

CHESAPEAKE ENERGY CORP
Form S-4
November 30, 2004
Table of Contents

As filed with the Securities and Exchange Commission on November 30, 2004

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

CHESAPEAKE ENERGY CORPORATION

(exact name of registrant as specified in its charter)

Oklahoma
(state or other jurisdiction)

1311
(Primary Standard Industrial

75-1395733
(I.R.S. employer

of incorporation or organization)

Classification Code)

identification no.)

6100 North Western Avenue

Aubrey K. McClendon

Oklahoma City, Oklahoma 73118

Chairman of the Board and

(405) 848-8000

Chief Executive Officer

(Address, including zip code,

6100 North Western Avenue

and telephone number, including area code,

Oklahoma City, Oklahoma 73118

of Registrant's principal executive offices)

(405) 848-8000

(Name, address, including zip code,

and telephone number, including

area code, of agent for service)

With Copies to:

James M. Prince, Esq.

Stephen L. Burns

Vinson & Elkins L.L.P.

Cravath, Swaine & Moore LLP

Edgar Filing: CHESAPEAKE ENERGY CORP - Form S-4

2300 First City Tower
 1001 Fannin Street
 Houston, Texas 77002-6760
 713-758-3710
 713-615-5962 (fax)

825 Eighth Avenue
 New York, New York 10019
 212-474-1000
 212-474-3700 (fax)

Approximate date of commencement of proposed sale to the public:

As soon as practicable after the effective date of this Registration Statement and all other conditions to the exchange offer described herein have been satisfied or waived

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered (1)	Proposed Maximum	Proposed Maximum	Amount of Registration Fee (3)
		Offering Price Per Share	Aggregate Offering Price (2)	
Common Stock, \$.01 par value per share	22,242,000	N/A	\$367,000,000	\$46,499

- (1) This Registration Statement registers the maximum number of shares of the Registrant's common stock, par value \$0.01 per share, that may be issued in connection with the exchange offer by the Registrant for up to 4,000,000 shares of the Registrant's outstanding 6.00% Cumulative Convertible Preferred Stock.
- (2) Estimated solely for the purpose of calculating the registration fee pursuant to Rules 457(f)(1) and (3) and Rule 457(c) under the Securities Act of 1933 based on the product of (i) \$91.75, which is the average of the high and low prices per share of the Registrant's 6.00% Cumulative Convertible Preferred Stock as reported on the New York Stock Exchange on November 29, 2004, and (ii) 4,000,000, which represents the maximum number of shares of 6.00% Cumulative Convertible Preferred Stock sought in the exchange offer.
- (3) Computed in accordance with Rule 457(f) under the Securities Act at the statutory rate of \$126.70 per \$1,000,000 of securities registered.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment that specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

The information in this prospectus may change. We may not complete the exchange offer and issue these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer is not permitted.

Subject to completion, dated November 30, 2004.

EXCHANGE OFFER PROSPECTUS

Chesapeake Energy Corporation

Offer to Exchange

Shares of Common Stock

for

Each Outstanding Share of

6.00% Cumulative Convertible Preferred Stock

(CUSIP Nos. 165167-70-1/

165167-60-2 (144A))

We are offering to exchange shares of our common stock for each validly tendered and accepted share of our 6.00% Cumulative Convertible Preferred Stock upon the terms and subject to the conditions set forth in this exchange offer prospectus and in the related letter of transmittal. On November 29, 2004, 4,000,000 shares of our 6.00% Cumulative Convertible Preferred Stock were outstanding. In this exchange offer prospectus, we refer to our 6.00% Cumulative Convertible Preferred Stock as Preferred Stock.

The number of shares of common stock to be exchanged for each share of Preferred Stock (which we refer to as the Exchange Ratio) will be fixed after 5:00 p.m. New York City time on Thursday, December 23, 2004, the Pricing Date, on the basis of the applicable pricing formula set forth herein, and announced prior to the opening of trading on Monday, December 27, 2004. The Exchange Ratio will be subject to a maximum of 5.5605 shares of common stock and a minimum of 5.1605 shares of common stock per share of Preferred Stock.

The exchange offer will expire at 12:00 midnight, New York City time, on Tuesday, December 28, 2004, unless extended or earlier terminated by us. You may withdraw shares of Preferred Stock that you tender at any time before the exchange offer expires. In addition, you may withdraw any tendered shares of Preferred Stock if we have not accepted them for payment within 40 business days from the commencement of our exchange offer on November 30, 2004.

The exchange offer is subject to the conditions described in The Exchange Offer Conditions to the Exchange Offer, including, among other things, the effectiveness of the registration statement of which this exchange offer prospectus forms a part. We reserve the right to extend or terminate the exchange offer if any condition of the exchange offer is not satisfied and otherwise to amend the exchange offer in any respect.

The Preferred Stock is listed on the New York Stock Exchange under the symbol CHKPrA , and our common stock is listed on the New York Stock Exchange under the symbol CHK . The New York Stock Exchange will consider de-listing any outstanding shares of Preferred Stock if, following the exchange, the number of publicly-held outstanding shares of Preferred Stock is less than 100,000, the number of holders of outstanding shares of Preferred Stock is less than 100, the aggregate market value of the outstanding shares of Preferred Stock is less than \$1 million, or for any other reason based on the suitability for the continued listing of the outstanding shares of Preferred Stock in light of all pertinent facts as determined by the New York Stock Exchange. On November 29, 2004, the last reported sale price of the Preferred Stock on

the New York Stock Exchange was \$91.75 per share, and the last reported sale price of our common stock on the New York Stock Exchange was \$17.92 per share. The shares of our common stock to be issued in the exchange offer have been approved for listing on the New York Stock Exchange.

We urge you to carefully read the Risk Factors section beginning on page 14 before you make any decision regarding the exchange offer.

