

**Chesapeake Energy  
Corporation Posts Strong  
Results for Second Quarter  
2003; Natural Gas Production  
Sets Record for Eighth  
Consecutive Quarter**

**Second Quarter 2003 Net Income Available to Common Shareholders Reaches \$76 Million on Revenue of \$430 Million and Production of 67 Bcfe**

PRNewswire-FirstCall  
OKLAHOMA CITY

Chesapeake Energy Corporation today reported its financial and operating results for the 2003 second quarter. For the quarter, Chesapeake generated net income available to common shareholders of \$76.3 million (\$0.31 per fully diluted common share), operating cash flow of \$226.1 million (defined as cash flow from operating activities before changes in assets and liabilities) and ebitda of \$266.1 million (defined as income before income taxes, interest expense, and depreciation, depletion and amortization expense) on revenue of \$429.6 million. The company's 2003 second quarter net income available to common shareholders included a \$1.9 million after-tax non-cash risk-management gain resulting from the application of SFAS 133 to the company's derivative contracts that do not qualify for hedge accounting.

During the second quarter, Chesapeake produced 67.3 billion cubic feet of natural gas equivalent (bcfe), compared to the company's most recent forecast of 64-65 bcfe. This 67.3 bcfe of production was comprised of 60.0 billion cubic feet of natural gas (bcf) (89% on an mcf equivalent basis) and 1.2 million barrels of oil (mmbbl) (11% on an mcf equivalent basis).

The 2003 second quarter oil and natural gas production increased 55% year-over-year from the 2002 second quarter and 19% sequentially from the 2003 first quarter. Of the 10.5 bcfe in sequential production growth during the second quarter, only 9.5% came from acquisitions closed during the quarter. The 2003 second quarter was Chesapeake's eighth consecutive quarter of sequential production increase. During these eight quarters, Chesapeake's production has increased 72%, for an average sequential quarterly growth rate of 7%.

Reserve growth during the 2003 second quarter was also significant as production of 67 bcfe was replaced by 201 bcfe of new proved reserves (a 300% reserve replacement rate). This growth was comprised of 112 bcfe from drilling and revisions and 96 bcfe from acquisitions, partially offset by 7 bcfe of divestitures that were sold for proceeds of \$19 million. Chesapeake's internally estimated proved reserves now total approximately 2.95 trillion cubic feet of natural gas equivalent, of which 90% are natural gas and 74% are proved developed. This marks the company's seventh consecutive quarter of growth in estimated proved reserves.

Average prices realized during the 2003 second quarter (including hedging) were

\$26.24 per barrel of oil (bo) and \$4.73 per thousand cubic feet of natural gas (mcf), for a realized gas equivalent price of \$4.70 per thousand cubic feet of natural gas equivalent (mcfe). Chesapeake's realized pricing differentials to NYMEX during the quarter averaged a negative \$2.15 per bo and a negative \$0.70 per mcf and hedging activities generated a \$0.52 loss per bo and a \$0.03 gain per mcf.

#### Key Operational and Financial Statistics for the 2003 Second Quarter

The table below summarizes Chesapeake's key statistics during the 2003 second quarter and compares them to the 2003 first quarter and the 2002 second quarter:

##### Key Operational and Financial Statistics: Three Months Ended:

	6/30/03	3/31/03	6/30/02
Average daily production (in mmcfe)		740	631
Gas as % of total production		89	89
Natural gas production (in bcf)		60.0	50.4
Average realized gas price (\$/mcf) (A)		4.73	4.51
Oil production (in mbbls)	1,224	1,060	823
Average realized oil price (\$/bbl) (A)	26.24	27.27	26.55
Natural gas equivalent production (in bcfe)	67.3	56.8	43.4
Gas equivalent realized price (\$/mcfe) (A)	4.70	4.52	3.50
General and administrative costs (\$/mcfe)	0.09	0.10	0.09
Production taxes (\$/mcfe)	0.25	0.33	0.18
Lease operating expenses (\$/mcfe)	0.51	0.55	0.56
Interest expense (\$/mcfe)	0.56	0.62	0.57
DD&A of oil and gas properties (\$/mcfe)	1.36	1.35	1.17
Operating cash flow (\$ in millions) (B)	226.1	167.7	96.6
Operating cash flow (\$/mcfe)	3.36	2.96	2.23
Ebitda (\$ in millions) (C)	266.1	230.0	120.8
Ebitda (\$/mcfe)	3.95	4.05	2.78
Net income available to common shareholders (\$ in millions)	76.3	70.0	22.5

