

CHESAPEAKE ENERGY CORP  
Form 424B5  
December 12, 2005  
Table of Contents

Filed pursuant to Rule 424(b)(5)

A filing fee of \$77,424, calculated in accordance with Rule 457(r), has been transmitted to the SEC in connection with the securities offered from the registration statement (File No. 333-130196) by means of this prospectus supplement

PROSPECTUS SUPPLEMENT

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(To Prospectus dated December 8, 2005)

**20,000,000 Shares**

## **Chesapeake Energy Corporation**

### **Common Stock**

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We are offering 20,000,000 shares of common stock to be sold in this offering. We will receive all of the net proceeds from the sale of such common stock.

Our common stock is listed on the New York Stock Exchange under the symbol **CHK**. The last reported sale price of our common stock on December 8, 2005 was \$31.46 per share.

**Investing in our common stock involves risks. Before buying any of the shares, you should read the discussion of material risks of investing in our common stock in Risk factors beginning on page S-12 of this prospectus supplement.**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this prospectus supplement or the prospectus to which it relates is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	\$31.46	\$ 629,200,000
Underwriting discounts and commissions	\$ 1.18	\$ 23,595,000
Proceeds, before expenses, to us	\$30.28	\$ 605,605,000

The underwriters may also purchase up to an additional 3,000,000 shares of common stock from us at the public offering price less any underwriting discounts and commissions payable by us to cover over-allotments, if any, within 30 days from the date of this prospectus supplement. If the underwriters exercise the option in full, the total underwriting discounts and commissions will be \$27,134,250 and the total proceeds, before expenses, to us will be \$696,445,750.

The underwriters are offering the shares of our common stock as set forth under Underwriting. Delivery of the shares of common stock will be made on or about December 14, 2005.

*Joint Book-Running Managers*

**UBS Investment Bank**

**Banc of America Securities LLC**

**Credit Suisse First Boston**

**Lehman Brothers**

**Raymond James**

*Senior Co-Managers*

**Bear, Stearns & Co. Inc.  
Goldman, Sachs & Co.**

**Citigroup  
Lazard Capital Markets**

**Deutsche Bank Securities  
Petrie Parkman & Co.**

*Co-Managers*

**Gilford Securities Incorporated  
Jefferies**

**Harris Nesbitt  
Johnson Rice & Company L.L.C.  
Simmons & Company International**

**Howard Weil Incorporated  
Pritchard Capital Partners, LLC**

December 8, 2005

**Table of Contents****TABLE OF CONTENTS**

<u>Prospectus Supplement</u>		<u>Prospectus</u>	
<u>Notice to investors</u>	S-i	<u>Where you can find more information</u>	2
<u>Prospectus supplement summary</u>	S-1	<u>Description of Chesapeake capital stock</u>	3
<u>Risk factors</u>	S-12	<u>Use of proceeds</u>	9
<u>Use of proceeds</u>	S-20	<u>Legal matters</u>	9
<u>Capitalization</u>	S-21	<u>Experts</u>	9
<u>Price range of common stock</u>	S-22		
<u>Dividend policy</u>	S-23		
<u>Certain United States federal tax considerations for non-United States holders</u>	S-24		
<u>Underwriting</u>	S-27		
<u>Notice to Canadian residents</u>	S-31		
<u>Legal matters</u>	S-33		
<u>Experts</u>	S-33		

**NOTICE TO INVESTORS****European Economic Area**

With respect to each Member State of the European Economic Area which has implemented Prospectus Directive 2003/71/EC, including any applicable implementing measures, from and including the date on which the Prospectus Directive is implemented in that Member State, the offering of our common stock in this offering is only being made:

- (a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than 43,000,000 and (3) an annual net turnover of more than 50,000,000, as shown in its last annual or consolidated accounts; or
- (c) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

**United Kingdom**

Shares of our common stock may not be offered or sold and will not be offered or sold to any persons in the United Kingdom other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses and in compliance with all applicable provisions of the FSMA with respect to anything done in relation to shares of

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our common stock in, from or otherwise involving the United Kingdom. In addition, Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of shares of our common stock may only be communicated in circumstances in which Section 21(1) of the FSMA does not apply to the Company. Without limitation to the other restrictions referred to herein, this offering circular is directed only at (1) persons outside the United Kingdom, (2) persons having professional experience in matters relating to investments who fall within the definition of investment professionals in Article 19(5) of the Financial Services and Markets

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**S-i**

**Table of Contents**

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Act 2000 (Financial Promotion) Order 2005, or (3) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005. Without limitation to the other restrictions referred to herein, any investment or investment activity to which this offering circular relates is available only to, and will be engaged in only with, such persons, and persons within the United Kingdom who receive this communication (other than persons who fall within (2) or (3) above) should not rely or act upon this communication.