You must make your own decision whether to tender any shares of Preferred Stock in the exchange offer and, if so, the number of shares of Preferred Stock to tender. We do not make any recommendation as to whether or not holders of outstanding shares of Preferred Stock should tender their shares of Preferred Stock for exchange in the exchange offer.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities being offered in this exchange offer, or determined if this exchange offer prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Dealer Manager

UBS Investment Bank

The date of this exchange offer prospectus is December , 2004.

Table of Contents**TABLE OF CONTENTS**

	Page
<u>Questions and Answers About the Exchange Offer</u>	1
<u>Summary</u>	6
<u>Risk Factors</u>	14
<u>Use of Proceeds</u>	22
<u>Capitalization</u>	23
<u>Market for Common Stock and Preferred Stock</u>	25
<u>Selected Historical Consolidated Financial Data</u>	26
<u>The Exchange Offer</u>	28
<u>Comparison of Rights between the Preferred Stock and Our Common Stock</u>	37
<u>Description of Capital Stock</u>	39
<u>Description of Preferred Stock</u>	45
<u>Material United States Federal Income Tax Consequences</u>	53
<u>Where You Can Find More Information</u>	57
<u>Forward-Looking Statements</u>	58
<u>Legal Matters</u>	59
<u>Experts</u>	59
Letter of Transmittal	Annex A

You should rely only on the information contained or incorporated by reference in this exchange offer prospectus. We have not, and the dealer manager has not, authorized any other person to provide you with different or additional information. If anyone provides you with different or inconsistent information, you should not rely on it. We are offering to exchange, and are seeking tenders of, these securities only in jurisdictions where the offers or tenders are permitted. You should assume that the information appearing in this exchange offer prospectus and the documents incorporated by reference in this exchange offer prospectus is accurate only as of the dates of the exchange offer prospectus or of those documents. Our business, financial condition, results of operations and prospects may have changed since those dates.

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE EXCHANGE OFFER

These answers to questions that you may have as a holder of shares of our 6.00% Cumulative Convertible Preferred Stock, as well as the summary that follows, highlight selected information included elsewhere or incorporated by reference in this exchange offer prospectus. To fully understand the exchange offer and the other considerations that may be important to your decision about whether to participate in the exchange offer, you should carefully read this exchange offer prospectus in its entirety, including the section entitled Risk Factors, as well as the information incorporated by reference in this exchange offer prospectus. For further information regarding Chesapeake Energy Corporation, see the section of this exchange offer prospectus entitled Where You Can Find More Information. Except as otherwise specified, the words Chesapeake Energy Corporation, Chesapeake, the Company, we, our, ours, and us refer to Chesapeake Energy Corporation and its subsidiaries. In this exchange offer prospectus, we refer to the 6.00% Cumulative Convertible Preferred Stock as Preferred Stock .

Why are we making the exchange offer?

We are making the exchange offer to reduce our fixed dividend obligations. The exchange offer allows current holders of shares of Preferred Stock to receive a number of shares of common stock in excess of the shares of common stock that they would receive upon conversion of the Preferred Stock.

How many shares of Preferred Stock are being sought in the exchange offer?

We are offering to exchange all outstanding shares of the Preferred Stock. As of November 29, 2004, 4,000,000 shares of Preferred Stock were outstanding.

What will I receive in the exchange offer if I tender shares of Preferred Stock and they are accepted?

For each share of Preferred Stock that we accept in the exchange offer, you will receive a number of shares of our common stock equal to the Exchange Ratio upon the terms and subject to the conditions set forth in this exchange offer prospectus and the related letter of transmittal. The Exchange Ratio will be calculated after 5:00 p.m., New York City time, on December 23, 2004 (the Pricing Date), as the sum of:

4.8605 shares of common stock; plus

\$7.75 divided by the Weighted Average Price,

subject to a minimum Exchange Ratio of 5.1605 shares of common stock and a maximum Exchange Ratio of 5.5605 shares of common stock. The Exchange Ratio will be rounded to the nearest fourth decimal place.

Edgar Filing: CHESAPEAKE ENERGY CORP - Form S-4

For purposes of these calculations **Weighted Average Price** means the arithmetic daily volume-weighted average price of our common stock, beginning on December 10, 2004 and ending on the Pricing Date. The dollar volume-weighted average shall equal the dollar volume-weighted average price for our common stock on the New York Stock Exchange during the period beginning at 9:30:01 a.m., New York City time (or such other time as is the official open of trading at the New York Stock Exchange) and ending at 4:00:00 p.m., New York City time (or such other time as is the official close of trading at the New York Stock Exchange), as reported by Bloomberg Financial Services through its **Volume at Price** (CHK [Equity] VAP [Go]) functions. The Weighted Average Price will be rounded to the nearest whole cent.

Our common stock and the Preferred Stock are listed on the New York Stock Exchange under the symbols **CHK** and **CHKPrA**, respectively. On November 29, 2004, the last reported sale price per share of our common stock on the New York Stock Exchange was \$17.92 and the last reported sale price per share of the Preferred Stock on the New York Stock Exchange was \$91.75.

When will I know the Exchange Ratio for the exchange offer?

We will calculate the Exchange Offer on the Pricing Date and will announce the Exchange Ratio prior to 9:00 a.m., New York City time, on the next business day, December 27, 2004 (the **Announcement Date**). In

Table of Contents

addition, from the commencement of the offer, you will know the minimum and maximum Exchange Ratio. You can also obtain relevant information with respect to the Exchange Ratio on a daily basis during the offer period as well as the final Exchange Ratio, after their determination on the Pricing Date, by calling the information agent or the dealer manager at their respective toll-free numbers provided on the back cover of this prospectus. See *The Exchange Offer Exchange Ratio*.