(A) includes the effects of hedging

(B) cash flow provided by operating activities before changes in assets and liabilities

(C) defined as income before income taxes, interest expense, and depreciation, depletion and amortization expense

#### Chesapeake Updates Forecasts and Hedging Information

Chesapeake's initial 2003 third quarter and updated full-year 2003 and 2004 forecasts are attached to this release in a revised Outlook dated July 28, 2003 and labeled as Schedule "A". The company's previous guidance of June 24, 2003 is provided for comparative reference only and is labeled as Schedule "B". The new Outlook reflects an increase in projected 2003 full-year production volumes to 258-262 bcfe, up from 255-260 bcfe included in the company's June 24, 2003 Outlook. This increased production forecast is attributable to Chesapeake's drilling programs generating better than previously forecasted production volumes. The company has now increased its full-year 2003 production estimate by 35% since the beginning of the year.

In addition, Chesapeake has added to its hedging positions since the June 24, 2003 update. Currently, the company has hedged the following percentages of its projected 2003-2007 oil and natural gas production:

Oil	Natural Gas
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Quarter or Year	% Hedged	\$ NYMEX	% Hedged	\$ NYMEX
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3Q 2003	79%	\$ 28.07	62%	\$ 5.50
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4Q 2003	79%	\$ 28.07	63%	\$ 5.72
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Remaining 2003	79%	\$ 28.07	62%	\$ 5.61
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2004	63%	\$ 27.85	26%	\$ 5.51
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2005	---	---	15%	\$ 4.79
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2006	---	---	9%	\$ 4.74
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2007	---	---	9%	\$ 4.76
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Depending on changes in oil and natural gas futures markets and the company's view of underlying supply and demand trends, the company may either increase or decrease its hedging positions in the future.

### Standard & Poor's Raises Chesapeake's Credit Ratings

On July 10, 2003, Standard & Poor's Rating Services raised Chesapeake's corporate credit rating to BB-. At the same time, S & P assigned its BBB- rating to the company's recently amended \$350 million secured revolving credit facility due 2007. This is the first time Chesapeake has received an investment grade rating on any of its outstanding debt and evidences Chesapeake's continuing commitment to strengthening its balance sheet.

### Management Comments

Aubrey K. McClendon, Chesapeake's Chief Executive Officer, commented, "We are pleased to announce Chesapeake's very strong second quarter earnings report, which features exceptional growth in production and proved reserves, low operating and administrative costs, high operating margins and increased production forecasts for the remainder of 2003 and for 2004. Chesapeake's value-creating financial and operating results are being driven by its distinctive Mid-Continent focus on successful deep-gas exploration and on finding, completing and quickly integrating small and medium-sized acquisitions. Because of the company's unique scale in the Mid-Continent, its technological advantages in deep gas exploration and its unrivaled Mid-Continent 3-D seismic and leasehold inventory, we believe Chesapeake's production and reserve growth trends should be sustainable and should enable the company to continue generating significant increases in shareholder value in the years ahead."

### Conference Call Information

A conference call has been scheduled for Tuesday morning, July 29, 2003 at 9:00 a.m. EDT to discuss the earnings release. The telephone number to access the conference call is 913.981.5533. For those unable to participate in the conference call, a replay will be available from 12:00 p.m. EDT on Tuesday, July 29, 2003 through midnight EDT on Friday, August 15, 2003. The number to access the conference call replay is 719.457.0820 and the passcode is 448860. The conference call will also be simulcast live on the Internet and can be accessed at [www.chkenergy.com](http://www.chkenergy.com) by selecting "Conference Calls" under the "Investor Relations" section. The webcast of the conference call will be available on the website for one year.

This press release and the accompanying Outlooks include "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements give our current expectations or forecasts of future events. They include estimates of oil and

gas reserves, expected oil and gas production and future expenses, projections of future oil and gas prices, planned capital expenditures for drilling, leasehold acquisitions and seismic data, and statements concerning anticipated cash flow and liquidity, business strategy and other plans and objectives for future operations. Disclosures concerning derivative contracts and their estimated contribution to our future results of operations are based upon market information as of a specific date. These market prices are subject to significant volatility. Although we believe the expectations and forecasts reflected in these and other forward-looking statements are reasonable, we can give no assurance they will prove to have been correct. They can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Factors that could cause actual results to differ materially from expected results are described under "Risk Factors" in Item 1 of our 2002 Form 10-K and subsequent filings with the Securities and Exchange Commission. They include the volatility of oil and gas prices; adverse effects our substantial indebtedness could have on our operations and future growth; our ability to compete effectively against strong oil and gas companies and majors; the cost and availability of drilling and production services; possible financial losses as a result of our commodity price risk management activities; uncertainties inherent in estimating quantities of oil and gas reserves, including reserves we acquire, projecting future rates of production and the timing of development expenditures; exposure to potential liabilities of acquired properties; our ability to replace reserves; the availability of capital; changes in interest rates; and drilling and operating risks. We caution you not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release, and we undertake no obligation to update this information.