**Switzerland**

Shares of our common stock may be offered in Switzerland only on the basis of a non-public offering. This prospectus does not constitute an issuance prospectus according to articles 652a or 1156 of the Swiss Federal Code of Obligations or a listing prospectus according to article 32 of the Listing Rules of the Swiss exchange. The shares of our common stock may not be offered or distributed on a professional basis in or from Switzerland and neither this prospectus nor any other offering material relating to shares of our common stock may be publicly issued in connection with any such offer or distribution. The shares have not been and will not be approved by any Swiss regulatory authority. In particular, the shares are not and will not be registered with or supervised by the Swiss Federal Banking Commission, and investors may not claim protection under the Swiss Investment Fund Act.

**You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in or incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the dates of this prospectus supplement or the accompanying prospectus or that any information we have incorporated by reference is accurate as of any date other than the date of the document incorporated by reference.**

Table of Contents

## Prospectus supplement summary

*This summary highlights selected information from this prospectus supplement and the accompanying prospectus, but may not contain all information that may be important to you. This prospectus supplement and the accompanying prospectus include specific terms of this offering, information about our business and financial data. We encourage you to read this prospectus supplement, the accompanying prospectus and the documents incorporated herein and therein in their entirety before making an investment decision. Unless otherwise indicated, this prospectus supplement assumes no exercise of the underwriters' over-allotment option.*

### CHESAPEAKE

We are the second largest independent producer of natural gas in the U.S., owning interests in approximately 29,800 producing oil and gas wells that are currently producing approximately 1.46 bcfe per day, 92% of which production is natural gas. Our strategy is focused on discovering, developing and acquiring onshore natural gas reserves in the southwestern U.S. and in the Appalachian Basin of the eastern U.S. Our primary operating area has historically been the Mid-Continent region of the U.S., which includes Oklahoma, Arkansas, Kansas and the Texas Panhandle, and is where 52% of our proved oil and natural gas reserves are located. In addition, we have built significant positions in the South Texas and Texas Gulf Coast regions, the Permian Basin of West Texas and eastern New Mexico, the Barnett Shale area of north-central Texas and the Ark-La-Tex area of East Texas and northern Louisiana. As a result of our recent acquisition of the holding company of Columbia Natural Resources, LLC and certain affiliated entities (CNR), we also now own a significant presence in the Appalachian Basin, principally in West Virginia, eastern Kentucky, eastern Ohio and southern New York.

On November 14, 2005, we took a significant step toward expanding into natural gas development and production in the Appalachian Basin by acquiring CNR and its significant natural gas reserves, acreage and mid-stream assets for approximately \$3.05 billion, of which \$2.2 billion was in cash and \$0.85 billion was in assumed liabilities related to CNR's working capital deficit and its prepaid sales agreement and hedging positions. The CNR assets consist of 125 mmcfe per day of natural gas production, an internally estimated 1.1 tcf of proved reserves and approximately 4.1 million net acres of oil and gas leasehold, which we estimate have over 9,400 additional undrilled locations with reserve potential. CNR also owns extensive mid-stream natural gas assets, including over 6,500 miles of natural gas gathering lines. Please see "Recent Developments - CNR Acquisition" below.

As of December 31, 2004, our estimated proved reserves were 4.9 tcf. As of September 30, 2005 and pro forma for the CNR acquisition, we had an internally estimated 7.3 tcf of proved reserves, of which 92% is natural gas and all of which is onshore. During the first three quarters of 2005, we replaced our 338 bcfe of production with an internally estimated 1,649 bcfe of new proved reserves, for a reserve replacement rate of 488%. Reserve replacement through the drillbit was 929 bcfe, or 275% of production (including a negative 19 bcfe from performance revisions and a positive 94 bcfe from oil and natural gas price increases), and reserve replacement through acquisitions was 720 bcfe, or 213% of production.

During the first three quarters of 2005, we led the nation in drilling activity with average utilization of 72 operated rigs and 65 non-operated rigs. Through this drilling activity, we drilled 654 (491 net) operated wells and participated in another 783 (92 net) wells operated by other companies and we added approximately 929 bcfe of proved oil and natural gas reserves. Our success rate was 97% for operated wells and 96% for non-operated wells. As of September 30, 2005 and excluding the CNR acquisition,

## **Table of Contents**

our proved developed reserves were 63% of our total proved reserves. In the first three quarters of 2005, we added approximately 600 new employees and invested \$209 million in leasehold (exclusive of leases acquired through acquisitions) and 3-D seismic data, all of which we consider the building blocks of future value creation.

From January 1, 1998 through September 30, 2005, we have been one of the most active consolidators of onshore U.S. natural gas assets, having purchased approximately 5.6 tcf of proved reserves, pro forma for our recent CNR acquisition, at a total cost of approximately \$10.1 billion (including approximately \$855 million for certain prepaid sales, hedging liabilities, working capital deficit and other liabilities assumed in the CNR acquisition and \$2.1 billion for unproved leasehold, but excluding \$811 million of deferred taxes established in connection with certain corporate acquisitions) for a per mcfe acquisition cost of \$1.42.

During 2005, we have been especially active in the acquisitions market. Acquisition expenditures totaled \$4.8 billion through September 30, 2005 and pro forma for our recent CNR acquisition (including approximately \$855 million for certain prepaid sales, hedging liabilities, working capital deficit and other liabilities assumed in the CNR acquisition and \$1.3 billion for unproved leasehold, but excluding \$253 million of deferred taxes established in connection with certain corporate acquisitions). Through these acquisitions, we have acquired an internally estimated 1.8 tcf of proved oil and natural gas reserves at a per mcfe acquisition cost of \$1.95.

