial Owner	Number of Shares	Common Stock		Percent of Class
		Share Equivalents	Total Ownership	
Southeastern Asset Management, Inc. 6410 Poplar Ave., Suite 900 Memphis, TN 38119 Carl C. Icahn c/o Icahn Associates Corp. 767 Fifth Avenue, 47 th Floor New York, NY 10153	73,868,067	2,137,081	76,005,148 ^(a)	11.4%
Capital World Investors 333 South Hope Street Los Angeles, CA 90071	73,050,000	6,638,505	73,050,000 ^(b)	11.0%
Robert D. (Doug) Lawler	48,425,000	6,638,505	55,063,505 ^(c)	8.2%
Domenic J. (Nick) Dell Osso, Jr.	410,104 ^(d)	302,496 ^(e)	712,600	*
M. Christopher Doyle	312,395 ^(d)	155,510 ^(e)	467,905	*
M. Jason Pigott	13,031	33,540 ^(e)	46,571	*
James R. Webb	16,493	33,540 ^(e)	50,033*	
Archie W. Dunham	28,995	65,458 ^(e)	94,453	
Vincent J. Intriери	1,572,778 ^(d)	4,026 ^(f)	1,576,804	*
	35,784 ^(d)	634 ^(f)	36,418	*

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John J. (Jack) Lipinski	45,650		45,650	*
R. Brad Martin	186,954 ^{(d)(g)}	634 ^(f)	187,588	*
Merrill A. (Pete) Miller, Jr.	174,517 ^(d)	634 ^(f)	175,151	*
Frederic M. Poses	694,711 ^(d)	634 ^(f)	695,345	*
Kimberly K. Querrey	342,464 ^(h)		342,464	
Louis A. Raspino	69,432 ^(d)	634 ^(f)	70,066	*
Thomas L. Ryan	69,931 ^(d)	634 ^(f)	70,565	*
All current directors and executive officers as a group (17 persons)	5,446,463	864,749	6,319,042	1.0%

* Less than 1%.

(a) This information is as of December 31, 2014, as reported in a Schedule 13G/A filed jointly by Southeastern Asset Management, Inc. and O. Mason Hawkins on February 13, 2015. The Schedule 13G/A includes 2,137,081 shares of common stock underlying convertible preferred shares. The Schedule 13G/A reports (i) sole power to vote or to direct the vote of 41,113,870 shares; (ii) shared power to vote or direct the vote of 25,207,229 shares with Longleaf Partners Fund and Longleaf Partners Global Fund; (iii) no power to vote 9,684,049 shares; (iv) sole power to dispose or to direct the disposition of 50,797,919 shares; and (v) shared power to dispose or to direct the disposition of 25,207,229 shares with Longleaf Partners Fund and Longleaf Partners Global Fund.

(b) This information is as of March 23, 2015, as reported in a Schedule 13D/A filed jointly by High River Limited Partnership, Hopper Investments LLC, Barberry Corp., Icahn Partners Master Fund LP, Icahn Offshore LP, Icahn Partners LP, Icahn Onshore LP, Icahn Capital LP, IPH GP LLC, Icahn Enterprises Holdings L.P., Icahn Enterprises G.P. Inc., Beckton Corp. and Carl C. Icahn. The principal business address of each of (i) High River, Hopper, Barberry, Icahn Offshore, Icahn Partners, Icahn Onshore, Icahn Capital, IPH, Icahn Enterprises Holdings, Icahn Enterprises GP and Beckton is White Plains Plaza, 445 Hamilton Avenue Suite 1210, White Plains, NY 10601, (ii) Icahn Master, Icahn Master II and Icahn Master III is c/o Walkers SPV Limited, P.O. Box 908GT, 87 Mary Street, George Town, Grand Cayman, Cayman Islands, and (iii) Mr. Icahn is c/o Icahn Associates Corp., 767 Fifth Avenue, 47th Floor, New York, NY 10153.

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

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sole dispositive power with regard to 34,685,943 shares. Each of Icahn Onshore, Icahn Capital, IPH, Icahn Enterprises Holdings, Icahn Enterprises GP, Beckton and Mr. Icahn has shared voting power and shared dispositive power with regard to such shares.

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

- (c) This information is as of December 31, 2014, as reported in a Schedule 13G/A filed by Capital World Investors on February 13, 2015. The Schedule 13G/A includes 6,638,505 shares of common stock underlying convertible preferred shares.*
- (d) Includes unvested shares of restricted stock granted after January 1, 2013 with respect to which executive officers and directors have voting power.*
- (e) Represents shares of common stock which can be acquired through the exercise of stock options on March 23, 2015 or within 60 days thereafter.*
- (f) Includes restricted stock units that are scheduled to vest within 60 days of March 23, 2015.*
- (g) Includes 50,000 shares held by the R. Brad Martin Family Foundation, over which Mr. Martin has voting control, and 15,000 shares held in a family trust for the benefit of Mr. Martin's children.*
- (h) Includes 342,464 shares of common stock held by the Simpson Community Trust, over which Ms. Querrey and her spouse, Louis A. Simpson, or either of them individually, have voting power and dispositive power.*

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors and executive officers and persons who beneficially own more than 10% of our common stock to file reports of ownership and subsequent changes with the SEC. Based solely on a review of filings with the SEC and written representations of our officers and directors that no other reports were required, we believe that all Section 16(a) reports were

filed on a timely basis, with the exception of the following: three reports, each relating to the issuance of common stock into the respective deferred compensation plans of Mr. Dell Osso, our Chief Financial Officer, Michael A. Johnson, our Senior Vice President Accounting and Controller, and Jennifer Grigsby, our former Senior Vice President Corporate & Strategic Planning, were filed two business days late.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

In this section, we describe the material components of our executive compensation program for the Company's named executive officers listed below, whose compensation is set forth in the Summary Compensation Table and other compensation tables contained in this Proxy Statement.

Named Executive Officers

Robert D. (Doug) Lawler	President and Chief Executive Officer, or CEO
Domenic J. (Nick) Dell Osso, Jr.	Executive Vice President and Chief Financial Officer, or CFO
M. Christopher Doyle	Executive Vice President, Operations Northern Division
M. Jason Pigott	Executive Vice President, Operations Southern Division
James R. Webb	Executive Vice President General Counsel and Corporate Secretary

Served as Senior Vice President of Operations during 2014; promoted to Executive Vice President of Operations effective January 1, 2015.

We present our Compensation Discussion and Analysis in the following sections:

1. *Executive Summary.* In this section, we highlight our 2014 corporate performance and certain aspects of our executive compensation program and discuss the response of the Compensation Committee of our Board to the 2014 shareholder advisory vote on named executive officer compensation. p. 19

2. *Executive Compensation Program.* In this section, we describe the Company's executive compensation philosophy and the material components of our executive compensation program. p. 22

3. *Other Executive Compensation Matters.* In this section, we provide a brief overview of policies related to stock ownership guidelines, prohibition of hedging and pledging transactions involving Company stock and executive compensation clawbacks. We also review the relationship between our compensation program and risk and the accounting and tax treatment of compensation. p. 30

4. *Actions Related to 2015 Executive Compensation.* In this section, we provide an overview of certain Compensation Committee executive compensation decisions for 2015. p. 31
Executive Summary

[2014 Corporate Performance Highlights](#)

We performed remarkably well in 2014, achieving significant improvements in capital efficiency and cost leadership while executing on our strategies of financial discipline and profitable and efficient growth from captured resources. Despite a challenging commodity price environment, we became a stronger and more flexible company.