Will I have an opportunity to tender my Preferred Stock in the exchange offer, or withdraw previously tendered shares of Preferred Stock, after the determination of the Exchange Ratio?

Yes. Since the Exchange Ratio can be calculated and will be announced by us prior to 9:00 a.m., New York City time, on December 27, 2004 and the exchange offer will not expire earlier than 12:00 midnight, New York City time, on December 28, 2004, you will have a minimum of two trading days after the Announcement Date to tender your shares of Preferred Stock in the exchange offer or to withdraw your previously tendered shares of Preferred Stock. See *The Exchange Offer Exchange Ratio* and *The Exchange Offer Withdrawals of Tenders*.

How does the consideration I will receive if I tender my shares of Preferred Stock compare to the payments I would receive on the shares of Preferred Stock if I do not tender?

The formula under which the Exchange Ratio will be calculated, represents the number of shares of common stock you would receive upon the conversion of one share of Preferred Stock, based on the conversion price of \$10.287, plus a number of shares of common stock calculated to have a market value of approximately \$7.75, based on the Weighted Average Price.

If you do not participate in the exchange offer, you will continue to receive, when, as and if declared by our board of directors, dividend payments of approximately \$0.75 for each share of Preferred Stock on March 15, June 15, September 15 and December 15 of each year for as long as such shares remain outstanding. Assuming the closing price of our common stock equals or exceeds \$13.37 for 20 trading days during the consecutive 30 trading day period ending on March 19, 2006, including the last trading day of such period, we may exercise our right to cause the conversion of the Preferred Stock into shares of our common stock on March 20, 2006. If we exercise this right, dividends on the shares of Preferred Stock called for conversion will cease to accrue.

If you validly tender your shares of Preferred Stock and we accept them for exchange, you will be entitled to receive cash dividends on our common stock if, as and when declared by our board of directors on or after the closing date of the exchange offer. In the third quarter of 2004, we began paying a quarterly dividend of \$0.045 per share of our common stock. We intend to continue to pay this quarterly dividend, however, the payment of future cash dividends will depend upon, among other things, our financial condition, funds from operations, the level of our capital and development expenditures, our future business prospects and any contractual restrictions. Our ability to pay dividends is subject to restrictions under the indentures governing our senior notes and under Oklahoma law.

What other rights will I lose if I tender my shares of Preferred Stock in the exchange offer?

If you validly tender your shares of Preferred Stock and we accept them for exchange, you would lose the rights of a holder of Preferred Stock, which are described below in this exchange offer prospectus. For example you would lose the right to receive quarterly dividends, when, if and as declared by the board of directors. You would also lose the right to receive, out of the Company's assets available for distribution to its stockholders and before any distribution is made to the holders of stock ranking junior to the Preferred Stock (including common stock), a

Edgar Filing: CHESAPEAKE ENERGY CORP - Form S-4

liquidation preference in the amount of \$50 per share of Preferred Stock, plus accumulated and unpaid dividends, upon any voluntary or involuntary liquidation, winding up or dissolution of the Company.

May I tender only a portion of the shares of Preferred Stock that I hold?

Yes. You do not have to tender all of your shares of Preferred Stock to participate in the exchange offer.

Table of Contents

If the exchange offer is consummated and I do not participate in the exchange offer or I do not tender all of my shares of Preferred Stock in the exchange offer, how will my rights and obligations under my remaining outstanding shares of Preferred Stock be affected?

The terms of your shares of Preferred Stock, if any, that remain outstanding after the consummation of the exchange offer will not change as a result of the exchange offer.

What do we intend to do with the shares of Preferred Stock that are tendered in the exchange offer?

Shares of Preferred Stock accepted for exchange by us in the exchange offer will be retired and cancelled.

Are we making a recommendation regarding whether you should tender in the exchange offer?

We are not making any recommendation regarding whether you should tender or refrain from tendering your shares of Preferred Stock in the exchange offer. Accordingly, you must make your own determination as to whether to tender your shares of Preferred Stock in the exchange offer and, if so, the number of shares of Preferred Stock to tender. Before making your decision, we urge you to carefully read this exchange offer prospectus in its entirety, including the information set forth in the section of this exchange offer prospectus entitled **Risk Factors**, and the other documents incorporated by reference in this exchange offer prospectus.

Will the common stock to be issued in the exchange offer be listed for trading?

Yes. The shares of our common stock to be issued in the exchange offer have been approved for listing on the New York Stock Exchange. Generally, the common stock you receive in the exchange offer will be freely tradeable, unless you are considered an **affiliate** of ours, as that term is defined in the Securities Act of 1933. For more information regarding the market for our common stock, see the section of this exchange offer prospectus entitled **Market for Common Stock and Preferred Stock**.

What are the conditions to the exchange offer?

The exchange offer is conditioned upon:

the effectiveness of the registration statement of which this exchange offer prospectus forms a part; and

the other closing conditions described in **The Exchange Offer Conditions to the Exchange Offer**.

Edgar Filing: CHESAPEAKE ENERGY CORP - Form S-4

We may waive certain conditions of this exchange offer. If any of the conditions is not satisfied or waived, we will not accept and exchange any validly tendered shares of Preferred Stock. For more information regarding the conditions to the exchange offer (including conditions we cannot waive), see the section of this exchange offer prospectus entitled "The Exchange Offer - Conditions to the Exchange Offer."

How will fluctuations in the trading price of our common stock affect the consideration offered to holders of shares of Preferred Stock?

We are offering to exchange a number of shares of our common stock for each share of Preferred Stock equal to 4.8605 plus a number of shares of common stock with a value equivalent to \$7.75 based on the Weighted Average Price. If the market price of our common stock declines, the value of the fixed portion of the shares of common stock you will receive in exchange for your shares of Preferred Stock will decline, however the number of shares equivalent to the value of \$7.75 will increase, and you will therefore receive a greater number of shares in total. The trading value of our common stock could fluctuate depending upon any number of factors, including those specific to us and those that influence the trading prices of equity securities generally.