We intend to use the net proceeds from this offering to repay indebtedness incurred under our revolving bank credit facility to fund the CNR acquisition and other working capital and capital expenditures. Please see Use of Proceeds.

Our executive offices are located at 6100 North Western Avenue, Oklahoma City, Oklahoma 73118, and our telephone number is (405) 848-8000.

## **BUSINESS STRATEGY**

Since our inception in 1989, our goal has been to create value for investors by building one of the largest onshore natural gas resource bases in the United States. For much of the past seven years, our strategy to accomplish this goal has been to build the dominant operating position in the Mid-Continent region, the third largest gas supply region in the U.S. In building this industry-leading position in the Mid-Continent, we have integrated an aggressive and technologically advanced drilling program with an active property consolidation program focused on small to medium-sized corporate and property acquisitions. In 2002, we began expanding our focus from the Mid-Continent to other regions where we believed we could extend our successful strategy. To date, those areas have included the South Texas and Texas Gulf Coast regions, the Permian Basin of West Texas and eastern New Mexico, the Barnett Shale area of north-central Texas, the Ark-La-Tex area of East Texas and northern Louisiana, and, through our recent CNR acquisition, the Appalachian Basin, principally in West Virginia, eastern Kentucky, eastern Ohio and southern New York. We believe significant elements of our successful Mid-Continent strategy of acquisition, exploitation, extension and exploration have been or will be successfully transferred to these areas.

Key elements of this business strategy are further explained below:

***Make High-Quality Acquisitions.*** Our acquisition program is focused on small to medium-sized acquisitions of natural gas properties that offer high-quality, long-lived production and significant development and higher potential deep drilling opportunities. Although the CNR transaction is the largest acquisition we have ever completed, as a percentage of our enterprise value, it is roughly the same



S-2

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**Table of Contents**

relative size as several transactions in the past. From January 1, 1998 through September 30, 2005, pro forma for our recent CNR acquisition, we have acquired \$10.1 billion of oil and gas properties at an estimated average cost of \$1.42 per mcfe of proved reserves. This amount includes \$855 million, or \$0.15 per mcfe of proved reserves, for certain prepaid sales, hedging liabilities, working capital deficit and other liabilities assumed in the CNR acquisition and \$2.1 billion for unproved leasehold. Excluded from this amount is \$811 million, or \$0.14 per mcfe of proved reserves, of deferred taxes established in connection with certain corporate acquisitions. The vast majority of these acquisitions either increased our ownership in existing wells or fields or added additional drilling locations in our focused operating areas. Because these operating areas contain many smaller companies seeking liquidity opportunities and larger companies seeking to divest non-core assets, we expect to continue to find additional attractive acquisition opportunities in the future.

***Grow through the Drillbit.*** One of our most distinctive characteristics is our ability to increase reserves and production through the drillbit. We are currently utilizing 79 operated drilling rigs and 61 non-operated drilling rigs to conduct the most active drilling program in the United States. We focus both on finding significant new natural gas reserves and developing existing proved reserves, principally at deeper depths than the industry average. For the past seven years, we have been aggressively investing in leasehold, 3-D seismic information and human capital to be able to take advantage of the favorable drilling economics that exist today. While we believe U.S. natural gas production has been declining during the past five years, we are one of the few large-cap companies that have been able to increase production, which we have successfully achieved for the past 15 consecutive years and 17 consecutive quarters. We believe key elements of the success and scale of our drilling programs have been our early recognition that gas prices were likely to move higher in the U.S. in the post-1999 period accompanied by our willingness to aggressively hire new employees and to build the nation's largest onshore leasehold and 3-D seismic inventories, all of which are the building blocks of value creation in a successful large-scale drilling program.

***Build Regional Scale.*** We believe one of the keys to success in the natural gas exploration industry is to build significant operating scale in a limited number of operating areas that share many similar geological and operational characteristics. Achieving such scale provides many benefits, the most important of which are higher per unit revenues, lower per unit operating costs, greater rates of drilling success, higher returns from more easily integrated acquisitions and higher returns on drilling investments. We first began pursuing this focused strategy in the Mid-Continent in late 1997 and we are now the largest natural gas producer, the most active driller and the most active acquirer of leasehold and producing properties in the Mid-Continent. We believe this region, which trails only the Gulf Coast and Rocky Mountain basins in current U.S. gas production, has many attractive characteristics. These characteristics include long-lived natural gas properties with predictable decline curves; multi-pay geological targets that decrease drilling risk and have resulted in a drilling success rate of 93% over the past 16 years; favorable basis differentials to benchmark commodity prices; generally lower service costs than in more competitive or more remote basins; and a favorable regulatory environment with virtually no federal land ownership. We believe our other operating areas possess many of these same favorable characteristics and our goal is to become or remain a top five producer in each of our operating areas.

