

CHESAPEAKE ENERGY CORP
Form FWP
May 10, 2007

Filed Pursuant to Rule 433

Registration No. 333-142720

Pricing Term Sheet

May 10, 2007

Chesapeake Energy Corporation

\$1,000,000,000 aggregate principal amount of 2.50% Contingent Convertible Senior Notes due 2037

The following information supplements the Preliminary Prospectus dated May 8, 2007 filed pursuant to Rule 433, Registration Statement No. 333-142720.

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| Title of Securities: | 2.50% Contingent Convertible Senior Notes due 2037 |
| Aggregate Principal Amount Offered: | \$1,000,000,000 principal amount |
| Over-allotment Option: | \$150,000,000; 13-day option to cover over-allotments |
| Price to Public: | 100% of principal amount |
| Net proceeds to Chesapeake Energy Corporation, after underwriters discount, but before other offering expenses (assuming no exercise of over-allotment option): | \$977,500,000 |
| Use of proceeds: | We intend to use the net proceeds from this offering to repay outstanding indebtedness under our revolving bank credit facility, which may be reborrowed for general corporate purposes |
| Estimated expenses of notes offering: | \$250,000 |
| Interest payment dates: | May 15 and November 15 of each year, commencing November 15, 2007 |
| Record dates: | May 1 and November 1 |
| Maturity: | May 15, 2037 |
| Ranking: | Senior unsecured |
| Coupon: | 2.50% |
| Principal amount per note: | \$1,000 |
| Base Conversion Premium: | 50% |

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| Last Sale Price (May 9, 2007): | \$34.39 |
| Base Conversion Price: | \$51.585 |
| | Subject to adjustment as set forth in the prospectus supplement. |
| Base Conversion Rate Per Note (approximately): | 19.3855 |
| | Subject to adjustment as set forth in the prospectus supplement. |
| Incremental Share Factor: | 9.6927 |
| | Subject to adjustment as set forth in the prospectus supplement. |
| Conversion Contingencies: | <ul style="list-style-type: none"> - Prior to May 15, 2035, during any calendar quarter subject to 125% Conversion Trigger; - On or after May 15, 2035, at all times; - If the average trading price for the notes is less than 95% of the applicable conversion value; - If the notes are called for redemption; or - Upon the occurrence of specified corporate transactions. |
| Optional Redemption: | On or after May 15, 2017 |
| Repurchase of Notes at Holder's Option: | May 15, 2017, 2022, 2027 and 2032 |
| Repurchase upon a Fundamental Change: | Holder may require company to repurchase the notes for an amount equal to 100% of the principal amount of the notes, plus accrued and unpaid interest (including contingent interest, if any) up to but not including the date of repurchase, payable in cash |
| Contingent Interest: | 0.50% of the average trading price of the notes, commencing with the six-month period ending November 14, 2017, if the average trading price of the notes equals or exceeds 120% of the principal amount of the notes |
| Comparable Yield: | 6.75% |
| Fundamental Change Protection | Adjustment to the applicable conversion rate upon certain corporate transactions (per attached table) |
| Joint Global Book-Running Managers: | Credit Suisse Securities (USA) LLC and UBS Securities LLC |
| Joint Book-Running Managers | Banc of America Securities LLC, Barclays Capital Inc. and Deutsche Bank Securities Inc. |

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| Senior Co-Managers: | BNP Paribas Securities Corp., Bear, Stearns & Co. Inc., Fortis Securities LLC, Goldman, Sachs & Co., Lehman Brothers Inc., SunTrust Capital Markets, Inc., Wachovia Capital Markets, LLC Inc. and Wells Fargo Securities, LLC |
| Co-Managers: | ABN AMRO Rothschild LLC, BMO Capital Markets Corp., BOSCO, Inc., Calyon Securities (USA) Inc., Citigroup Global Markets Inc., Comerica Securities, Inc. HVB Capital Markets, Inc., Natexis Bleichroeder Inc., RBC Capital Markets Corporation, TD Securities (USA) LLC, U.S. Bancorp Investments, Inc. and Wedbush Morgan Securities Inc. |
| Gross Spread (%): | 2.25% |
| Gross Spread per Note: | \$22.50 |
| Trade date: | May 10, 2007 |
| Settlement date: | May 15, 2007 |
| CUSIP: | 165167BZ99 |
| Fundamental Change: | The definition of Fundamental Change has been modified to eliminate the exceptions for Permitted Holders. |

The issuer has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at www.sec.gov. Alternatively, the issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling toll-free 1-800-221-1037.