When does the exchange offer expire?

The exchange offer will expire at 12:00 midnight, New York City time, on December 28, 2004, unless extended or earlier terminated by us.

Table of Contents

Under what circumstances can the exchange offer be extended, amended or terminated?

We reserve the right to extend the exchange offer for any reason or no reason at all. We also expressly reserve the right, at any time or from time to time, to amend the terms of the exchange offer in any respect prior to the expiration date of the exchange offer. Further, we may be required by law to extend the exchange offer if we make a material change in the terms of the exchange offer or in the information contained in this exchange offer prospectus or waive a material condition to the exchange offer. During any extension of the exchange offer, shares of Preferred Stock that were previously tendered and not validly withdrawn will remain subject to the exchange offer. We reserve the right, in our sole and absolute discretion, to terminate the exchange offer, at any time prior to the expiration date of the exchange offer if any condition to the exchange offer is not met. If the exchange offer is terminated, no shares of Preferred Stock will be accepted for exchange and any shares of Preferred Stock that have been tendered will be returned to the holder. For more information regarding our right to extend, amend or terminate the exchange offer, see the section of this exchange offer prospectus entitled *The Exchange Offer Extension, Delay in Acceptance, Amendment or Termination*.

How will I be notified if the exchange offer is extended, amended or terminated?

If the exchange offer is extended, amended or terminated, we will promptly make a public announcement by issuing a press release, with the announcement in the case of an extension to be issued no later than 9:00 a.m., New York City time, on the first business day after the previously scheduled expiration date of the exchange offer. For more information regarding notification of extensions, amendments or the termination of the exchange offer, see the section of this exchange offer prospectus entitled *The Exchange Offer Extension, Delay in Acceptance, Amendment or Termination*.

What risks should I consider in deciding whether or not to tender my Preferred Stock?

In deciding whether to participate in the exchange offer, you should carefully consider the discussion of risks and uncertainties affecting our business, the Preferred Stock and our common stock described in the section of this exchange offer prospectus entitled *Risk Factors*, and the documents incorporated by reference in this exchange offer prospectus.

What are the federal income tax consequences of my participating in the exchange offer?

Please see the section of this exchange offer prospectus entitled *Material United States Federal Income Tax Consequences*. The tax consequences to you of the early settlement offer will depend on your individual circumstances. You should consult your own tax advisor for a full understanding of the tax consequences of participating in the exchange offer.

How will the exchange offer affect the trading market for the shares of Preferred Stock that are not exchanged?

If a sufficiently large number of shares of Preferred Stock do not remain outstanding after the exchange offer, the trading market for the remaining outstanding shares of Preferred Stock may be less liquid and more sporadic, and market prices may fluctuate significantly depending

Edgar Filing: CHESAPEAKE ENERGY CORP - Form S-4

on the volume of trading in shares of Preferred Stock. In addition, if more than 3,900,000 shares of Preferred Stock are tendered and accepted in the exchange offer, the shares of Preferred Stock may be de-listed from the New York Stock Exchange. We do not intend to reduce the number of shares of Preferred Stock accepted in the exchange offer to prevent the de-listing of the Preferred Stock. If the Preferred Stock is de-listed, your ability to sell your shares of Preferred Stock not tendered in the exchange offer may be impaired.

Are the financial condition and results of operations of Chesapeake relevant to my decision to tender in the exchange offer?

Yes. The price of both our common stock and the Preferred Stock are closely linked to our financial condition and results of operations. For information about the accounting treatment of the exchange offer, see the section of this exchange offer prospectus entitled "The Exchange Offer Accounting Treatment."

Table of Contents

Will Chesapeake receive any cash proceeds from the exchange offer?

No. We will not receive any cash proceeds from the exchange offer.

How do I tender my shares of Preferred Stock?

If you beneficially own shares of Preferred Stock that are held in the name of a broker or other nominee and wish to tender such shares of Preferred Stock, you should promptly instruct your broker or other nominee to tender on your behalf. To tender shares of Preferred Stock, UMB Bank, N.A., the exchange agent, must receive, prior to the expiration date of the exchange offer, a timely confirmation of book-entry transfer of such shares of Preferred Stock and an agent's message through the automated tender offer program of The Depository Trust Company, which we refer to in this exchange offer prospectus as the depository or DTC, according to the procedure for book-entry transfer described in this exchange offer prospectus. For more information regarding the procedures for tendering your shares of Preferred Stock, see the section of this exchange offer prospectus entitled *The Exchange Offer Procedures for Tendering Shares of Preferred Stock*.

What happens if some or all of my shares of Preferred Stock are not accepted for exchange?

If we decide for any reason not to accept some or all of your shares of Preferred Stock, the shares of Preferred Stock not accepted by us will be returned to you, at our expense, promptly after the expiration or termination of the exchange offer by book entry transfer into the exchange agent's account at DTC. DTC will credit any validly withdrawn or unaccepted shares of Preferred Stock to your account at DTC. For more information, see the section of this exchange offer prospectus entitled *The Exchange Offer Return of Unaccepted Shares of Preferred Stock*.

Until when may I withdraw previously tendered shares of Preferred Stock?

If not previously returned, you may withdraw previously tendered shares of Preferred Stock at any time until the exchange offer has expired. In addition, you may withdraw any shares of Preferred Stock that you tender that are not accepted for exchange by us after the expiration of 40 business days from November 30, 2004. For more information, see the section of this exchange offer prospectus entitled *The Exchange Offer Withdrawals of Tenders*.

How do I withdraw previously tendered shares of Preferred Stock?