***Focus on Low Costs.*** By minimizing lease operating costs and general and administrative expense through focused activities and increased scale, we have been able to deliver attractive financial returns through all phases of the commodity price cycle. We believe our low cost structure is the result of management's effective cost-control programs, a high-quality asset base and the extensive and competitive services, gas processing and transportation infrastructures that exist in our key operating areas. As of September 30, 2005, we operated approximately 10,300 wells, or approximately 80% of our daily production.

## **Table of Contents**

**Improve our Balance Sheet.** We have made significant progress in improving our balance sheet over the past seven years. From December 31, 1998 through September 30, 2005 and pro forma for our recent private offering of preferred stock, we have increased our shareholders' equity by \$5.0 billion (\$5.6 billion pro forma for this offering) through a combination of earnings and common and preferred equity issuances. As of September 30, 2005, and pro forma for our recent private offerings of preferred stock, contingent convertible senior notes and senior notes, our debt as a percentage of total capitalization (total capitalization is the sum of debt and stockholders' equity) was 55%, compared to 137% as of December 31, 1998. As of September 30, 2005, on a pro forma basis as adjusted for this offering, our debt to total capitalization ratio was 50%. We plan to continue improving our balance sheet in the years ahead.

Based on our view that natural gas will be in a tight supply/high demand relationship in the U.S. during at least the next few years because of flat to declining supply and growing demand for this clean-burning, domestically-produced fuel, we believe our focused natural gas acquisition, exploitation and exploration strategy should provide substantial value-creating growth opportunities in the years ahead. Our goal is to increase our overall production by 10% to 20% per year, with growth at an annual rate of 5% to 10% generated organically through the drillbit and the remaining growth generated through future acquisitions. We have reached or exceeded this overall production goal in 10 of our 12 years as a public company.

## **COMPANY STRENGTHS**

We believe the following six characteristics distinguish our past performance and differentiate our future growth potential from other independent natural gas producers:

**High-Quality Asset Base.** Our producing properties are characterized by long-lived reserves, established production profiles and an emphasis on onshore natural gas. Based upon current production and proved reserve estimates, our proved reserves-to-production ratio, or reserve life, is approximately 14 years. In addition, we believe we are the fifth largest producer of natural gas in the U.S. (second among independents) and the fourth largest owner of proved U.S. natural gas reserves (first among independents). In each of our operating areas, our properties are concentrated in locations that enable us to establish substantial economies of scale in drilling and production operations and facilitate the application of more effective reservoir management practices. We intend to continue building our asset base in each of our operating areas through a balance of acquisitions, exploitation and exploration. As of September 30, 2005, we operated properties accounting for approximately 80% of our daily production volumes. This large percentage of operated properties provides us with a high degree of operating flexibility and cost control.

**Low-Cost Producer.** Our high-quality asset base, the work ethic of our employees, our hands-on management style and our headquarters location in Oklahoma City have enabled us to achieve a low operating and administrative cost structure. During the first three quarters of 2005, our operating costs per unit of production were \$1.18 per mcfe, which consisted of general and administrative expenses of \$0.12 per mcfe (including non-cash stock-based compensation of \$0.03 per mcfe), production expenses of \$0.66 per mcfe and production taxes of \$0.40 per mcfe. We believe this is one of the lowest cost structures among publicly traded, large-cap independent oil and natural gas producers.

**Successful Acquisition Program.** Our experienced asset acquisition team focuses on enhancing and expanding our existing assets in each of our operating areas. These areas are characterized by long-lived natural gas reserves, low lifting cost, multiple geological targets, favorable basis differentials to benchmark commodity prices, well-developed oil and gas transportation infrastructures and considerable potential for further consolidation of assets. Since 1998, we have completed \$10.1 billion in acquisitions

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**Table of Contents**

at an estimated average cost of \$1.42 per mcf of proved reserves. This amount includes approximately \$855 million, or \$0.15 per mcf of proved reserves, for certain prepaid sales, hedging liabilities, working capital deficit and other liabilities assumed in the CNR acquisition and \$2.1 billion for unproved leasehold. Excluded from this amount is \$811 million, or \$0.14 per mcf of proved reserves, of deferred taxes established in connection with certain corporate acquisitions. We are well-positioned to continue making attractive acquisitions as a result of our extensive track record of identifying, completing and integrating multiple successful acquisitions, our large operating scale and our knowledge and experience in the regions in which we operate.

***Large Inventory of Drilling Projects.*** During the 16 years since our inception, we have been among the five most active drillers of new wells in the United States. Presently we are the most active driller in the U.S. (with 79 operated and 61 non-operated rigs drilling). Through this high level of activity over the years, we have developed an industry-leading expertise in drilling deep vertical and horizontal wells in search of large natural gas accumulations in challenging reservoir conditions. In addition, we believe that our large 11.7 million acre 3-D seismic inventory, much of which is proprietary to us, provides significant informational advantages over our competitors. As a result of our aggressive leasehold acquisition and seismic acquisition strategies, we have been able to accumulate a U.S. onshore leasehold position of approximately 8.0 million net acres and have acquired rights to 11.7 million acres of onshore 3-D seismic data to help evaluate our expansive acreage inventory. On this very large acreage position, our technical teams have identified approximately 25,000 exploratory and developmental drill sites, representing a backlog of more than ten years of future drilling opportunities at current drilling rates.