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2014 Operating Efficiencies

Lowest cash costs (G&A and production costs) per barrel of oil equivalent, or boe, in nine years

40-65% improvement in capital efficiency across all major operating areas since 2012

9% growth in total oil and natural gas equivalent production in 2014, while reducing total capital expenditures by approximately 14%, and reaching a production record of 770,000 boe per day in mid-December, with fewer than half of the rigs operating in 2012

18% reduction in drilling and completions capital expenditures to \$4.5 billion, saving approximately \$1 billion compared to 2013

Increased liquids production (oil plus natural gas liquids) from 25% of total production in 2013 to 29% of total production in 2014

2014 Balance Sheet Initiatives and Strategic Transactions

Generated approximately \$5 billion in cash from the sale of certain assets in the southern Marcellus and eastern Utica shales, providing substantial financial flexibility during a time of depressed commodity prices; at the time, divested assets comprised only 8% of proved reserves, while proceeds represented 40% of our market capitalization

Two-level upgrade in credit rating from both S&P and Moody's, placing us one level below investment grade

\$5.5 billion reduction in total leverage since 2012

Entered into a \$4 billion unsecured and undrawn credit facility with investment grade-like terms, a Company first

Authorized \$1 billion share repurchase program

Completed a \$450 million property exchange that doubled our working interest in the oil-rich Powder River Basin, immediately adding net incremental production of approximately 4,500 boe per day

Spin-off of our oilfield services division into the public company Seventy Seven Energy Inc., allowing us to focus resources on core E&P operations

Table of Contents[Compensation Program Attributes](#)

Compensation Program Attribute	Description
Compensation philosophy	Formal compensation philosophy emphasizes pay for performance and targets median of peer compensation levels
Representative peer group	The Compensation Committee works with its independent compensation consultant to develop a peer group of companies that are similar to us in size, scope, the nature of our business operations and with which we compete for talent
Annual incentive program	Annual incentive compensation based on achievement of pre-determined objective operational (including key safety goals) and financial performance goals
Long-term incentive program	50% of long-term compensation is subject to achievement of objective pre-determined performance goals tied to the creation of long-term shareholder value; stock option value is only realized if our common stock price appreciates
Certain incentive plans intended to qualify for Section 162(m) tax deductibility	Annual Incentive Plan, stock option and PSU awards are intended to qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code (Section 162(m))
Minimal perquisites	Named executive officers receive minimal, competitively benchmarked perquisites
No cash payments on death and disability	In 2013 we eliminated cash severance benefits for termination of service as a result of death or disability
Double-trigger change of control benefits	Employment agreements with our named executive officers contain double-trigger change of control cash payments and the 2014 LTIP provides for double-trigger equity acceleration
No tax gross-ups for executive officers	No tax gross-up is paid to any executive officer for any reason
Stock ownership guidelines	Maintain robust stock ownership guidelines for all executive officers
Hedging and pledging prohibited	Full prohibition on margining, derivative or speculative transactions, such as hedges, pledges and margin accounts, by executive officers
Clawback policy	Compensation recovery policy recaptures unearned incentive payments in the event of material noncompliance with any financial reporting requirement that leads to an accounting restatement

[Response to 2014 Shareholder Advisory Vote on Named Executive Officer Compensation](#)

At our 2014 annual meeting, approximately 95% of shares cast voted in favor of our named executive officer compensation. This was an improvement from 2013 when we received 84% support. Since 2012, the Compensation Committee has undertaken a comprehensive review of the Company's executive compensation program with the assistance of its independent compensation consultant. The goal of this review was to ensure that the Company's compensation programs appropriately tie executive pay to Company performance. The 2014 vote confirmed that a great majority of shareholders agree that the Company's redesigned executive compensation program aligns with shareholder objectives and is responsive to feedback received during the past three years. This was further confirmed

through discussions that took place before and after the 2014 annual meeting with shareholders representing nearly 60% of the Company's outstanding shares.

The Compensation Committee continues to evaluate the executive compensation program to execute the Company's compensation philosophy described below under *Executive Compensation Program Philosophy and Objectives of our Executive Compensation Program* and respond to feedback from shareholders. For those reasons, the Compensation Committee made the following changes for 2015:

Modified the annual incentive program metrics to drive 2015 performance consistent with our business forecast and lower commodity prices.

Modified the 2015 performance share unit award, or PSU, three-year performance goals to focus 50% on total shareholder return, or TSR, and 50% on two operational metrics, 25% on production growth per debt adjusted share and 25% on finding and development cost per boe, which the Compensation Committee believes will complement the other operational unit metrics in our annual incentive program while focusing our executive officers on long-term shareholder return.

Reviewed 2014 target total direct compensation for named executive officers and adjusted certain 2015 compensation levels as set forth in *Actions Related to 2015 Compensation* below.

Started granting equity awards under our shareholder-approved 2014 LTIP that provide for double trigger equity acceleration upon a change of control.

At the 2015 Annual Meeting, we are again holding an advisory vote on named executive officer compensation (see *Proposal 2: Shareholder Advisory Vote to Approve Named Executive Officer Compensation* on page 47), in accordance with the shareholders' advisory vote in 2011 in favor of annual advisory votes on executive compensation. The Compensation Committee will consider the results from this year's and future advisory votes on executive compensation when making subsequent executive compensation decisions.

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Executive Compensation Program

Philosophy and Objectives of our Executive Compensation Program

To guide compensation decisions, the Compensation Committee adopted a formal compensation philosophy in 2012. The philosophy reflects the Compensation Committee's intent to generally set all elements of target compensation (e.g., base salary, target annual incentive award opportunity and target long-term incentive award opportunity) at or near the median of similarly situated executives among the Company's peer group or other relevant industry benchmarks. The competitive positioning of target compensation levels for individuals may vary above or below the median based on executive-specific factors such as tenure, experience, proficiency in role or criticality to the organization. The Compensation Committee's objective is to have a program that:

Attracts and retains high-performing executives;

Pays for performance and thus has a meaningful portion of pay tied to business performance;

Aligns compensation with shareholder interests while rewarding long-term value creation;
Discourages excessive risk by rewarding both short-term and long-term performance;

Reinforces high ethical conduct, environmental awareness and safety; and

Maintains flexibility to better respond to the dynamic and cyclical energy industry.

Unlike target compensation levels, which are set by the Compensation Committee near the beginning of the year, actual compensation is a function of the Company's operational, financial and stock price performance, as reflected through annual incentive payouts, performance share payouts and the value of all other long-term incentive awards at vesting. Actual compensation is intended to vary above or below target levels commensurate with Company performance.