Chesapeake Energy Corporation is one of the eight largest independent natural gas producers in the U.S. Headquartered in Oklahoma City, the company's operations are focused on exploratory and developmental drilling and producing property acquisitions in the Mid-Continent region of the United States. The company's Internet address is [www.chkenergy.com](http://www.chkenergy.com).

CHESAPEAKE ENERGY CORPORATION  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(\$ in 000's, except per share data)  
(unaudited)

THREE MONTHS ENDED:	June 30, 2003		June 30, 2002	
	\$	\$/mcf	\$	\$/mcf
REVENUES:				
Oil and gas sales	316,172	4.69	152,009	3.50
Risk management income (loss)	3,084	0.05	(481)	(0.01)
Oil and gas marketing sales	110,296	1.64	42,785	0.99
Total revenues	429,552	6.38	194,313	4.48
OPERATING COSTS:				
Production expenses	34,263	0.51	24,242	0.56
Production taxes	17,101	0.25	7,911	0.18
General and administrative	6,000	0.09	3,859	0.09
Oil and gas marketing expenses	106,857	1.59	41,181	0.95
Depreciation, depletion, and amortization of oil and gas properties	91,570	1.36	50,778	1.17
Depreciation and amortization of other assets	4,122	0.06	3,652	0.08
Total operating costs	259,913	3.86	131,623	3.03
INCOME FROM OPERATIONS	169,639	2.52	62,690	1.45

## OTHER INCOME (EXPENSE):

Interest and other income	781	0.01	3,992	0.09
Interest expense	(37,773)	(0.56)	(24,690)	(0.57)
Loss on repurchases of debt	---	---	(273)	(0.01)
Total other income (expense)	(36,992)	(0.55)	(20,971)	(0.49)

Income Before Income Taxes	132,647	1.97	41,719	0.96
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## Income Tax Expense

Current	---	---	---	---
Deferred	50,407	0.75	16,686	0.38
Total income tax expense	50,407	0.75	16,686	0.38

NET INCOME	82,240	1.22	25,033	0.58
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Preferred Stock Dividends	(5,979)	(0.09)	(2,530)	(0.06)
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## NET INCOME AVAILABLE TO COMMON

SHAREHOLDERS	76,261	1.13	22,503	0.52
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## EARNINGS PER COMMON SHARE:

Basic	\$0.36	\$0.14
Assuming dilution	\$0.31	\$0.13

## WEIGHTED AVERAGE COMMON AND COMMON

## EQUIVALENT SHARES OUTSTANDING

(in 000's):

Basic	214,341	165,963
Assuming dilution	263,919	191,947

CHESAPEAKE ENERGY CORPORATION  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(\$ in 000's, except per share data)  
(unaudited)

SIX MONTHS ENDED:	June 30, 2003		June 30, 2002	
	\$	\$/mcfe	\$	\$/mcfe

## REVENUES:

Oil and gas sales	572,504	4.61	293,980	3.45
Risk management income (loss)	30,794	0.25	(79,949)	(0.94)
Oil and gas marketing sales	200,604	1.62	70,118	0.82
Total revenues	803,902	6.48	284,149	3.33

## OPERATING COSTS:

Production expenses	65,720	0.53	46,302	0.54
Production taxes	35,698	0.29	13,127	0.15
General and administrative	11,665	0.09	8,153	0.10
Oil and gas marketing expenses	196,215	1.58	67,688	0.79
Depreciation, depletion, and amortization of oil and gas properties	168,184	1.36	99,397	1.17
Depreciation and amortization				