***Hedging Program.*** We have used and intend to continue using hedging programs to reduce the risks inherent in acquiring and producing oil and natural gas reserves, commodities that are frequently characterized by significant price volatility. We believe this price volatility is likely to continue in the years ahead and that we can use this volatility to our benefit by taking advantage of prices when they reach levels that management believes are either unsustainable for the long-term or provide unusually high rates of return on our invested capital. We currently have gas hedges in place covering 77% of our anticipated gas production for the fourth quarter of 2005 and 53% of our anticipated gas production for 2006 at average NYMEX prices of \$8.33 and \$9.09 per mcf, respectively. In addition, we have 55% of our anticipated oil production hedged for the fourth quarter of 2005 and 51% of our anticipated oil production hedged for 2006 at average NYMEX prices of \$54.97 and \$59.65 per barrel of oil, respectively.

***Entrepreneurial Management.*** Our management team formed the company in 1989 with an initial capitalization of \$50,000 and fewer than ten employees. Since then, our management team has guided the company through various operational and industry challenges and extremes of oil and gas prices to create the second largest independent producer of natural gas in the U.S. with approximately 2,800 employees and an enterprise value of approximately \$19.1 billion (pro forma for this offering). Our co-founders, Aubrey K. McClendon and Tom L. Ward, have been business partners in the oil and gas industry for 22 years and beneficially owned, as of November 30, 2005, approximately 21.0 million and 21.3 million shares of our common stock, respectively. Messrs. McClendon and Ward each intend to purchase 750,000 shares of common stock in this offering at the price offered to the public.

**RECENT DEVELOPMENTS**

We recently completed a major acquisition and related private offerings intended to expand our natural gas production and development base.

***CNR Acquisition.*** On November 14, 2005, we acquired CNR, through the acquisition of its holding company, Columbia Energy Resources, LLC, from a private owner for approximately \$3.05 billion, of

## Table of Contents

which \$2.2 billion was in cash and \$0.85 billion was in assumed liabilities related to CNR's working capital deficit and its prepaid sales agreement and hedging positions. Through this transaction, we acquired properties and assets principally located in the Appalachian Basin in West Virginia, Kentucky, Ohio, Pennsylvania and New York, including:

- an internally estimated 1.1 tcf of proved reserves, 99% of which are natural gas with an average BTU content of 1,140, and 70% of which are classified as proved developed;
- approximately 4.1 million net acres of unevaluated oil and gas leasehold, 3.5 million in the U.S. and 0.6 million in Canada, which we estimate have over 9,400 additional undrilled locations with reserve potential providing an estimated drilling inventory of more than 15 years; and
- extensive mid-stream natural gas assets, including over 6,500 miles of natural gas gathering lines.

We allocated approximately \$500 million of the purchase price to the unevaluated acreage and \$175 million to the mid-stream natural gas assets. In addition, gas sold from the properties generally receives a \$0.50 per mmbtu premium to NYMEX gas prices, compared to basis differential discounts that have recently ranged up to \$3.00 per mmbtu in various southwestern and western U.S. natural gas supply basins. Adjusting further for the favorable BTU content, CNR's natural gas has recently received wellhead prices of up to \$4.00 per mcf more than typical southwestern and western U.S. natural gas production.

CNR's daily net production was approximately 125 mmcf as of the date of acquisition, indicating a proved developed reserves-to-production index of 16.0 years, or about 9% of our current daily net production. In addition to the significant number of undeveloped drilling locations with proved reserves, we believe the unevaluated properties offer considerable additional drilling and development potential for adding proved reserves. We intend to spend at least \$200 million per year for the foreseeable future in further developing the CNR properties with a goal of growing CNR production by 5% to 10% per year.

We acquired CNR subject to liabilities related to its prepaid sales agreement and its hedging arrangements. At the closing of the acquisition, we recorded a mark-to-market liability of approximately \$706 million on those obligations, which was based on gas prices on the day of closing.

On November 1, 2005, we filed a current report on Form 8-K with the SEC which included certain financial statements of CNR and our related pro forma financial statements showing the pro forma effects of the CNR acquisition. We refer you to the Form 8-K, which is incorporated by reference into this prospectus supplement, for additional information about CNR.

***Recent Private Offerings of Preferred Stock, Senior Notes and Contingent Convertible Senior Notes.*** On November 8, 2005, we completed a private placement of 5,750,000 shares of our 5.00% Cumulative Convertible Preferred Stock (Series 2005B), a private placement of \$500 million principal amount of 6.875% Senior Notes due 2020 and a private placement of \$690 million principal amount of 2.75% Contingent Convertible Senior Notes due 2035. We received total net proceeds from these offerings of approximately \$1.7 billion, which we used to fund a portion of the purchase price of our CNR acquisition.