Adjustment to Shares Delivered Upon Conversion Upon Certain Changes of Control

The following table sets forth the increase in the Applicable Conversion Rate, expressed as a number of additional shares to be received per \$1,000 principal amount of Notes.

| Effective date | Share Price | | | | | | | | | | | | | |
|----------------|-------------|---------|---------|---------|---------|---------|---------|---------|---------|----------|----------|----------|----------|----------|
| | \$34.39 | \$40.00 | \$45.00 | \$50.00 | \$55.00 | \$60.00 | \$70.00 | \$80.00 | \$90.00 | \$100.00 | \$125.00 | \$150.00 | \$175.00 | \$200.00 |
| May 10, 2007 | 9.6927 | 8.3968 | 7.6783 | 7.2110 | 6.3046 | 5.3485 | 3.9548 | 3.0016 | 2.3182 | 1.8104 | 0.9951 | 0.5389 | 0.2722 | 0.1169 |
| May 15, 2008 | 9.6927 | 8.1681 | 7.4317 | 6.9634 | 6.0655 | 5.1230 | 3.7622 | 2.8416 | 2.1871 | 1.7036 | 0.9319 | 0.5020 | 0.2513 | 0.1058 |
| May 15, 2009 | 9.6927 | 7.9131 | 7.1521 | 6.6801 | 5.7906 | 4.8631 | 3.5399 | 2.6573 | 2.0364 | 1.5813 | 0.8601 | 0.4604 | 0.2279 | 0.0935 |
| May 15, 2010 | 9.6927 | 7.6322 | 6.8369 | 6.3569 | 5.4750 | 4.5638 | 3.2836 | 2.4452 | 1.8638 | 1.4419 | 0.7796 | 0.4143 | 0.2024 | 0.0803 |
| May 15, 2011 | 9.6927 | 7.3219 | 6.4790 | 5.9851 | 5.1095 | 4.2161 | 2.9861 | 2.2003 | 1.6658 | 1.2832 | 0.6896 | 0.3639 | 0.1750 | 0.0666 |
| May 15, 2012 | 9.6927 | 6.9769 | 6.0679 | 5.5518 | 4.6810 | 3.8078 | 2.6380 | 1.9160 | 1.4381 | 1.1025 | 0.5893 | 0.3089 | 0.1456 | 0.0519 |
| May 15, 2013 | 9.6927 | 6.5897 | 5.5903 | 5.0415 | 4.1743 | 3.3259 | 2.2317 | 1.5894 | 1.1807 | 0.9012 | 0.4812 | 0.2513 | 0.1161 | 0.0382 |
| May 15, 2014 | 9.6927 | 6.1602 | 5.0284 | 4.4282 | 3.5623 | 2.7458 | 1.7517 | 1.2123 | 0.8898 | 0.6777 | 0.3647 | 0.1907 | 0.0859 | 0.0247 |
| May 15, 2015 | 9.6927 | 5.6960 | 4.3520 | 3.6641 | 2.7958 | 2.0265 | 1.1797 | 0.7810 | 0.5670 | 0.4339 | 0.2391 | 0.1262 | 0.0549 | 0.0119 |
| May 15, 2016 | 9.6927 | 5.2776 | 3.5144 | 2.6332 | 1.7542 | 1.0789 | 0.4983 | 0.3069 | 0.2218 | 0.1695 | 0.0913 | 0.0481 | 0.0196 | 0.0002 |
| May 15, 2017 | 9.6927 | 5.6027 | 2.8262 | 0.6204 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |

In no event will the Applicable Conversion Rate exceed 29.0782 per \$1,000 principal amount of Notes, subject to adjustment. No adjustments will be made if share prices is above \$200.00 or below \$34.39.