Elements of our Executive Compensation Program

Our 2014 executive compensation program is designed to reinforce the link between the interests of our executive officers and our shareholders. The purpose and key characteristics of each element of our 2014 executive compensation program are summarized below:

Element	Purpose	Key Characteristics
Base salary	Provides a fixed level of compensation for performing the essential elements of the job; reflects each executive officer's level of responsibility, leadership, tenure, qualifications and contribution to the success and profitability of the Company and the competitive marketplace for executive talent specific to our industry; gives executives a degree of certainty in light of having a substantial majority of their compensation at risk	Fixed compensation that is reviewed annually and adjusted if and when appropriate

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Element	Purpose	Key Characteristics
Annual incentive award	Motivates executive officers to achieve our short-term business objectives that drive long-term performance while providing flexibility to respond to opportunities and changing market conditions	Annual cash award based on corporate performance compared to pre-established goals
Individual performance bonus	Reflects extraordinary performance of specified executive officers in instances where performance is based on select individual criteria or is well in excess of what is expected of the executive	Cash payment that is awarded in rare circumstances where performance warrants an additional bonus in excess of the annual incentive award: two named executives received individual performance bonuses for 2014
PSU award	Motivates executive officers to achieve our long-term business objectives by tying incentives to long-term metrics	Performance-based long-term award with a ratable vesting period over three years where the ultimate number of units earned, if any, is based on achievement of performance metrics over a three-year period and the ultimate cash paid, if any, is based on the value of our stock at the time the units are converted to cash and paid out; for 2014, relative TSR was the sole performance goal
Restricted stock unit award	Motivates executive officers to achieve our business objectives by tying compensation to the performance of our common stock over the long term; motivates our executive officers to remain with the Company by mitigating swings in incentive values during periods when low commodity prices weigh on our stock price	Long-term restricted stock unit award with a ratable vesting period over three years; the ultimate value realized varies with our common stock price

Stock option award	Motivates executive officers to achieve our business objectives by tying incentives to the appreciation of our common stock over the long term	Long-term option award with an exercise price equal to the fair market value on the date of grant and a ratable vesting period over three years; the ultimate value realized, if any, depends on the appreciation of our common stock price
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Other compensation	Provides benefits that promote employee health and welfare, which assists in attracting and retaining our executive officers	Indirect compensation element consisting of health and welfare plans and minimal perquisites
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2014 Named Executive Officer Compensation

2014 Process for Determining Executive Compensation

Role of the Compensation Committee

The Committee has overall responsibility for approving and evaluating the executive officer compensation plans, policies and programs of the Company. In determining compensation, the Compensation Committee makes an overall assessment of the performance of the named executive officer team and the role and relative contribution of each of its members on an annual basis. In 2014, the Compensation Committee's approach consisted of both an objective consideration of the Company's performance relative to predetermined metrics as more fully described

beginning on page 25 under *2014 Named Executive Officer Compensation Elements* and a subjective consideration of each named executive officer's performance and overall role in the organization, including consideration of the median compensation of similarly situated executives among our compensation peer group. In its assessment of the performance of each named executive officer in 2014, the Compensation Committee considered the following:

Company Performance	Individual Performance: Tangibles	Individual Performance: Intangibles
Financial and operational performance of the Company, including progress made with respect to predetermined metrics more fully described below	Named executive officer's contributions to the development and execution of the Company's business plans and strategies	Leadership ability
	Performance of the named executive officer's department or functional unit	Demonstrated commitment to the Company
		Motivational skills
		Attitude

Level of responsibility

Work ethic

Tenure with the Company

EXECUTIVE COMPENSATION **23**

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Role of the Compensation Consultant

Pursuant to its charter, the Compensation Committee may retain a compensation consultant, and is directly responsible for the appointment, compensation and oversight of the work of any compensation consultant that it retains. The Compensation Committee has retained F.W. Cook as its independent compensation consultant to provide an objective analysis of, and counsel on, the Company's executive compensation program. In addition, Pay Governance LLC (Pay Governance) provided consulting services to management in 2014 related to the Company's executive compensation programs, policies and processes. We refer to F.W. Cook and Pay Governance together as the Compensation Consultants.

In 2014, F.W. Cook attended all Compensation Committee meetings. F.W. Cook provided the Committee with market analyses and advised the Committee on market trends and regulatory and governance developments and how they may impact our executive compensation programs. They also advised the Committee with regard to the design and structure of our executive compensation programs to ensure appropriate linkage between pay and performance, setting the pay for our CEO, and compensation for other executive officers in consultation with the CEO. From time to time, Pay Governance also provides information and recommendations to the Committee with respect to executive

compensation. F.W. Cook participates in these meetings and performs an independent, objective analysis of market and other data provided by Pay Governance and generally counsels the Committee as to the advice obtained from Pay Governance.

The Compensation Committee evaluated whether conflicts of interest were created by the retention of any of the advisors providing compensation consulting services in 2014 and evaluated their independence pursuant to the standards set forth in the New York Stock Exchange Listed Company Manual. As a result of this assessment, the Compensation Committee concluded that (i) no conflicts of interest exist with respect to F.W. Cook or Pay Governance; and (ii) Pay Governance is not independent from management given the reporting relationship with management, the responsibility of management for the oversight of Pay Governance's work product and the services provided. The Compensation Committee concluded that any potential conflict posed by the Compensation Committee's receipt of information and advice from Pay Governance was sufficiently mitigated by the direct involvement of its independent compensation consultant, F.W. Cook, and the Compensation Committee's own examination and assessment of the objectivity of Pay Governance's advice.

Benchmarking

The Compensation Committee uses a peer group to compare the competitiveness of each element of the named executive officers' target direct compensation, consisting of base salary, target annual incentive compensation and the value of long-term incentive awards. For purposes of setting 2014 executive compensation, our compensation peer group consisted of the following eleven exploration and production peer companies that are similar to the Company in size, scope and nature of business operations, and with whom we compete for talent:

Anadarko Petroleum Corporation	Marathon Oil Corporation
Apache Corporation	Murphy Oil Corporation
Continental Resources, Inc.	Noble Energy, Inc.
Devon Energy Corporation	Occidental Petroleum Corporation
EOG Resources, Inc.	SandRidge Energy, Inc.
Hess Corporation	

In December 2014, the Compensation Committee, with the advice of the Compensation Consultants, assessed the compensation peer group and determined to replace SandRidge Energy, Inc. with EnCana Corporation, in order to include the performance and returns of companies that are more similar to Chesapeake's in market capitalization, as well as size, scope and nature of business operations. At the time this decision was made, our market capitalization was \$16.8 billion, as compared to \$12.8 billion for EnCana and \$2.8 billion for SandRidge.

With the exception of Hess and Murphy Oil, all of the peer companies are independent exploration and production companies. Our compensation peer group contains companies in our industry that are both larger and smaller in size and scope. At the time the Compensation Committee approved our peer group for 2014, our revenue was at approximately the 54th percentile of the peer companies, our assets were at approximately the 70th percentile of the peer companies and our market capitalization was at approximately the 15th percentile of the peer group. We compete with the companies in our compensation peer group for talent, and the Compensation Committee believes the selected companies were the most appropriate for use in benchmarking 2014 executive compensation. The differences and similarities between us and the companies in our industry peer group are taken into consideration when making named executive officer compensation decisions.