Table of Contents**The offering**

Common stock offered by Chesapeake 20,000,000 shares(1)

Common stock outstanding after this offering 366,726,684 shares(1)(2)

Use of Proceeds The net proceeds to us from this offering, after deducting discounts to the underwriters and estimated expenses of the offering, will be approximately \$605.4 million. Net proceeds to us are expected to be used to repay indebtedness under our revolving bank credit facility, which may be reborrowed for general corporate purposes, including to fund costs of our drilling program and possible future acquisitions. Please read Use of Proceeds. Certain of the underwriters or their affiliates are lenders under our revolving bank credit facility and, accordingly, may receive a portion of the proceeds of this offering. Please see Underwriting Affiliations.

New York Stock Exchange Symbol CHK

- (1) Excludes shares that may be issued to the underwriters pursuant to their over-allotment option. If the underwriters exercise their over-allotment option in full, the total number of shares of common stock offered will be 23,000,000, and the total number of shares of our common stock outstanding after this offering will be 369,726,684. We had 346,726,684 shares of our common stock outstanding at December 6, 2005.
- (2) Excludes shares of common stock potentially issuable upon the exercise of stock options, which as of December 6, 2005 included 20,347,178 shares potentially issuable upon the exercise of outstanding stock options at a weighted average price of \$6.15 and 6,516,207 shares of common stock reserved for issuance upon exercise of future additional options or awards of restricted stock, if granted under our stock compensation plans. Also excludes, as of December 6, 2005:
- 487,557 shares of common stock potentially issuable upon conversion of the 100,310 shares of our outstanding issue of 6.00% Cumulative Convertible Preferred Stock at an initial conversion price of \$10.287 per share;
  - 6,254,372 shares of common stock potentially issuable upon conversion of the 1,025,946 shares of our outstanding issue of 5.00% Cumulative Convertible Preferred Stock (Series 2003) at an initial conversion price of \$16.40 per share;
  - 5,693,861 shares of common stock potentially issuable upon conversion of the 94,810 shares of our outstanding issue of 4.125% Cumulative Convertible Preferred Stock at an initial conversion price of \$16.65 per share;
  - 17,853,060 shares of common stock potentially issuable upon conversion of the 4,600,000 shares of our outstanding issue of 5.00% Cumulative Convertible Preferred Stock (Series 2005) at an initial conversion price of \$25.766 per share;
  - 7,810,455 shares of common stock potentially issuable upon conversion of the 3,450,000 shares of our outstanding issue of 4.50% Cumulative Convertible Preferred Stock at an initial conversion price of \$44.17 per share;
  - 14,717,125 shares of common stock potentially issuable upon conversion of the 5,750,000 shares of our outstanding issue of 5.00% Cumulative Convertible Preferred Stock (Series 2005B) at an initial conversion price of \$39.07 per share; and
  - 5,323,908 shares of treasury stock.

S-7

Table of Contents**Summary consolidated financial data**

The following tables set forth summary consolidated financial data as of and for each of the three years ended December 31, 2004, 2003 and 2002 and nine months ended September 30, 2005 and 2004. This data was derived from our audited consolidated financial statements included in our annual report on Form 10-K for the year ended December 31, 2004 and from our unaudited condensed consolidated financial statements included in our quarterly report on Form 10-Q for the nine months ended September 30, 2005, each of which is incorporated by reference herein. The financial data below should be read together with, and are qualified in their entirety by reference to, our historical consolidated financial statements and the accompanying notes and the Management's Discussion and Analysis of Financial Condition and Results of Operations which are set forth in such annual report on Form 10-K and quarterly report on Form 10-Q.

	Years Ended December 31,			Nine Months Ended September 30,	
	2004	2003	2002	2005	2004
(\$ in thousands, except per share data)					
<b>Statement of Operations Data:</b>					
Revenues:					
Oil and gas sales	\$ 1,936,176	\$ 1,296,822	\$ 568,187	\$ 2,032,271	\$ 1,270,394
Oil and gas marketing sales	773,092	420,610	170,315	882,040	496,823
<b>Total revenues</b>	<b>2,709,268</b>	<b>1,717,432</b>	<b>738,502</b>	<b>2,914,311</b>	<b>1,767,217</b>
Operating costs:					
Production expenses	204,821	137,583	98,191	222,660	148,500
Production taxes	103,931	77,893	30,101	136,313	68,559
General and administrative expenses:					
General and administrative (excluding stock-based compensation)	32,217	22,808	17,262	29,468	23,947
Stock-based compensation	4,828	945	356	10,172	3,125
Oil and gas marketing expenses	755,314	410,288	165,736	860,789	486,205
Oil and gas depreciation, depletion and amortization	582,137	369,465	221,189	621,484	410,237
Depreciation and amortization of other assets	29,185	16,793	14,009	34,791	20,155
Provision for legal settlements	4,500	6,402			
<b>Total operating costs</b>	<b>1,716,933</b>	<b>1,042,177</b>	<b>546,844</b>	<b>1,915,677</b>	<b>1,160,728</b>
<b>Income from operations</b>	<b>992,335</b>	<b>675,255</b>	<b>191,658</b>	<b>998,634</b>	<b>606,489</b>
Other income (expense):					
Interest and other income	4,476	2,827	7,340	7,790	3,563
Interest expense	(167,328)	(154,356)	(112,031)	(155,623)	(124,040)
Loss on investment in Seven Seas		(2,015)	(17,201)		
Loss on repurchases or exchanges of Chesapeake debt	(24,557)	(20,759)	(2,626)	(70,047)	(6,925)
<b>Total other income (expense)</b>	<b>(187,409)</b>	<b>(174,303)</b>	<b>(124,518)</b>	<b>(217,880)</b>	<b>(127,402)</b>
<b>Income before income taxes and cumulative effect of accounting change</b>	<b>804,926</b>	<b>500,952</b>	<b>67,140</b>	<b>780,754</b>	<b>479,087</b>
Income tax expense (benefit):					
Current		5,000	(1,822)		
Deferred	289,771	185,360	28,676	284,977	172,470
<b>Total income tax expense (benefit)</b>	<b>289,771</b>	<b>190,360</b>	<b>26,854</b>	<b>284,977</b>	<b>172,470</b>