of other assets	7,806	0.06	6,762	0.08
Total operating costs	485,288	3.91	241,429	2.83
INCOME FROM OPERATIONS	318,614	2.57	42,720	0.50
OTHER INCOME (EXPENSE):				
Interest and other income	1,544	0.01	5,537	0.07
Interest expense	(72,800)	(0.58)	(51,650)	(0.61)
Loss on repurchases of debt	---	---	(864)	(0.01)
Total other income (expense)	(71,256)	(0.57)	(46,977)	(0.55)
Income (Loss) Before Income Taxes and Cumulative Effect of Accounting Change	247,358	2.00	(4,257)	(0.05)
Income Tax Expense (Benefit)				
Current	---	---	---	---
Deferred	93,998	0.76	(1,704)	(0.02)
Total income tax expense (benefit)	93,998	0.76	(1,704)	(0.02)
NET INCOME (LOSS) BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	153,360	1.24	(2,553)	(0.03)
Cumulative Effect of Accounting Change, Net of Tax	2,389	0.02	---	---
NET INCOME (LOSS)	155,749	1.26	(2,553)	(0.03)
Preferred Stock Dividends	(9,505)	(0.08)	(5,062)	(0.06)
NET INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS	146,244	1.18	(7,615)	(0.09)
EARNINGS PER COMMON SHARE:				
Basic				
Income (Loss) Before Cumulative Effect of Accounting Change	\$0.70		\$(0.05)	
Cumulative Effect of Accounting Change	0.01		---	
Net Income (Loss)	\$0.71		\$(0.05)	
Assuming dilution				
Income (Loss) Before Cumulative Effect of Accounting Change	\$0.62		\$(0.05)	
Cumulative Effect of Accounting Change	0.01		---	
Net Income (Loss)	\$0.63		\$(0.05)	
WEIGHTED AVERAGE COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING (in 000's):				
Basic	205,995		165,669	

Assuming dilution	247,391	165,669
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CHESAPEAKE ENERGY CORPORATION  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(in 000's)  
(unaudited)

	June 30, 2003	December 31, 2002
Cash	\$ 35,909	\$ 247,637
Other current assets	297,558	187,680
<b>TOTAL CURRENT ASSETS</b>	<b>333,467</b>	<b>435,317</b>
Property and equipment (net)	3,595,166	2,389,884
Deferred tax asset	---	2,071
Other assets	84,727	48,336
<b>TOTAL ASSETS</b>	<b>\$4,013,360</b>	<b>\$2,875,608</b>
Current liabilities	\$ 415,871	\$ 265,552
Long term debt	1,968,447	1,651,198
Long term liabilities	73,502	50,983
Deferred tax liability	92,068	---
<b>TOTAL LIABILITIES</b>	<b>2,549,888</b>	<b>1,967,733</b>
<b>STOCKHOLDERS' EQUITY</b>	<b>1,463,472</b>	<b>907,875</b>
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>\$4,013,360</b>	<b>\$2,875,608</b>
<b>COMMON SHARES OUTSTANDING</b>	<b>215,862</b>	<b>190,144</b>

CHESAPEAKE ENERGY CORPORATION  
CONDENSED CONSOLIDATED CASH FLOW DATA  
(in 000's)  
(unaudited)

THREE MONTHS ENDED:	June 30, 2003	March 31, 2002	June 30, 2002
Cash provided by operating activities	\$ 277,581	\$ 99,052	\$ 97,528
Cash (used in) investing activities	\$(313,485)	\$(1,002,289)	\$(234,613)
Cash provided by financing activities	\$ 33,809	\$ 693,604	\$ 21,429

CHESAPEAKE ENERGY CORPORATION  
RECONCILIATION OF CERTAIN FINANCIAL MEASURES

(in 000's)  
(unaudited)

THREE MONTHS ENDED:	June 30,	March 31,	June 30,
2003	2003	2002	

CASH PROVIDED BY OPERATING

ACTIVITIES	\$ 277,581	\$ 99,052	\$ 97,528
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Adjustments:

Changes in assets and liabilities	(51,512)	68,661	(910)
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OPERATING CASH FLOW*	\$ 226,069	\$ 167,713	\$ 96,618
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\* Operating cash flow represents net cash provided by operating activities before changes in assets and liabilities. Operating cash flow is presented because management believes it is a useful adjunct to net cash provided by operating activities under accounting principles generally accepted in the United States (GAAP). Operating cash flow is widely accepted as a financial indicator of an oil and gas company's ability to generate cash which is used to internally fund exploration and development activities and to service debt. This measure is widely used by investors and rating agencies in the valuation, comparison, rating and investment recommendations of companies within the oil and gas exploration and production industry. Operating cash flow is not a measure of financial performance under GAAP and should not be considered as an alternative to cash flows from operating, investing, or financing activities as an indicator of cash flows, or as a measure of liquidity.