To withdraw previously tendered shares of Preferred Stock, you must comply with the appropriate procedures of DTC's automated tender offer program. For more information regarding the procedures for withdrawing tendered shares of Preferred Stock, see the section of this exchange offer prospectus entitled *The Exchange Offer Withdrawals of Tenders*.

Will I have to pay any fees or commissions if I tender my shares of Preferred Stock?

If your shares of Preferred Stock are held through a broker or other nominee who tenders the Preferred Stock on your behalf (other than those tendered through one of the dealer managers), your broker may charge you a commission for doing so. You should consult with your broker or nominee to determine whether any charges will apply.

With whom may I talk if I have questions about the exchange offer?

If you have questions regarding the exchange offer or whether or not to participate in the exchange offer, please contact the dealer manager, UBS Securities LLC. You may call UBS Securities LLC toll-free at (888) 722-9555 x4210 or (203) 719-4210 (collect). If you have questions regarding the procedures for tendering in the exchange offer, require additional exchange offer materials or require assistance in tendering your shares of Preferred Stock, please contact MacKenzie Partners, Inc., the information agent. You can call the information agent toll-free at (800) 322-2885 or (212) 929-5500 (collect). You may also write to the information agent or the dealer manager at one of their respective addresses set forth on the back cover of this exchange offer prospectus.

Table of Contents

SUMMARY

This summary highlights selected information contained or incorporated by reference in this exchange offer prospectus. It likely does not contain all of the information that may be important to you or that you should consider when making a decision regarding the exchange offer. You should carefully read this entire exchange offer prospectus, including Risk Factors, and the information we have incorporated by reference before making a decision to participate in the exchange offer.

Chesapeake

We are one of the six largest independent producers of natural gas in the U.S. and own interests in approximately 19,000 producing oil and gas wells. Our internally-estimated proved oil and natural gas reserves as of September 30, 2004 were approximately 4.45 tcf. Approximately 89% of our proved reserves by volume at September 30, 2004 were natural gas, and approximately 74% of our proved oil and natural gas reserves by volume at September 30, 2004 were located in our primary operating area the Mid-Continent region of the United States, which includes Oklahoma, western Arkansas, southwestern Kansas, the Texas Panhandle and North Texas. In addition, we are building significant operating areas in the Permian Basin of western Texas and eastern New Mexico, in the Ark- La-Tex area of eastern Texas and northern Louisiana and in the South Texas and Texas Gulf Coast regions.

Since January 1, 1998, we have been one of the most active consolidators of onshore U.S. natural gas assets, having purchased, after giving effect to the pending acquisition discussed below, approximately 3.8 tcf of proved reserves at a total cost of approximately \$4.5 billion (excluding \$616 million of deferred taxes in connection with certain corporate acquisitions). During 2004, we have remained active in the acquisitions market. In January 2004, we purchased Permian Basin and Mid-Continent oil and gas assets by acquiring privately-held Concho Resources Inc. for cash consideration of \$420 million (excluding employee severance and other miscellaneous costs). In June 2004, we acquired Greystone Petroleum LLC, a privately-held oil and natural gas company, for \$425 million in cash.

In the third quarter of 2004, we made three acquisitions for a combined purchase price of \$570 million: privately-held Bravo Natural Resources, Inc. and certain assets from Legend Natural Gas, LP and Tilford Pinson Exploration, LLC. Our internal estimates of proved reserves associated with these three acquisitions are 310 bcf and current daily production is 60 mmcf. Approximately 56% of these assets are located in the Mid-Continent and 44% are located in South Texas.

Through all of our completed 2004 acquisitions, we have acquired an internally estimated 949 bcf of proved oil and natural gas reserves at a cost of \$1.43 per mcf (excluding \$0.40 per mcf of deferred taxes in connection with certain corporate acquisitions).

In November 2004, we agreed to acquire certain oil and gas and marketing assets from Hallwood Energy Corporation for a cash purchase price of \$292 million. These assets include interests in an approximately 18,000 acre block located adjacent to our existing assets in North Texas. Our internal estimates of proved reserves associated with this acquisition are 135 bcf and current daily production is 25 mmcf. This acquisition is expected to close on December 15, 2004 and is subject to customary closing conditions. We intend to finance this acquisition with proceeds from our pending senior notes offering. There is no assurance that this pending acquisition will be completed, or that our internal estimates of the reserves being acquired will prove correct.

Edgar Filing: CHESAPEAKE ENERGY CORP - Form S-4

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

Table of Contents

Business Strategy

Since the company's inception in 1989, our goal has been to create value for our investors by building one of the largest onshore natural gas resource bases in the United States. For 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 of up to \$600 million.

We are now building significant operating areas in the Permian Basin, Ark-La-Tex, South Texas and Texas Gulf Coast regions. These are areas to which we believe significant elements of our successful Mid-Continent strategy can be transferred. 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, primarily in the Mid-Continent, that offer high-quality, long-lived production and significant development and higher potential deeper drilling opportunities. Since January 1, 1998, and including the pending Hallwood acquisition, we have acquired \$4.5 billion of such properties (largely through 46 separate transactions of greater than \$10 million each) at an estimated average cost of \$1.19 per mcf of proved reserves (excluding \$0.17 per mcf of deferred taxes 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 primary Mid-Continent operating area, and more recently in our other operating areas. Because our operating areas contain many small 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 67 operated drilling rigs and 79 nonoperated drilling rigs to conduct what we believe is the most active drilling program in the United States, which is focused on finding significant new gas reserves and developing existing proved reserves primarily in the Mid-Continent, and principally at deeper depths than the industry average. For the past seven years, we have been aggressively investing in the leasehold, 3-D seismic information and human capital to be able to take advantage of the favorable drilling economics that exist in our industry today. In an industry characterized by declining natural gas production during the past few years, we are one of the few mid to large-cap companies that have been able to increase its production, as we have successfully done for the past 16 years and 13 consecutive quarters. In the Mid-Continent, our drilling program remains the most active in the region and is supported by our ownership of the region's largest leasehold and 3-D seismic inventories. Across our operating areas, we seek a balanced approach to drilling with approximately one-third of our expenditures focused on targets located at depths shallower than 10,000 feet, one-third on medium depth drilling between 10-15,000 feet and one-third targeting deeper objectives below 15,000 feet.

