

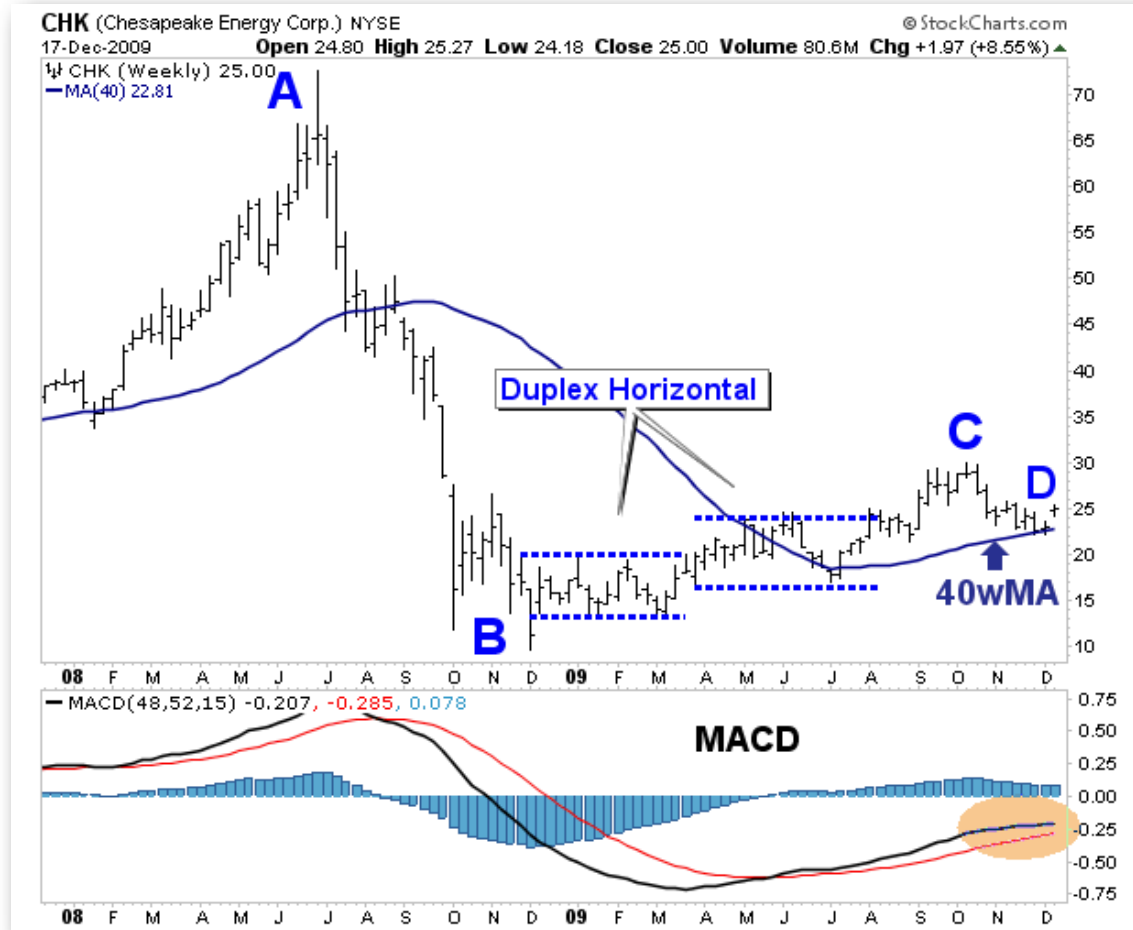


Chesapeake Energy (CHK: US\$25.00)

December 17, 2009

Target: \$38.00

Reversal Level: \$22.00



Chesapeake Energy has higher targets.

Chesapeake Energy had a sharp decline from about \$73 in June 2008 to \$10 in December of the same year. Subsequently the stock settled into a horizontal trading range between \$13.50 and \$19.50 and then into another range between \$17.50 and \$25 (see dashed lines). This price action created a bullish technical pattern known as a Duplex Horizontal. The recent rise to \$30 (C) signalled the breakout from this formation and the start of a new major up-leg.

Technical indicators including the rising 40-week moving average, the VSI and the MACD (see lower panel) confirm the bullish status. Only a decline below the 40wMA (currently at ± \$22) would reverse the current long-term up-side potential. Current price levels should provide a good buying opportunity (D).

Point & Figure measurements provide an initial target of \$38 (a 52% appreciation potential from current levels). The large Duplex Horizontal (see dashed lines) supports significantly higher targets.