As discussed above under *Executive Compensation Program Philosophy and Objectives of Our Executive Compensation Program*, the Compensation Committee intends to generally set all elements of target compensation at or near the median of similarly situated executives among the Company's compensation peer group. In addition to other factors the Compensation Committee considers when making compensation decisions, it may also consider other relevant industry benchmarks from survey sources.

Chief Executive Officer and Management Role in Executive Compensation Process

The Company's CEO has an active role in executive compensation, and typically makes recommendations to and participates in discussions with the Compensation Committee to provide information regarding the compensation of the other named executive officers. Following such recommendations, the Committee discusses the compensation of each named executive officer and approves the final named executive officer compensation amounts, subject to such modifications as it deems appropriate. The Committee discusses the compensation of the CEO in executive session with its independent compensation consultant and approves his final compensation amounts. Following such approvals, the Compensation Committee provides a report of its executive compensation decisions to the full Board of Directors for discussion and

ratification. The CEO, not being a member of the Compensation Committee, does not vote at Compensation Committee meetings, and he does not participate in the Board's vote on the acceptance and ratification of the Compensation Committee's approvals or reports with respect to his compensation.

In addition to the participation of our CEO, other members of senior management typically provide the CEO and Compensation Committee and its advisors with detailed analyses and recommendations regarding each element of executive officer compensation (other than for the CEO) to facilitate the Compensation Committee's annual review.

Table of Contents**2014 Named Executive Officer Compensation Elements**

Since December 2011, the Compensation Committee has made substantial changes to our executive compensation program. These changes continued to be reflected in our 2014 compensation program. For 2014, after considering the analyses and recommendations of the Compensation Consultants, feedback received from our shareholders, the Company's performance in 2013 and the competitive market, the

Compensation Committee set base salaries, incentive compensation opportunities and performance measures for 2014. Each named executive officer's target 2014 compensation was also based on a comprehensive review of his individual performance and a review of the compensation levels for individuals in the peer group companies with similar titles and responsibilities, as described below.

Base Salary

Base salaries reflect each named executive officer's level of responsibility, leadership, tenure and contribution to the success and profitability of the Company and the competitive marketplace for executive talent specific to our industry. In early 2014, the Compensation Committee reviewed base salaries for the named executive officers.

Based upon the factors described above and a review of the compensation levels for individuals in the peer group companies with similar titles and responsibilities, changes were approved by the Compensation Committee for Messrs. Doyle, Pigott, and Webb as follows:

Individual	2013 Base Salary	2014 Base Salary	% Change	Reason for Change
Robert D. (Doug) Lawler	\$ 1,250,000	\$ 1,250,000		Base salary already close to median of peer group
Domenic J. (Nick) Dell Osso	\$ 725,000	\$ 725,000		Base salary already close to median of peer group
Christopher Doyle	\$ 550,000	\$ 567,000	3.1	Reflect market movement shown in external benchmarking
M. Jason Pigott	\$ 500,000	\$ 520,000	4.0	Reflect market movement shown in external benchmarking
James R. Webb	\$ 475,000	\$ 600,000	26.3	Move base salary closer to median of peer group

Performance-Based Annual Incentives

2014 Annual Incentive Program. The annual incentive component of our executive compensation program is intended to motivate and reward named executive officers for achieving our short-term business objectives that we believe drive the overall performance of the Company over the long term. In January 2013, the Compensation Committee and the Board approved the Chesapeake Energy Corporation 2013 Annual Incentive Plan, a cash-based incentive plan structured to encourage the use of pre-established performance goals. The plan was submitted for shareholder approval at our 2013 annual meeting of shareholders and was overwhelmingly approved.

In order to qualify as performance-based compensation under Section 162(m), our named executive officers are also subject to a pre-established performance goal called the Tax Deductibility Threshold, which the Company must achieve before any payment is made under the 2013 Annual Incentive Plan and any annual incentive program operating

under such plan. For 2014, the Tax Deductibility Threshold was oil and gas production (adjusting for asset acquisitions and divestitures) equal to at least 75% of the production achieved during 2013. If the Company satisfied the Tax Deductibility Threshold, each named executive officer would become eligible for his individual maximum award opportunity (the Individual 162(m) Cap) and the Compensation Committee would determine individual award amounts utilizing the criteria and methodology described below. Neither the Tax Deductibility Threshold nor the Individual 162(m) Caps served as a basis for the Compensation Committee's compensation decisions for our named executive officers; instead, these caps served to establish a ceiling on the amount of annual incentive awards that the Compensation Committee could award to the named executive officers on a tax deductible basis. For 2014, the amounts awarded by the Compensation Committee under the 2014 annual incentive program were less than the Individual 162(m) Caps.

Calculating Annual Incentive Awards. The following formula was used to calculate the payment that could be awarded to each named executive officer under the 2014 annual incentive program:

$$\text{Base Salary} \quad \times \quad \text{Target Percentage of Base Salary} \quad \times \quad \text{Payout Factor (0 - 200\%)}$$

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The Compensation Committee established the target percentage of base salary (using the base salary in effect on the last day of 2014) payable under the annual incentive program at 150% for the CEO, 125% for EVPs and 80-100 % for SVPs to provide an annual incentive opportunity that was competitive with our peers. Following the end of 2014, the Compensation Committee determined the payout factor based on the Company's weighted achievement of pre-established goals. The program was structured to have threshold, target and maximum performance levels and the corresponding payout opportunities of 50%, 100% and 200% of the target percentage of base salary (using linear interpolation

for performance levels falling between threshold and target and between target and maximum). For each metric, there would be no payment for performance below the minimum 50% threshold performance level and a maximum payout of 200% of each individual's target percentage for exceptional performance, as discussed below. The following chart shows the range of annual incentive awards expressed as a percentage of salary for the named executive officers by title, based on the target percentage of base salary multiplied by the above-listed threshold, target and maximum payout opportunities.

Executive Level	Threshold (50%)	Target (100%)	Maximum (200%)
CEO	75.0%	150%	300%
EVP	62.5%	125%	250%
SVP	50.0%	100%	200%

Performance Goals and Calculation of Payout Factor. For the 2014 annual incentive program, the Compensation Committee established the performance goals detailed in the table below, which it believed appropriately reflected factors that would positively impact shareholder value during 2014. The targets were drawn from the Company's forecast, which is developed in consultation with the Board. The performance assumptions that underlie the forecast are the subject of considerable discussion during this process. Certain 2014 performance goal targets were lower than actual 2013 performance given that the Company had established a more conservative operating budget for 2014. The new budget was designed to incentivize financially responsible spending and promote efficient drilling activity, which would likely result in (i) lower production growth and (ii) lower proved reserves organically added. At the

time the targets were set, the Compensation Committee believed that the performance achievement targets were rigorous objectives given the tighter budgetary restraints.

The cash-cost management factor was a multiplier of the annual incentive program performance results for 2014 and was intended to encourage employees to focus on efficiencies that impact controllable cash costs. The cash cost management factor is calculated as oil and gas lease operating expense plus general and administrative expense divided by production volumes. It could have served as a multiplier of up to 10% of the total annual incentive program payout, but the total payout may not exceed 200% of target.