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Net income before cumulative effect of accounting change, net of tax	515,155	310,592	40,286	495,777	306,617
Cumulative effect of accounting change, net of income taxes of \$1,464,000		2,389			
Net Income	515,155	312,981	40,286	495,777	306,617
Preferred stock dividends	(39,506)	(22,469)	(10,117)	(25,526)	(30,799)
Loss on conversion/exchange of preferred stock	(36,678)			(22,468)	
Net income available to common shareholders	\$ 438,971	\$ 290,512	\$ 30,169	\$ 447,783	\$ 275,818

S-8



**Table of Contents**

	Years Ended December 31,			Nine Months Ended September 30,	
	2004	2003	2002	2005	2004
(\$ in thousands, except per share data)					
<b>Earnings per common share basic:</b>					
Income before cumulative effect of accounting change	\$ 1.73	\$ 1.36	\$ 0.18	\$ 1.42	\$ 1.13
Cumulative effect of accounting change		0.02			
	\$ 1.73	\$ 1.38	\$ 0.18	\$ 1.42	\$ 1.13
<b>Earnings per common share assuming dilution:</b>					
Income before cumulative effect of accounting change	\$ 1.53	\$ 1.20	\$ 0.17	\$ 1.32	\$ 0.96
Cumulative effect of accounting change		0.01			
	\$ 1.53	\$ 1.21	\$ 0.17	\$ 1.32	\$ 0.96
Cash dividends declared per common share	\$ 0.170	\$ 0.135	\$ 0.060	\$ 0.145	\$ 0.125
<b>Cash Flow Data:</b>					
Cash provided by operating activities before changes in assets and liabilities	\$ 1,418,803	\$ 903,929	\$ 412,517	\$ 1,653,957	\$ 995,124
Cash provided by operating activities	1,448,555	945,602	432,531	1,638,368	1,038,206
Cash used in investing activities	3,381,204	2,077,217	779,745	3,655,044	2,668,241
Cash provided by financing activities	1,898,964	924,559	477,257	2,136,882	1,638,527
<b>Other Financial Data:</b>					
Ratio of earnings to fixed charges(1)	4.8x	4.0x	1.5x	4.3x	4.2x
Ratio of earnings to fixed charges and preference dividends(1)	3.7x	3.3x	1.3x	3.7x	3.1x

	As of December 31,			As of September 30,	
	2004	2003	2002	2005	2004
(\$ in thousands)					
<b>Balance Sheet Data:</b>					
Total assets	\$ 8,244,509	\$ 4,572,291	\$ 2,875,608	\$ 12,365,629	\$ 7,426,291
Long-term debt, net of current maturities	3,075,109	2,057,713	1,651,198	4,250,160	2,762,425
Stockholders' equity	3,162,883	1,732,810	907,875	4,206,320	2,823,315

- (1) For purposes of determining the ratios of earnings to fixed charges and earnings to fixed charges and preference dividends, earnings are defined as net income before income taxes, cumulative effect of accounting changes, pretax gain or loss of equity investees, amortization of capitalized interest and fixed charges, less capitalized interest. Fixed charges consist of interest (whether expensed or capitalized and excluding the effect of unrealized gains or losses on interest rate derivatives), and amortization of debt expenses and discount or premium relating to any indebtedness. Preference dividends consist of preferred stock dividends grossed up to reflect the pre-tax amount.

**CNR Financial Information.** The historical financial statements of CNR, together with our pro forma financial statements, reflecting the pro forma effects of the CNR acquisition on our historical financial statements, have been included in a current report on Form 8-K filed by us on November 1, 2005, which has been incorporated by reference into this prospectus supplement. These pro forma financial statements give effect to, among other things, the placement of 5,000,000 shares of preferred stock, the placement of \$400,000,000 aggregate principal amount of our senior notes, the placement of \$600,000,000 aggregate principal amount of our contingent convertible senior notes and borrowings under our revolving bank credit facility of \$669.3 million. At the closing of these offerings we placed 5,750,000 shares of preferred stock, \$500,000,000 aggregate principal amount of our senior notes and \$690,000,000 aggregate principal amount of our contingent convertible senior notes and received net proceeds from these offerings of approximately \$1.7 billion. Accordingly, we incurred approximately \$469.2 million of borrowings under our revolving bank credit facility in connection with the CNR acquisition.