THREE MONTHS ENDED:	June 30,	March 31,	June 30,
2003	2003	2002	

Net income	\$ 82,240	\$ 71,120	\$ 25,033
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Deferred income tax expense	50,407	43,591	16,686
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Interest expense	37,773	35,027	24,690
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Depreciation and amortization of other assets	4,122	3,684	3,652
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Depreciation, depletion and amortization of oil and gas properties	91,570	76,614	50,778
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EBITDA**	\$266,112	\$230,036	\$120,839
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\*\*Ebitda represents net income (loss) before cumulative effect of accounting change, income tax expense (benefit), interest expense, and depreciation, depletion and amortization expense. Ebitda is presented as a supplemental financial measurement in the evaluation of our business. We believe that it provides additional information regarding our ability to meet our future debt service, capital expenditures and

working capital requirements. This measure is widely used by investors and rating agencies in the valuation, comparison, rating and investment recommendations of companies. Ebitda is also a financial measurement that, with certain negotiated adjustments, is reported to our banks under our bank credit facilities and is used in our financial covenants under our bank credit facilities and our indentures governing our senior notes. Ebitda is not a measure of financial performance under GAAP. Accordingly, it should not be considered as a substitute for net income, income from operations, or cash flow provided by operating activities prepared in accordance with GAAP. Ebitda is reconciled to cash provided by operating activities as follows:

THREE MONTHS ENDED:	June 30,	March 31,	June 30,
2003	2003	2002	
CASH PROVIDED BY OPERATING ACTIVITIES	\$277,581	\$ 99,052	\$ 97,528
Changes in assets and liabilities	(51,512)	68,661	(910)
Interest expense	37,773	35,027	24,690
Risk management income (loss)	3,084	27,710	(481)
Other non-cash items	(814)	(414)	12
EBITDA	\$266,112	\$230,036	\$120,839

#### SCHEDULE "A"

#### CHESAPEAKE'S OUTLOOK

As of July 28, 2003

Quarter Ending September 30, 2003; Year Ending December 31, 2003; Year Ending December 31, 2004.

We have adopted a policy of periodically providing investors with guidance on certain factors that affect our future financial performance. As of July 28, 2003, we are using the following key operating assumptions in our projections for the third quarter of 2003, full year 2003, and full year 2004.

The primary changes from our June 24, 2003 guidance are in italicized bold and are explained as follows:

- 1) We have updated the projected effects from changes in our hedging positions.
- 2) We have included our expectations for future NYMEX oil and gas prices to illustrate hedging effects only, they are not a forecast of our expectations for 2003 oil and natural gas prices.
- 3) We have increased our projected oil and natural gas production for the full year 2003 and 2004.
- 4) We have included third quarter 2003 projections for the first time.

Quarter Ending	Year Ending	Year Ending
September 30,	December 31,	December 31,

	2003	2003	2004
Estimated Production			
Oil - Mbo	1,200	4,700	4,700
Gas - Bcf	60.5 - 61.0	230 - 234	249 - 253
Gas Equivalent - Bcfe	67.5 - 68.0	258 - 262	277 - 281
Daily gas equivalent midpoint - in Mmcfe	735	710	765
NYMEX Prices (for calculation of hedging effects only)			
Oil - \$/Bo	\$25.00	\$28.19	\$24.00
Gas - \$/Mcf	\$5.43	\$5.79	\$4.50
Estimated Differentials to NYMEX Prices			
Oil - \$/Bo	-\$2.50	-\$2.23	-\$2.00
Gas - \$/Mcf	-\$0.50	-\$0.50	-\$0.50
Estimated Hedging Effects (based on expected NYMEX prices above)			
Oil - \$/Bo	+\$2.64	-\$0.24	+\$2.43
Gas - \$/Mcf	+\$0.24	-\$0.25	+\$0.29
Operating Costs per Mcfe			
Production expense	\$0.53 - 0.57	\$0.53 - 0.57	\$0.57 - \$0.60
Production taxes (generally 6% of O&G revenues)	\$0.31 - 0.33	\$0.31 - 0.33	\$0.27 - \$0.30
General and administrative	\$0.09 - 0.10	\$0.09 - 0.10	\$0.09 - \$0.10
DD&A - oil and gas	\$1.35 - 1.40	\$1.35 - 1.40	\$1.37 - \$1.42
Depreciation of other assets	\$0.08 - 0.10	\$0.08 - 0.10	\$0.08 - \$0.10
Interest expense	\$0.60 - 0.65	\$0.60 - 0.65	\$0.55 - \$0.60
Other Income and Expense per Mcfe (A)			
Marketing and Other income	\$0.02 - 0.04	\$0.02 - 0.04	\$0.02 - \$0.04
Book Tax Rate - All Deferred	38%	38%	38%
Equivalent Shares Outstanding			
Basic	216,000 m	214,000 m	218,000
Diluted	266,000 m	258,000 m	268,000
Capital Expenditures:			
Drilling, Land and Seismic	\$150 - \$155 mm	\$600 - \$650 mm	\$600 - \$650 mm

(A) Does not include non-cash risk management income or loss (SFAS 133) or the cumulative effect of the adoption of SFAS 143.