The table below also details the Company's level of achievement with respect to each performance goal and the final payout factor to be applied to each named executive officer's target annual incentive award opportunity calculated using linear interpolation as described above.

A	B	C	D	E = D as a F(x) of C	F	G = F X B
Goal	Weighting	Performance Target	Performance	Achievement Level (% of Target)	Goal Payout Factor	Weighted Goal Payout Factor
Adjusted EBITDA/BOE	20%	\$ 21.00	\$ 19.18	92%	0%	0%
Capital Expenditures (in millions)	20%	\$ 5,500	\$ 5,073	108%	200%	40%
Production Growth	20%	3%	5.5%	183%	200%	40%
Proved Reserves Organically Added (mmboe)	20%	300	367	122%	200%	40%
Total Recordable Incident Rate (% reduction)	10%	10%	35%	350%	200%	20%
Reportable Spills (% reduction)	10%	25%	4%	16%	16%	1.6%
Total Weighted Payout Factor:						141.6%
Cash Cost Management (CCM) Factor:						2.5%
Modified Weighted Average Payout Factor (Total Weighted Payout Factor x (1 + CCM)):						145.1%

Please see Exhibit A for an explanation of the non-GAAP financial measures used in the table above.

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Summary of Targets and Payments for 2014. The analysis under the 2014 annual incentive program yielded above-target payouts for all executives given the Company's strong performance in 2014. The following table shows how the formula was applied and the actual amounts awarded under the 2014 annual incentive program.

Individual	Base Salary(\$)^(a)	Target	Target Value of Annual Incentive(\$)	Payout Factor(%)	2014 Actual Award(\$)
		Annual Incentive(%)^(b)			
Robert D. (Doug) Lawler	1,250,000	150	1,875,000	145.1	2,720,625
Domenic J. (Nick) Dell Osso	725,000	125	906,250	145.1	1,314,969
Christopher Doyle	567,000	100	567,000	145.1	822,717
M. Jason Pigott	520,000	100	520,000	145.1	754,520
James R. Webb	600,000	125	750,000	145.1	1,088,250

(a) Base salary amounts are as of December 31, 2014.

(b) Target annual incentives are reflected as a percentage of base salary.

The Compensation Committee has continued to refine the annual incentive program applicable to our named executive officers for 2015 as discussed in more detail under *Actions Related to 2015 Executive Compensation* on page 31 below.

2014 Individual Performance Bonus. The Compensation Committee may, in its judgment, award cash bonuses to executive officers in instances where performance is based on select individual criteria or is well in excess of what is expected of the officer, and warrants an additional bonus in excess of the annual incentive award payable under the annual incentive program. These awards are typically limited in amount and only granted in extraordinary circumstances. For 2014, the Compensation Committee determined that all named executives performed exceptionally and that such additional bonuses were warranted for Messrs. Doyle and Pigott.

Mr. Doyle received an individual performance bonus in the amount of \$177,283 and Mr. Pigott received an individual performance bonus in the amount of \$245,480 as a result of their essential roles in the Company's performance in 2014. Messrs. Doyle and Pigott led major initiatives for the Company, including initiatives to ensure that the Company is drilling its best wells, reducing costs and increasing efficiencies, which we believe will benefit the Company and its shareholders for years to come, in addition to ensuring operational execution in the Northern and Southern Divisions. Mr. Doyle is also responsible for two additional functions: (i) operations and technical services; and (ii) supply chain management. These functions provide enhanced analytics to operational areas, reductions in sourcing costs and an overall increase in capital efficiency throughout our supply chain.

Long-Term Incentive Compensation

Long-term incentive compensation aligns the long-term interests of the named executive officers with our shareholders. Total target compensation is weighted heavily toward long-term incentive compensation, consistent with our goal of long-term shareholder value creation. For 2014, the Compensation Committee determined to grant long-term incentive awards, half of which consisted of PSUs and half of which was equally divided between restricted stock units and stock options. This approach is intended to motivate our named executive officers to achieve our business objectives by continuing to reinforce the link between the long-term interests of our named executive officers and our shareholders.

Size and Form of 2014 Long-Term Incentive Awards. The size of equity awards granted to each named executive officer is based on an estimated target dollar value. The Compensation Committee determines the target value based on each named executive officer's level of responsibility, leadership, tenure and contribution to the success and

profitability of the Company and a review of the compensation levels for individuals in the peer group companies with similar titles and responsibilities. The Compensation Committee also considers potential shareholder dilution.

After choosing the general target value for each named executive officer's equity awards, the Compensation Committee allocates the dollar value between time-based awards and performance-based awards. Long-term incentive awards for named executive officers in 2014 consisted of approximately 25% restricted stock units (the value of which was based on the closing price of the Company's common stock on the grant date), approximately 25% stock options (the value of which was determined using the Black-Scholes option pricing model on the grant date) and approximately 50% cash-settled PSUs (the value of which was determined in part based on the closing price of the Company's common stock and in part by a Monte Carlo simulation, each on the grant date).

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Based upon the factors described above and a review of the aggregate grant date value of long-term incentive compensation levels for individuals in the peer group companies with similar titles and responsibilities, changes were approved by the Compensation Committee for Messrs. Dell Osso, Doyle and Pigott as follows:

Individual	2013 Aggregate Grant Date Target Value(\$)	2014 Aggregate Grant Date Target Value(\$)	% Change	Reason for Change
Robert D. (Doug) Lawler	10,500,000	10,500,000		2013 target value already close to median of compensation peer group
Domenic J. (Nick) Dell Osso	5,750,000	2,475,000	(57)	2013 target value was above the median of compensation peer group
Christopher Doyle	1,700,000	2,500,000	47	Additional value awarded to recognize superior performance since joining the organization in 2013
M. Jason Pigott	1,700,000	2,500,000	47	Additional value awarded to recognize superior performance since joining the organization in 2013
James R. Webb	1,750,000	3,000,000	71	Additional value awarded to recognize superior performance since joining the organization in 2012.

2014 Time-Based Awards. Restricted stock units and stock options each vest ratably over a three-year period. The Compensation Committee continues to believe that restricted stock units play an important role in accomplishing the objectives of the executive compensation program, in particular, retention and alignment with shareholder interest. Holders of unvested restricted stock units are entitled to receive dividend equivalents on such units. The Compensation Committee also continues to believe that time-vested stock options further tie compensation to Company performance, given that stock options only have value if the Company's stock price increases after the date of grant.

2014 PSU Awards. The target PSUs vest ratably over the three-year period beginning on January 10, 2014; however, the final number and value of the PSUs paid to a named executive officer depend on the Company's performance relative to objective performance goals during the three-year performance period ending on December 31, 2016. The Compensation Committee established the performance goals in early 2014 based on performance measures enumerated in the 2014 LTIP and, if met, each PSU awarded entitles a named executive officer to a cash payment based on the price per share of the Company's common stock, determined at the end of the performance period. No dividend equivalents are paid on PSUs. The Compensation Committee determined

that settling the PSUs in cash strikes the right balance between aligning executives' and shareholders' interests and maintaining a responsible level of compensation-related shareholder dilution.