Table of Contents**Summary reserve information**

The following table sets forth our estimated proved reserves and the present value of the proved reserves as of December 31, 2004 (based on our weighted average wellhead prices at December 31, 2004 of \$39.91 per barrel of oil and \$5.65 per mcf of gas). These prices were based on the cash spot prices for oil and natural gas at December 31, 2004.

				Percent	
	Oil	Gas	Gas	of	Present
	(mdbl)	(mmcf)	Equivalent	Proved	Value
			(mmcfe)	Reserves	(\$ in thousands)
Mid-Continent	46,726	3,157,081	3,437,439	70%	\$ 7,112,733
South Texas and Texas Gulf Coast	2,162	377,163	390,136	8	1,067,889
Permian Basin	28,722	309,279	481,614	10	1,026,401
Ark-La-Tex	5,299	515,055	546,848	11	1,221,565
Other	5,051	15,411	45,714	1	75,802
<b>Total</b>	<b>87,960</b>	<b>4,373,989</b>	<b>4,901,751</b>	<b>100%</b>	<b>\$ 10,504,390(a)</b>

(a) The standardized measure of discounted future net cash flows at December 31, 2004 was \$7.6 billion.

As of December 31, 2004, the present value of our proved developed reserves as a percentage of total proved reserves was 70%, and the volume of our proved developed reserves as a percentage of total proved reserves was 66%. Natural gas reserves accounted for 89% of the volume of total proved reserves at December 31, 2004.

Future prices and costs may be materially higher or lower than the prices and costs as of the date of any estimate. A change in price of \$0.10 per mcf for natural gas and \$1.00 per barrel for oil would result in a change in our December 31, 2004 present value of proved reserves of approximately \$215 million and \$40 million, respectively.

**CNR Reserve Information.** The proved reserve information for CNR as of December 31, 2004 is included in Note 13 to the historical 2004 financial statements of CNR, which is included in a current report on Form 8-K filed by us on November 1, 2005, which has been incorporated by reference into this prospectus supplement. We estimate the CNR had proved reserves of approximately 1.1 tcf as of September 30, 2005.

Table of Contents**Summary production, sales, prices and expenses data**

The following table sets forth certain information regarding the production volumes, oil and gas sales, average sales prices received and expenses associated with sales of natural gas and oil for the periods indicated:

	Year Ended December 31,					Nine Months Ended	
	September 30,			September 30,			
	2004	2003	2002	2005	2004		
<b>Net Production:</b>							
Oil (mdbl)	6,764	4,665	3,466	5,684	4,972		
Gas (mmcf)	322,009	240,366	160,682	304,060	229,827		
Gas equivalent (mmcfe)	362,593	268,356	181,478	338,164	259,659		
<b>Oil and Gas Sales (\$ in thousands):</b>							
Oil sales	\$ 260,915	\$ 132,630	\$ 88,495	\$ 290,332	\$ 181,882		
Oil derivatives realized gains (losses)	(69,267)	(12,058)	(1,092)	(28,654)	(41,672)		
Oil derivatives unrealized gains (losses)	3,454	(9,440)	(7,369)	(5,951)	(21,925)		
<b>Total oil sales</b>	<b>\$ 195,102</b>	<b>\$ 111,132</b>	<b>\$ 80,034</b>	<b>\$ 255,727</b>	<b>\$ 118,285</b>		
Gas sales	\$ 1,789,275	\$ 1,171,050	\$ 470,913	\$ 2,005,670	\$ 1,222,783		
Gas derivatives realized gains (losses)	(85,634)	(5,331)	97,138	(97,955)	(25,976)		
Gas derivatives unrealized gains (losses)	37,433	19,971	(79,898)	(131,171)	(44,698)		
<b>Total gas sales</b>	<b>\$ 1,741,074</b>	<b>\$ 1,185,690</b>	<b>\$ 488,153</b>	<b>\$ 1,776,544</b>	<b>\$ 1,152,109</b>		
<b>Total oil and gas sales</b>	<b>\$ 1,936,176</b>	<b>\$ 1,296,822</b>	<b>\$ 568,187</b>	<b>\$ 2,032,271</b>	<b>\$ 1,270,394</b>		
<b>Average Sales Price: (excluding gains (losses) on derivatives):</b>							
Oil (\$ per bbl)	\$ 38.57	\$ 28.43	\$ 25.53	\$ 51.08	\$ 36.58		
Gas (\$ per mcf)	\$ 5.56	\$ 4.87	\$ 2.93	\$ 6.60	\$ 5.32		
Gas equivalent (\$ per mcfe)	\$ 5.65	\$ 4.86	\$ 3.08	\$ 6.79	\$ 5.41		
<b>Average Sales Price: (excluding unrealized gains (losses) on derivatives):</b>							