#### Commodity Hedging Activities

Periodically the Company utilizes hedging strategies to hedge the price of a portion of its future oil and gas production. These strategies include:

- (i) swap arrangements that establish an index-related price above which the Company pays the counterparty and below which the Company is paid by the counterparty,

- (ii) the purchase of index-related puts that provide for a "floor" price below which the counterparty pays the Company the amount by which the price of the commodity is below the contracted floor,
- (iii) the sale of index-related calls that provide for a "ceiling" price above which the Company pays the counterparty the amount by which the price of the commodity is above the contracted ceiling,
- (iv) basis protection swaps, which are arrangements that guarantee the price differential of oil or gas from a specified delivery point or points, and
- (v) collar arrangements that establish an index-related price below which the counterparty pays the Company and a separate index-related price above which the Company pays the counterparty.

Commodity markets are volatile, and as a result, Chesapeake's hedging activity is dynamic. As market conditions warrant, the Company may elect to settle a hedging transaction prior to its scheduled maturity date and, as a result, realize a gain or loss on the transaction.

Results from commodity hedging transactions are reflected in oil and gas sales to the extent related to the Company's oil and gas production. The Company only enters into commodity hedging transactions related to the Company's oil and gas production volumes or Chesapeake Energy Marketing, Inc.'s physical purchase or sale commitments. Gains or losses on crude oil and natural gas hedging transactions are recognized as price adjustments in the months of related production.

The Company currently has in place the following natural gas hedging arrangements:

		% Hedged				
		Avg. NYMEX			Open Swap	
		Avg. NYMEX Strike	Price Including Open	Assuming Locked and Locked	Positions as a % of Gas Production	Estimated Total Gas Production
		Open Swaps in Bcf's	Price Of Open Swaps	Gain from Locked Swaps	Gas Production in Bcf's of:	
2003:						
3rd Qtr	37.7	\$5.45	\$0.05	\$5.50	60.8	62%
4th Qtr	38.3	\$5.65	\$0.07	\$5.72	60.9	63%
Remaining 2003	76.0	\$5.55	\$0.06	\$5.61	121.7	62%

		% Hedged				
		Avg. NYMEX			Open Swap	
		Avg. NYMEX Strike	Price Including Open	Assuming Locked and Locked	Positions as a % of Gas Production	Estimated Total Gas Production
		Open Swaps in Bcf's	Price Of Open Swaps	Gain from Locked Swaps	Gas Production in Bcf's of:	

2004:

1st Qtr	26.4	\$6.12	\$0.08	\$6.20	61.4	43%
2nd Qtr	17.0	\$5.06	\$0.00	\$5.06	62.3	27%
3rd Qtr	11.0	\$4.92	\$0.00	\$4.92	63.5	17%
4th Qtr	11.0	\$5.13	\$0.00	\$5.13	63.8	17%
Total 2004	65.4	\$5.48	\$0.03	\$5.51	251.0	26%
Total 2005	40.2	\$4.79	\$0.00	\$4.79	260.0	15%
Total 2006	25.6	\$4.74	\$0.00	\$4.74	270.0	9%
Total 2007	25.6	\$4.76	\$0.00	\$4.76	280.0	9%

Chesapeake has also entered into the following natural gas basis protection swaps:

	Annual Volume in Bcf's	Assuming Gas Production in NYMEX less:	Bcf's of:	% Hedged
2003 Remaining	82.8	\$0.188	121.7	68%
2004	157.4	0.173	251.0	63%
2005	109.5	0.156	260.0	42%
2006	47.5	0.155	270.0	18%
2007	63.9	0.166	280.0	23%
2008	64.0	0.166	290.0	22%
2009	37.0	0.160	300.0	12%
	562.1	\$0.169*	1,772.7	32%

\* weighted average

The Company has entered into the following crude oil hedging arrangements:

	Avg. Open Swaps in Mmbo's	NYMEX Strike Price	% Hedged Open Swap Positions as % of Assuming Oil Production in Mmbo's of:	Total Estimated Production
Q3 - 2003*	948	\$28.07	1,200	79%
Q4 - 2003*	948	\$28.07	1,200	79%
Remaining 2003	1,896	\$28.07	2,400	79%
Q1 - 2004*	877	\$27.76	1,175	75%
Q2 - 2004*	797	\$27.81	1,175	68%

Q3 - 2004*	644	\$27.94	1,175	55%
Q4 - 2004*	644	\$27.94	1,175	55%
Total 2004	2,962	\$27.85	4,700	63%

\*Swaps with a knockout provision for days in which NYMEX closes below \$21.00.