2014 PSU Performance Goals. The final number of PSUs awarded to named executive officers will be determined at the end of the three-year performance period based on the Company's performance against an objective performance goal. The 2014 PSU performance goal is relative TSR measured over the three-year performance period as shown in the table below. The Committee chose the performance metric for 2014 PSUs to motivate named executive officers to drive differential performance for the Company's shareholders. The performance goal correlates to the Company's performance during the performance period with modifiers expressed as a percentage, resulting in a combined range of 0 to 200% (subject to the circuit breaker described below). The Company's performance with respect to these goals will be measured against a peer group consisting of Anadarko Petroleum Corporation, Apache Corporation, Continental Resources, Inc., Devon Energy Corporation, EnCana Corporation, EOG Resources, Inc., Hess Corporation, Marathon Oil Corporation, Murphy Oil Corporation, Noble Energy, Inc., and Occidental Petroleum Corporation.

CHK TSR Ranking	1	2	3	4	5	6	7	8	9	10-12
PSUs Earned as % of Target	200%	182%	164%	146%	128%	110%	92%	74%	56%	0%

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2014 PSUs are subject to an absolute TSR circuit breaker that caps the number of PSUs earned at 100% of target when the Company's absolute TSR is negative over the performance period. The circuit breaker does not apply if the Company's performance results in an aggregate modifier of less than 100%.

2014 PSU Payouts. The ultimate cash payout earned by a named executive officer will be determined by multiplying the number of units, as

modified above, by the average closing price per share of our common stock as reported on the New York Stock Exchange for the 20 trading days including and immediately preceding the last day of the three-year performance period. Cash awards under the PSU program are calculated as of the end of the performance period and delivered as follows:

The Compensation Committee determined that using a relative TSR performance measure with an absolute TSR circuit breaker correctly balanced accountability to shareholders for absolute TSR with the need for compensation incentives that reward named executive officers for outstanding achievement relative to our peers even when low commodity prices weigh on our stock price.

All 2014 PSU awards are intended to comply with the performance-based compensation requirements under Section 162(m).

In January 2015, the Compensation Committee certified the Company's performance with respect to the 2012 three-year PSU awards, which had a three-year performance period that ended December 31, 2014. The Compensation Committee determined the final number of three-year PSUs awarded to named executive officers based on the TSR and Operational Modifier matrices below, which correlate to the Company's performance over the three-year performance period.

The following table lists the actual number of PSUs earned by, and corresponding payment to Mr. Dell Osso, the only named executive officer who received 2012 three-year PSU awards:

Individual	Target Three-Year PSUs	Final Modifier^(a)	Final Three-Year PSU Award	Three-Year PSU Cash Payment^(b)
Domenic J. (Nick) Dell Osso, Jr.	73,708	75%	55,281	\$ 1,039,283

(a) The final modifier applicable to the three-year PSUs equals the sum of the three-year TSR modifier and the three-year operational modifier, which were 0% and 75%, respectively.

(b) Based on the 20-day average closing price of the Company's common stock ending on December 31, 2014, or \$18.80 per share.

All 2012 PSU awards are intended to comply with Section 162(m).

Other Compensation Arrangements

We also provide compensation in the form of benefits and perquisites to the named executive officers, including health and welfare insurance benefits, matching contributions of common stock under the Company's 401(k) plan and nonqualified deferred compensation plan (up to 15% of an employee's annual base salary and cash bonus compensation) and

financial planning services. The named executive officers also receive benefits for which there is no incremental cost to the Company, such as tickets to certain sporting and cultural events. The foregoing benefits and perquisites are provided to all employees or large groups of senior-level employees. From time to time, family members and invited guests are

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permitted to accompany named executive officers on business trips using the fractionally owned Company aircraft, which also has no incremental cost to the Company. No tax gross-ups are paid to any executive officer for any of these perquisites. See *Executive Compensation Tables All Other Compensation Table* below for more information.

The Company includes the above benefits and perquisites as taxable income to the executive on Form W-2 after each fiscal year, in accordance with Internal Revenue Service guidelines. The Company does not provide tax gross-up payments for these amounts.

Other Executive Compensation Matters

Stock Ownership Guidelines

The Compensation Committee has established stock ownership levels for our executive officers, including the named executive officers, because we believe stock ownership directly aligns their interests with those of our shareholders. The Compensation Committee reviews compliance with the stock ownership guidelines semi-annually. Historically, the Compensation Committee established minimum stock ownership levels in our executive officers' employment agreements. In 2013 the Compensation Committee adopted stand-alone stock ownership guidelines for the Company's executive officers. Executives are expected to be in compliance with these minimum guidelines within five years of employment or assignment to a new organizational tier. All named executive officers are currently in compliance with these minimum guidelines. The stock ownership policy

requires that each executive own at least a number of shares of common stock equal to a multiple of the executive's base salary, measured against the value of the executive's holdings, based on the greater of a spot price or the trailing 36-month average closing price of the Company's common stock. After achieving compliance with the stock ownership guidelines, each executive must continue to meet the stock ownership guidelines for his or her current office. An executive that has fallen out of compliance with the guidelines has six months to cure, measured from the later of the date of receipt of written notice of non-compliance or the first day of the next open trading window following receipt of such notice. The ownership guidelines are as follows:

Position	Guideline
CEO	5.0 times total cash compensation (base salary plus bonus)
EVPs	3.0 times base salary, subject to a 25,000 share floor
SVPs	2.5 times base salary, subject to a 10,000 share floor

In measuring compliance with the guidelines, the Company includes shares purchased in the open market; shares held in Company plans (401(k) and deferred compensation plans); the unvested portion of restricted stock units and

restricted stock; and shares owned both directly and indirectly. Neither unexercised stock options nor unearned PSUs count toward satisfaction of the guidelines.

Prohibition of Hedging and Pledging Transactions

Our Insider Trading Policy applies to directors and employees and prohibits derivative or speculative transactions involving Company stock. In March 2013, the Compensation Committee revised the policy, eliminating the practice of applying the prohibition only with respect to shares held in satisfaction of the stock ownership guidelines and making the policy an outright prohibition on any derivative or speculative transactions involving Company stock. The transactions covered by the

policy include trading in puts, calls, covered calls or other derivative securities involving Company stock or engaging in hedging or monetization transactions with respect to Company stock. The policy also prohibits directors and executive officers from holding Company stock in a margin account or pledging Company stock as collateral for a loan. We believe the expanded application of the prohibition more effectively aligns each officer's interests with those of our shareholders.

Compensation Recovery or Clawback Policy

In 2012, the Board adopted a compensation recovery policy, also known as a clawback, pursuant to which the Company will seek to recover from any current or former executive officer incentive-based compensation in the event of an accounting restatement resulting from the Company's material noncompliance with financial reporting requirements under applicable securities laws. The amount of incentive-based compensation subject to recovery would be the amount in excess of what the executive officer would have earned in accordance with the restatement as determined by the Compensation Committee.

The Company also maintains compensation recovery provisions relating to stock options, restricted shares, restricted stock units and PSUs. Under these provisions, the Company may cancel such long-term incentive awards, in whole or in part, whether or not vested, of executives who engage in serious breaches of conduct, including violations of employment agreements, confidentiality or other proprietary matters, or otherwise act in competition with the business of the Company. We believe these provisions serve to ensure that executives act in the best interest of the Company and its shareholders.