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 core operating areas. 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, a lower likelihood of making unsuccessful acquisitions and higher returns on invested capital. We first began pursuing this focused strategy in the Mid-Continent in 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

Table of Contents

a drilling success rate of 92% over the past twelve 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.

Focus on Low Costs. By minimizing lease operating costs and general and administrative expenses 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. We believe our acquisitions to date in 2004 will help maintain our low per unit operating and administrative costs because of our large existing scale of operations and the reimbursements we will receive from third parties in the approximately 1,700 wells on which we have assumed operations during 2004. As of September 30, 2004, we operated approximately 7,800 wells, or approximately 82% of the value of our estimated proved reserves.

Improve Our Balance Sheet. We have made significant progress in improving our balance sheet over the past five years. From December 31, 1998 through September 30, 2004, we have increased our shareholders' equity by \$3.1 billion through a combination of earnings and common and preferred equity issuances. Our debt to total capitalization ratio has declined from 137% as of December 31, 1998 to 52% as of September 30, 2004, pro forma for our pending senior notes offering. We plan to continue improving our balance sheet in years ahead.

Based on our view that natural gas will be in a tight supply/demand relationship in the U.S. during at least the next five years because of 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. Although U.S. gas production has been steadily declining during the past three years, we have increased our natural gas production in each of the past 13 quarters and in each of the 16 years since our inception in 1989. Our goal is to increase our overall production by 10% to 20% per year, with an estimated 10% of this growth 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 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 natural gas. Based upon current production and reserve estimates, including estimates for the acquisitions pending or closed in 2004, our proved reserves-to-production ratio, or reserve life, is approximately 12.0 years. 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.

Low-Cost Producer. Our high-quality asset base, the work ethic of our employees, our hands-on management style and our location in Oklahoma City have enabled us to achieve a low operating and administrative cost structure. During the nine months ended September 30, 2004, our operating costs per unit of production were \$0.93 per mcfe, which consisted of general and administrative expenses of \$0.10 per mcfe (including non-cash stock-based compensation of \$0.01 per mcfe), production expenses

Table of Contents

of \$0.57 per mcf and production taxes of \$0.26 per mcf. We believe this is one of the lowest cost structures among publicly traded mid- to large-cap independent oil and natural gas producers. We seek to control operations of the properties in which we own an interest. We operate properties accounting for approximately 82% of our proved reserves by value as of September 30, 2004. This large percentage of operated properties provides us with a high degree of operating flexibility and cost control.

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 costs, 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, and including the pending Hallwood acquisition, we have completed \$4.5 billion in acquisitions at an average cost of \$1.19 per mcf of estimated proved reserves (excluding \$0.17 per mcf of deferred taxes in connection with certain corporate acquisitions). We believe we are well-positioned to continue making attractive small and medium-sized 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 expertise in the regions in which we operate.

Large Inventory of Drilling Projects. During the 16 years since our inception, we have been among the ten most active drillers of new wells in the United States. Presently, we believe we are the most active driller in the United States (with 67 operated and 79 non-operated rigs drilling) and the most active driller in the Mid-Continent (with 53 of our 67 operated rigs). 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. We pursue deep drilling targets because of our view that most undiscovered gas reserves in the U.S. will be found at depths below 15,000 feet. In addition, we believe that our large 3-D seismic inventory, much of which is proprietary to us, provides us with significant advantages over our competitors, which largely prefer to drill shallower development wells. As a result of our aggressive leasehold acquisition and seismic acquisition strategies, we have been able to accumulate an onshore leasehold position of approximately 3.5 million net acres and have acquired rights to over nine million acres of 3-D seismic data to help evaluate our expansive acreage inventory. On this very large acreage position, our technical teams have identified over 5,000 exploratory and developmental drillsites, representing a backlog of more than seven years of future drilling opportunities.

Hedging Program. We have used and intend to continue using hedging programs to reduce the risks inherent in producing oil and natural gas, commodities that are frequently characterized by significant price volatility. We believe this price volatility is likely to continue and may even increase in the years ahead, but that we can use this volatility to our benefit by taking advantage of prices when they reach levels that management believes lock in unusually high rates of return on our invested capital. Between January 1, 2001 and September 30, 2004, we have increased our oil and gas revenues by \$116 million of net realized gains through our successful hedging programs. We currently have gas hedges in place covering 86% of our anticipated gas production for the fourth quarter of 2004 and 39% of our anticipated gas production for 2005 at average NYMEX prices of \$5.77 and \$6.10 per mcf, respectively. In addition, we have 96% of our projected oil production hedged for the fourth quarter of 2004 and 30% of our projected oil production hedged for 2005 at average NYMEX prices of \$30.10 and \$40.20 per barrel of oil, respectively.

Entrepreneurial Management. Our management team formed the company in 1989 with an initial capitalization of \$50,000. Since then, our current management team has guided the company through various operational and industry challenges and extremes of oil and gas prices to create one of the six largest independent producers of natural gas in the U.S. with an enterprise value of approximately

Table of Contents

\$9.2 billion (pro forma for this offering and based on a \$17.50 stock price). Our co-founders, Aubrey K. McClendon and Tom L. Ward, have been business partners in the oil and gas industry for 21 years and beneficially own, as of November 23, 2004, approximately 17.0 million and 18.5 million of our common shares, respectively.