#### SCHEDULE "B"

#### CHESAPEAKE'S PREVIOUS OUTLOOK AS OF JUNE 24, 2003 (PROVIDED FOR REFERENCE ONLY)

NOW SUPERSEDED BY OUTLOOK AS OF JULY 28, 2003

Quarter Ending June 30, 2003; Year Ending December 31, 2003; Year Ending December 31, 2004.

We have adopted a policy of periodically providing investors with guidance on certain factors that affect our future financial performance. As of June 24, 2003, we are using the following key operating assumptions in our projections for the second quarter of 2003, full year 2003, and full year 2004.

The primary changes from our April 28, 2003 guidance are in italicized bold and are explained as follows:

- 1) We have updated the projected effects from changes in our hedging positions.
- 2) We have included our expectations for future NYMEX oil and gas prices to illustrate hedging effects only, they are not a forecast of our expectations for 2003 oil and natural gas prices.
- 3) We have increased our projected oil and natural gas production for the second quarter 2003 and full year 2003.
- 4) We have included 2004 projections for the first time.

	Quarter Ending June 30, 2003	Year Ending Dec. 31, 2003	Year Ending Dec. 31, 2004
Estimated Production			
Oil - Mbo	1,150	4,500	4,500
Gas - Bcf	57 - 58	228 - 233	248 - 253
Gas Equivalent - Bcfe	64 - 65	255 - 260	275 - 280
Daily gas equivalent midpoint - in Mmcfe	710	705	760
NYMEX Prices (for calculation of hedging effects only)			
Oil - \$/Bo	\$27.40	\$27.82	\$24.00
Gas - \$/Mcf	\$5.40	\$5.81	\$4.50
Estimated Differentials to NYMEX Prices			
Oil - \$/Bo	-\$2.00	-\$1.92	-\$2.00
Gas - \$/Mcf	-\$0.50 - \$0.60	-\$0.50 - \$0.60	-\$0.50 - \$0.60

Estimated Hedging Effects  
(based on expected NYMEX  
prices above)

Oil - \$/Bo	+\$0.50	+\$0.03	+\$0.29
Gas - \$/Mcf	+\$0.06	-\$0.25	+\$0.18
Operating Costs per Mcfe			
Production expense	\$0.53 - 0.57	\$0.53 - 0.57	\$0.57 - \$0.60
Production taxes (generally 7% of O&G revenues)	\$0.31 - 0.33	\$0.31 - 0.33	\$0.27 - \$0.30
General and administrative	\$0.09 - 0.10	\$0.09 - 0.10	\$0.09 - \$0.10
DD&A - oil and gas	\$1.32 - 1.37	\$1.32 - 1.37	\$1.37 - \$1.42
Depreciation of other assets	\$0.08 - 0.10	\$0.08 - 0.10	\$0.08 - \$0.10
Interest expense	\$0.60 - 0.65	\$0.60 - 0.65	\$0.55 - \$0.60
Other Income and Expense per Mcfe (A)			
Marketing and Other income	\$0.02 - 0.04	\$0.02 - 0.04	\$0.02 - \$0.04

Book Tax Rate - All Deferred      38%              38%              38%

Equivalent Shares Outstanding

Basic	215,000 m	212,000 m	216,000
Diluted	262,000 m	255,000 m	264,000

Capital Expenditures:

Drilling, Land and Seismic    \$150 - \$155 mm    \$600 - \$650 mm    \$600 mm

(A) Does not include non-cash risk management income or loss (SFAS 133)  
or the cumulative effect of the adoption of SFAS 143.

Commodity Hedging Activities

Periodically the Company utilizes hedging strategies to hedge the price of a portion of its future oil and gas production. These strategies include:

- (i) swap arrangements that establish an index-related price above which the Company pays the counterparty and below which the Company is paid by the counterparty,
- (ii) the purchase of index-related puts that provide for a "floor" price below which the counterparty pays the Company the amount by which the price of the commodity is below the contracted floor,
- (iii) the sale of index-related calls that provide for a "ceiling" price above which the Company pays the counterparty the amount by which the price of the commodity is above the contracted ceiling,
- (iv) basis protection swaps, which are arrangements that guarantee the price differential of oil or gas from a specified delivery point or points, and
- (v) collar arrangements that establish an index-related price below which the counterparty pays the Company and a separate index-related price above which the Company pays the counterparty.