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[Relationship between Compensation Program and Risk](#)

Our Compensation Committee performed a review of key attributes and structures of the Company's compensation policies and programs and has determined that they do not encourage excessive or inappropriate risk taking and do not create risks that are reasonably likely to have a material adverse effect on the Company for the following reasons:

The annual incentive compensation for executive officers in 2014 consisted of a mix of six financial and operational goals, plus a cash cost multiplier, which are aligned with the Company's strategic short-term goals and designed to improve the Company's performance in the long term.

In addition to restricted stock unit awards, the variable long-term incentive compensation for executive officers in 2014 also included awards of PSUs and stock options, all of which have multiple-year vesting and performance periods, thereby discouraging short-term risk taking.

Our stock ownership guidelines encourage our directors and executives to maintain a long-term perspective.

Our prohibition on derivative or speculative transactions involving Company stock by directors and executive officers reinforces the alignment of our directors' and executives' interests with those of our shareholders.

Our compensation recovery policy is designed to recapture unearned incentive payments in the event of material noncompliance with any financial reporting requirement under applicable law that leads to an accounting restatement and permits the cancellation of long-term incentive awards of executives who engage in serious breaches of conduct or who otherwise act in competition with the business of the Company.

The compensation programs that apply to non-executive employees consist of competitive base salaries, formulaic annual incentives based on pre-determined metrics that drive the Company's performance and long-term incentive compensation consisting of restricted stock unit awards that vest over three years. The steady income provided by base salaries allows employees to focus on the Company's business. The annual incentives motivate employees to achieve the Company's financial and operational goals without incentivizing inappropriate risk-taking. The long-term incentive awards align employees' long-term interests with those of our shareholders and generally encourage a long-term view. The Compensation Committee has determined that the distribution of our compensation programs among short- and long-term goals do not represent a material risk to the Company.

[Accounting and Tax Treatment of Compensation](#)

In structuring executive compensation, the Company analyzes the anticipated accounting and tax treatment of various arrangements and payments, including the deductibility of executive compensation under Section 162(m). Section 162(m) limits the annual tax deduction to \$1 million for compensation paid by a publicly held company to its chief executive officer and each of the company's three other most highly compensated named executive officers (other than the chief financial officer), unless such compensation qualifies as performance-based compensation under Section 162(m). Accounting for compensation arrangements is prescribed by the Financial Accounting Standards Board. In determining the design of our incentive arrangements, the accounting method and tax treatment are considered, but the accounting for or deductibility of compensation is not a determinative factor in

compensation decisions. In 2014, we awarded certain compensation that is not deductible under Section 162(m) because we believed it was consistent with our compensation objectives and would be in the best interest of the Company and its shareholders. For example, the Compensation Committee recognized that the 2014 grant of restricted stock units is not deductible under Section 162(m), but believed that its retentive value outweighed any impact resulting from the inability to claim such a deduction. Because of the fact-based nature of the performance-based compensation exception under Section 162(m) and the limited availability of binding guidance thereunder, the Company cannot guarantee that any compensation will qualify for exemption under Section 162(m), which would prevent us from taking a deduction.

Actions Related to 2015 Executive Compensation

After considering the information and recommendations provided by F.W. Cook and Pay Governance, the Company's performance in 2014 and the competitive market data, the Compensation Committee set base salaries, incentive compensation opportunities and performance measures for 2015. The Compensation Committee increased Mr. Lawler's 2015 total target compensation, by increasing his base salary from \$1,250,000 to \$1,300,000, maintaining his target annual incentive opportunity at 150% of his base salary and increasing his target long-term incentive opportunity from \$10,500,000 to \$10,750,000. These levels are below the median of the Company's compensation peer

group. The average 2015 total target compensation set for our other named executive officers remained comparable to similarly situated executives in our peer group. Following the promotions of Messrs. Doyle and Pigott to the level of Executive Vice President, based upon their outstanding contributions to the Company's operational excellence, they received base salary increases and target annual incentive opportunity increases to the amounts set for Executive Vice Presidents based on competitive market data. Mr. Webb also received a base salary increase to \$625,000 from \$600,000 for 2014.

Compensation Peer Group

For 2015, the Compensation Committee used a peer group to benchmark compensation of our named executive officers, including base salary, target annual incentive opportunities and target long-term incentive opportunities. The peer group included the following eleven companies:

Anadarko Petroleum Corporation	Devon Energy Corporation	Hess Corporation	Noble Energy, Inc.
Apache Corporation	EnCana Corporation	Marathon Oil Corporation	Occidental Petroleum Corporation
Continental Resources, Inc.	EOG Resources, Inc.	Murphy Oil Corporation	

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The Compensation Committee further assessed the compensation peer group and determined to replace Continental Resources, Inc. with ConocoPhillips, due primarily to ConocoPhillips' exposure to both oil and gas exploration and production, for purposes of judging relative TSR for

PSUs granted in 2015. The 2015 PSUs will vest based on the Company's TSR performance relative to the updated peer group over the three-year period ending December 31, 2017.

2015 Annual Incentive Program

The 2015 annual incentive program was established pursuant to the 2013 Annual Incentive Plan, which was approved by shareholders at the 2013 annual meeting. The structure of the 2015 annual incentive program is the same as the 2014 annual incentive program. The 2015 annual incentive program is also subject to a Tax Deductibility Threshold and Individual 162(m) Caps, as described above under the caption *Performance-Based Annual Incentives - 2014 Annual Incentive Program*. For 2015, the Tax Deductibility Threshold is oil and gas production (adjusting for asset acquisitions and divestitures) equal to at

least 75% of the production achieved during 2014. For 2015, the Compensation Committee established similar financial, operational and environmental, health and safety performance goals and a cash cost management multiplier, which is intended to encourage employees to focus on efficiencies that impact controllable cash costs. As with the 2014 annual incentive program, the 2015 performance goals include: adjusted EBITDA per boe, capital expenditures, production growth, reserve replacement (mmbob), total recordable incident rate (expressed as a percentage reduction) and reportable spills.

2015 Long-Term Incentive Program

Target Long-Term Incentive Mix. On January 10, 2015, the Compensation Committee granted long-term incentive awards to then-serving named executive officers and other senior executives pursuant to the 2014 LTIP. One-half of each named executive officer's long-term incentive award was in the form of PSUs (the value of which is determined in part based on the closing price of the Company's common stock and in part by a Monte Carlo simulation, each on the grant date), and the other half was equally divided between restricted stock units (the value of which is based on the closing price of the Company's common stock on the grant date) and stock options (the value of which is determined using the Black-Scholes option pricing model on the grant date), each vesting ratably over a three-year period ending on December 31, 2017.

PSU Program. For 2015, to determine the appropriate performance measure for the PSU grants, the Compensation Committee reviewed a survey conducted by Pay Governance of the performance-based compensation plans of our peer group companies. The Committee

determined that including operational measures as well as relative TSR is in the best of interest of shareholders and as a result, the PSU grants made in 2015 include the following performance measures at the end of the three-year

performance period: (i) 50% relative TSR; (ii) 25% production growth per debt-adjusted share; and (iii) 25% finding and development cost per boe.