Recent Developments

Senior Notes Offering. On November 30, 2004, we commenced a private placement of \$600 million aggregate principal amount of our Senior Notes due 2015. The net proceeds from the offering, after deducting discounts to the initial purchasers and estimated expenses of the offering, are expected to be approximately \$588.8 million. We intend to use approximately \$229.1 million of the net proceeds to fund our recently announced tender offer for our 8.375% Senior Notes due 2008, assuming all outstanding notes are tendered. We intend to use approximately \$292 million of the net proceeds to finance our pending Hallwood acquisition. The remainder of the net proceeds will be used to repay amounts borrowed under our revolving bank credit facility and for general corporate purposes.

Tender Offer for 8.375% Senior Notes due 2008. On November 30, 2004, we commenced a cash tender offer for all of the approximately \$209.8 million outstanding principal amount of our 8.375% Senior Notes due 2008. The tender offer is conditioned upon the closing of our senior notes offering and the receipt of consents to remove substantially all of the restrictive covenants on the 8.375% Senior Notes from holders of a majority of the outstanding principal amount of the notes. If all outstanding notes are tendered, it is expected the tender offer will cost approximately \$229.1 million, including fees and expenses, which would be funded with a portion of the net proceeds from our senior notes offering. There is no assurance that the tender offer, which is expected to be completed on December 28, 2004, will be consummated or, if consummated, what aggregate principal amount of notes will be tendered and purchased.

Conversion of 6.75% Cumulative Convertible Preferred Stock. On November 18 and 19, 2004, holders of 676,200 shares of our 6.75% Cumulative Convertible Preferred Stock converted such shares into shares of our common stock. On November 22, 2004, the remaining 2,038,000 shares of our 6.75% preferred stock, with an aggregate liquidation value of \$101.9 million, was converted into shares of our common stock, pursuant to the exercise of our option to automatically convert such shares under the certificate of designation of the series. Approximately 17,624,657 shares of common stock were issued in these transactions.

Exchange of 6.00% Cumulative Convertible Preferred Stock. On November 18, 2004, we entered into an unsolicited transaction with a holder of our 6.00% Cumulative Convertible Preferred Stock to issue 3,225,000 shares of our common stock in exchange for 600,000 shares of our 6.00% preferred stock, representing 13% or \$30 million of the aggregate outstanding liquidation value of our 6.00% preferred stock. The transaction closed on November 23, 2004 and the 600,000 shares of 6.00% preferred stock were retired upon receipt. The issuance of the shares of common stock in this transaction was exempt from registration under the Securities Act of 1933 pursuant to Rule 3(a)(9) under the Securities Act.

Amendment of Revolving Bank Credit Facility. On November 17, 2004, we entered into an amendment to our revolving bank credit facility with the lenders party thereto to effect an increase in the aggregate commitments under such facility from \$500 million to \$600 million. In addition, the amendment extends the current margin applicable to our interest rates and commitment fees through December 31, 2005. Other terms of the facility, including maturities, were not changed.

Table of Contents

THE EXCHANGE OFFER

The material terms of the exchange offer are summarized below. In addition, we urge you to read the detailed descriptions in the sections of this exchange offer prospectus entitled *The Exchange Offer*, *Description of Capital Stock*, *Description of the Preferred Stock* and *Comparison of Rights Between the Preferred Stock and Our Common Stock*.

Offeror	Chesapeake Energy Corporation.
Securities Subject to the Exchange Offer	Up to an aggregate of 4,000,000 shares of Preferred Stock, representing all of the outstanding shares of Preferred Stock.
The Exchange Offer	<p>We are offering to exchange a number of shares of our common stock equal to the Exchange Ratio for each validly tendered and accepted share of Preferred Stock upon the terms and subject to the conditions set forth in this exchange offer prospectus and in the related letter of transmittal.</p> <p>Fractional shares will not be issued in the exchange offer and cash will be paid in lieu of any fractional shares.</p> <p>Any shares of Preferred Stock not exchanged will remain outstanding. The shares of Preferred Stock validly tendered and accepted for exchange in the exchange offer will be retired and cancelled.</p>
Exchange Ratio	<p>The Exchange Ratio will be calculated after 5:00 p.m., New York City time, on December 23, 2004 (Pricing Date), as the sum of:</p> <p style="text-align: center;">4.8605 shares of common stock; plus</p> <p style="text-align: center;">\$7.75 divided by the Weighted Average Price,</p> <p>subject to a minimum Exchange Ratio of 5.1605 shares of common stock and a maximum Exchange Ratio of 5.5605 shares of common stock. The Exchange Ratio will be rounded to the nearest fourth decimal place.</p> <p>For purposes of these calculations <i>Weighted Average Price</i> means the arithmetic daily volume-weighted average price of our common stock, beginning on December 10, 2004 and ending on the Pricing Date.</p>
Expiration Date	The exchange offer will expire at 12:00 midnight, New York City time, on December 28, 2004, unless extended or earlier terminated by us.

Edgar Filing: CHESAPEAKE ENERGY CORP - Form S-4

Certain Consequences to Non-Tendering
Holders

Shares of Preferred Stock not exchanged in the exchange offer will remain outstanding after the consummation of the exchange offer. If a sufficiently large number of shares of Preferred Stock do not remain outstanding after the exchange offer, the trading market for the remaining outstanding shares of Preferred Stock may be less liquid

Table of Contents

and more sporadic, and market prices may fluctuate significantly depending on the volume of trading in shares of Preferred Stock. In addition, if less than 3,900,000 shares of Preferred Stock remain outstanding following the exchange offer, the New York Stock Exchange may cause the Preferred Stock to be de-listed.