Commodity markets are volatile, and as a result, Chesapeake's hedging activity is dynamic. As market conditions warrant, the Company may elect to settle a hedging transaction prior to its scheduled maturity date and, as a result, realize a gain or loss on the transaction.

Results from commodity hedging transactions are reflected in oil and gas sales to the extent related to the Company's oil and gas production. The Company only enters into commodity hedging transactions related to the Company's oil and gas production volumes or Chesapeake Energy Marketing, Inc.'s physical purchase or sale commitments. Gains or losses on crude oil and natural gas hedging transactions are recognized as price adjustments in the months of related production.

The Company has entered into the following natural gas hedging arrangements:

			% Hedged			
			Avg. NYMEX		Open Swap	
	Avg.	Price	Including		Positions	
	NYMEX	Open	Open	Assuming	as a % of	
	Strike	Gain from	and	Gas	Estimated	
Open	Price	Locked	Locked	Production	Total Gas	
Swaps	Of Open	Swaps	Positions	in Bcf's of:	Production	
in Bcf's	Swaps	Swaps	Positions	in Bcf's of:	Production	
2003:						
2nd Qtr	23.0	\$4.92	\$0.18	\$5.10	57.5	40%
3rd Qtr	32.2	\$5.46	\$0.03	\$5.49	61.0	53%
4th Qtr	30.1	\$5.67	\$0.06	\$5.73	61.6	49%
Remaining						
2003	85.3	\$5.39	\$0.08	\$5.47	180.1	47%

			% Hedged			
			Avg. NYMEX		Open Swap	
	Avg.	Price	Including		Positions	
	NYMEX	Open	Open	Assuming	as a % of	
	Strike	Gain from	and	Gas	Estimated	
Open	Price	Locked	Locked	Production	Total Gas	
Swaps	Of Open	Swaps	Positions	in Bcf's of:	Production	
in Bcf's	Swaps	Swaps	Positions	in Bcf's of:	Production	
2004:						
1st Qtr	16.4	\$6.34	\$0.05	\$6.39	62.0	26%
2nd Qtr	7.6	\$5.22	\$0.00	\$5.22	62.3	12%
3rd Qtr	2.8	\$5.11	\$0.00	\$5.11	62.7	4%
4th Qtr	2.8	\$5.29	\$0.00	\$5.29	63.0	4%
Total 2004	29.6	\$5.84	\$0.03	\$5.87	250.0	12%
Total 2005	7.3	\$4.99	\$0.00	\$4.99	260.0	3%
Total 2006	7.3	\$4.84	\$0.00	\$4.84	270.0	3%
Total 2007	7.3	\$4.84	\$0.00	\$4.84	280.0	3%

Chesapeake has also entered into the following natural gas basis protection swaps:

	Annual	Assuming Gas Production in		
	Volume in Bcf's	NYMEX less:	Bcf's of:	% Hedged
2003 Remaining	120.0	\$0.188	180.1	67%
2004	157.4	0.173	250.0	63%
2005	109.5	0.156	260.0	42%
2006	47.5	0.155	270.0	18%
2007	63.9	0.166	280.0	23%
2008	64.0	0.166	290.0	22%
2009	37.0	0.160	300.0	12%
	599.3	\$0.169*	1,830.1	33%

\* weighted average

The Company has entered into the following crude oil hedging arrangements:

	% Hedged Open Swap Positions			
	Avg. Open Swaps in Mmbo's	NYMEX Strike Price	Assuming Oil Production in Mmbo's of:	as % of Total Estimated Production
Q3 - 2003*	948	\$28.07	1,145	83%
Q4 - 2003*	948	\$28.07	1,145	83%
Remaining 2003	2,715	\$28.08	3,440	79%
Q1 - 2004*	240	\$27.30	1,125	21%
Q2 - 2004*	160	\$27.30	1,125	14%
Q3 - 2004*	0	\$0.00	1,125	0%
Q4 - 2004*	0	\$0.00	1,125	0%
Total 2004	400	\$27.30	4,500	9%

\*Swaps with a knockout provision for days in which NYMEX closes below \$21.00.

SOURCE: Chesapeake Energy Corporation

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Web site: <http://www.chkenergy.com/>

Company News On-Call: <http://www.prnewswire.com/comp/138877.html>

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<https://investors.chk.com/2003-07-28-Chesapeake-Energy-Corporation-Posts-Strong-Results-for-Second-Quarter-2003-Natural-Gas-Production-Sets-Record-for-Eighth-Consecutive-Quarter>