The Company's relative TSR performance will be measured against the peer group consisting of Anadarko Petroleum Corporation, Apache Corporation, ConocoPhillips, Devon Energy Corporation, EnCana Corporation, EOG Resources, Inc., Hess Corporation, Marathon Oil Corporation, Murphy Oil Corporation, Noble Energy Inc., and Occidental Petroleum Corporation. The performance period is three years covering January 1, 2015 through December 31, 2017. The table below shows with respect to each of the three performance goals the weighting and PSU earned percentages based upon the Company's results during the performance period:

Performance Goal	Relative Total Shareholder Return (TSR)		Production Growth		Finding & Development Costs	
	Weighting	50%	25%	25%		
Payout Scale for Performance Score	TSR Rank	PSUs Earned as a % of Target	Prod Growth/DAAs	PSUs Earned as a % of Target	F&D Costs \$/BOE	PSUs Earned as a % of Target
	1	200%	³ 10%	200%	£\$ 13	200%
	2	182%	9%	175%	\$ 14	175%
	3	164%	8%	150%	\$ 15	150%
	4	146%	7%	125%	\$ 16	125%
	5	128%	6%	100%	\$ 17	100%
	6	110%	5%	75%	\$ 18	75%
	7	92%	4%	50%	\$ 19	50%
	8	74%	< 4%	0%	> \$ 19	0%
	9	56%				
	10-12	0%				

Absolute TSR Circuit Breaker. 2015 PSUs will be subject to an absolute TSR circuit breaker to moderate payouts if the Company's absolute TSR is negative over the performance period. The final PSU modifier is subject to a 100% maximum if the Company's absolute TSR is negative over the performance period.

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Compensation Committee Report

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis set forth above. Based on the review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company's 2014 Form 10-K and this Proxy Statement.

Members of the Compensation Committee:

Merrill A. (Pete) Miller, Jr., *Chairman*

John J. Lipinski

R. Brad Martin

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Executive Compensation Tables

Summary Compensation Table

Name and Principal Position	Year	Salary(\$)	Bonus(\$) ^(a)	Stock Awards(\$) ^(b)	Option Awards(\$) ^(c)	Non-Equity Incentive Plan Compensation(\$) ^(d)	Change in Pension Value and Nonqualified Deferred Compensation(\$) ^(e)	All Other Compensation(\$) ^(f)	Total(\$)
							Earnings(\$)		
Robert D. (Doug) Lawler	2014	1,250,000		7,875,021	2,625,003	2,720,625		206,728	14,677,377
	2013	649,038	2,000,000	12,750,035	5,250,001	1,619,260		155,033	22,423,367
President and Chief Executive Officer									
Domenic J. (Nick) Dell Osso, Jr.	2014	725,000		1,856,270	618,754	1,314,969		344,390	4,859,383
	2013	725,000		4,312,596	3,789,524	1,442,750		214,598	10,484,468
2012	722,596	1,550	5,430,294		750,000		450,041	7,354,481	
Executive Vice President and Chief Financial Officer									
James R. Webb	2014	595,192		2,250,025	750,009	1,088,250		71,709	4,755,185
Executive Vice President General Counsel & Corporate Secretary									

M. Christopher Doyle	2014	566,346	177,283	1,875,025	625,002	822,717	108,489	4,174,862
	2013	179,808	600,000	4,575,064	425,002	400,000	45,995	6,225,869

Executive
Vice
President,
Operations
Northern
Division

M. Jason Pigott	2014	519,231	245,480	1,875,025	625,002	754,520	101,827	4,121,085
	2013	171,154	555,748	4,575,064	425,002	244,252	81,253	6,052,473

Executive
Vice
President,
Operations
Southern
Division

Served as Senior Vice President of Operations during 2014; promoted to Executive Vice President of Operations effective January 1, 2015.

- (a) *The 2014 performance cash bonuses of \$177,283 and \$245,480 for Messrs. Doyle and Pigott, respectively, were issued in consideration of their individual performance and positive impact on the Company's operations in 2014 and paid in February 2015.*
- (b) *These amounts represent the aggregate grant date fair value of restricted stock units and PSU awards, determined in accordance with generally accepted accounting principles, excluding the effect of estimated forfeitures during the applicable vesting periods. The value ultimately realized by the executive upon the actual vesting of the awards may be more or less than the grant date fair value. For restricted stock unit awards, values are based on the closing price of the Company's common stock on the grant date. Named executive officers receive dividend equivalent rights with respect to unvested restricted stock unit awards. For the PSU awards, the Company utilized the Monte Carlo simulation, and used the following weighted average assumptions to determine the fair value of the PSUs granted in 2014: historical volatility of 41.37%; dividend yield of 0% for valuing TSR; dividend yield of 1.36% for valuing the awards; and risk-free interest rate of 0.76% for the TSR performance measure. The grant date fair value of the PSUs was determined based on the vesting at target of the PSUs awarded, which is the performance the Company believed was probable on the grant date. The PSUs are settled in cash upon vesting and the maximum award opportunity for each named executive officer for the 2014 PSU awards as of the grant date is as follows: Mr. Lawler, \$5,250,004; Mr. Dell Oso, \$1,237,507; Mr. Webb, \$1,500,013; Mr. Doyle, \$1,250,015; and Mr. Pigott, \$1,250,015. Refer to the Grants of Plan-Based Awards Table for 2014 for additional information regarding restricted stock unit and PSU awards made to the named executive officers in 2014. The assumptions used by the Company in calculating the amounts related to restricted stock units and PSUs are incorporated by reference to Note 9 of the consolidated financial statements included in the Form 10-K.*

- (c) *These amounts represent the aggregate grant date fair value of stock option awards, determined in accordance with FASB ASC Topic 718, excluding the effect of estimated forfeitures during the applicable vesting periods. The value ultimately realized by the executive upon the actual vesting of the awards may be more or less than the grant date fair value. The assumptions used by the Company in calculating the amounts related to stock options are incorporated by reference to Note 9 of the consolidated financial statements included in the Form 10-K. Refer to the Grants of Plan-Based Awards Table for 2014 for additional information regarding stock option awards made to the named executive officers in 2014.*
- (d) *The 2014 amounts in this column represent annual incentive program awards earned with respect to the designated year and paid in the following year, as described on page 26.*
- (e) *The Company does not have a pension plan. In addition, our nonqualified deferred compensation plan does not provide for above-market or preferential earnings. Our nonqualified deferred compensation plan is discussed in detail in the narrative to the Nonqualified Deferred Compensation Table for 2014.*
- (f) *See the All Other Compensation Table below for additional information.*

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All Other Compensation Table

Name	Year	Personal Use of Fractionally Owned Company Aircraft^(a)	Company Matching Contributions to Retirement Plans^(b)	New Hire Benefits^(c)	Other Perquisites and Benefits^(d)	Total^(e)
Robert D. (Doug) Lawler	2014		187,500		19,228	206,728
	2013			132,653	22,380	155,033
Domenic J. (Nick) Dell Osso, Jr.	2014		325,162		19,228	