Conditions to the Exchange Offer

The exchange offer is conditioned upon:

the effectiveness of the registration statement of which this exchange offer prospectus forms a part; and

the other closing conditions described in *The Exchange Offer* Conditions to the Exchange Offer.

No Appraisal Rights

No appraisal rights are available to holders of Preferred Stock in connection with the exchange offer.

Procedures For Tendering Shares of Preferred Stock

To tender shares of Preferred Stock, UMB Bank, N.A., the exchange agent, must receive, prior to the expiration date of the exchange offer, a timely confirmation of book-entry transfer of such shares of Preferred Stock and an agent's message through the automated tender offer program of DTC according to the procedure for book-entry transfer described in this exchange offer prospectus. If you tender under DTC's automated tender offer program, you will agree to be bound by the letter of transmittal that we are providing with this exchange offer prospectus as though you had signed the letter of transmittal.

If you wish to tender shares of Preferred Stock that are held in the name of a broker or other nominee, you should instruct your broker or other nominee to tender on your behalf.

We describe the procedures for tendering shares of Preferred Stock in more detail in the section of this exchange offer prospectus entitled *The Exchange Offer* Procedures for Tendering Shares of Preferred Stock.

Withdrawal Rights

You may withdraw previously tendered shares of Preferred Stock at any time before the expiration date of the exchange offer. In addition, you may withdraw any shares of Preferred Stock that you tender that are not accepted by us for purchase after the expiration of 40 business days from November 30, 2004. See the section of this exchange offer prospectus entitled *The Exchange Offer* Withdrawals of Tenders.

Risk Factors

You should consider carefully all of the information set forth in this exchange offer prospectus and, in particular, you should evaluate the specific factors set forth under *Risk Factors* before deciding whether to participate in the exchange offer.

Table of Contents

Material United States Federal Income Tax Consequences For Preferred Stock Holders	We intend to treat the exchange of your shares of Preferred Stock for shares of our common stock pursuant to the exchange offer as a conversion of Preferred Stock into shares of Common Stock. For a detailed discussion, please see the section titled "Material United States Federal Income Tax Consequences."
Brokerage Commissions	You are not required to pay any brokerage commissions to the dealer manager. If your shares of Preferred Stock are held through a broker or other nominee who tenders shares of Preferred Stock on your behalf (other than those tendered through one of the dealer managers), your broker may charge you a commission for doing so.
Dealer Manager	UBS Securities LLC.
Information Agent	MacKenzie Partners, Inc.
Exchange Agent	UMB Bank, N.A.
Market-Trading	The Preferred Stock is listed on the New York Stock Exchange under the symbol "CHKPrA", and our common stock is listed on the New York Stock Exchange under the symbol "CHK". On November 29, 2004, the last reported sale price of the Preferred Stock on the New York Stock Exchange was \$91.75 per share, and the last reported sale price of our common stock on the New York Stock Exchange was \$17.92 per share. The shares of our common stock to be issued in the exchange offer have been approved for listing on the New York Stock Exchange.
Further Information	If you have questions regarding the information in this exchange offer prospectus, please contact the dealer manager. If you have questions regarding the procedures for tendering in the exchange offer or require assistance in tendering your shares of Preferred Stock, please contact the information agent. If you would like additional copies of this exchange offer prospectus, our annual, quarterly, and current reports, proxy statement and other information that we incorporate by reference in this exchange offer prospectus, please contact either the information agent or Investor Relations at Chesapeake. For all other questions, please contact the dealer manager. The contact information is set forth on the back cover of this exchange offer prospectus.

Table of Contents

RISK FACTORS

In considering whether to participate in the exchange offer, you should carefully consider the risks described below and the other information we have included or incorporated by reference in this exchange offer prospectus.

Risks Related to the Exchange Offer

The value of the common stock that you receive may fluctuate.

We are offering to exchange a number of shares of our common stock equal to the Exchange Ratio for each share of Preferred Stock. The price of our common stock may fluctuate widely in the future. If the market price of our common stock declines, the value of the shares you will receive in exchange for your shares of Preferred Stock will decline. The trading value of our common stock could fluctuate depending upon any number of factors, including those specific to us and those that influence the trading prices of equity securities generally, many of which are beyond our control: Please see Risks Related to Our Business.

All of our debt obligations and our senior capital stock, including any shares of Preferred Stock that remain outstanding after the exchange offer, will have priority over our common stock with respect to payment in the event of a liquidation, dissolution or winding up.

In any liquidation, dissolution or winding up of Chesapeake, our common stock would rank below all debt claims against Chesapeake and all of our outstanding shares of preferred stock, including the shares of Preferred Stock that are not tendered and accepted by us in this exchange offer. As a result, holders of our common stock will not be entitled to receive any payment or other distribution of assets upon the liquidation or dissolution until after our obligations to our debt holders and holders of preferred stock have been satisfied.

By tendering your shares of Preferred Stock, you will lose your right to receive certain cash payments.

Holders of shares of our Preferred Stock are entitled to quarterly dividends, which are paid when, if and as declared by our board of directors. If your shares of Preferred Stock are validly tendered and accepted for exchange you will lose the right to receive any dividend payments to be made after completion of the exchange offer.

Our certificate of incorporation, bylaws, the Oklahoma General Corporation Act and our shareholder rights agreement contain provisions that could discourage an acquisition or change of control of our company.

Our shareholder rights agreement and the Oklahoma Business Combination Statute, together with certain provisions of our certificate of incorporation and bylaws, may make it more difficult to effect a change in control of our company, to acquire us or to replace incumbent management. These provisions could potentially deprive our stockholders of opportunities to sell shares of our stock at above-market prices.

Edgar Filing: CHESAPEAKE ENERGY CORP - Form S-4

Please read Description of Capital Stock Anti-Takeover Provisions.