



Henry J. Hood
Senior Vice President - Land and Legal
& General Counsel

October 3, 2011

The Honorable Sody Clements, Mayor of Nichols Hills
Councilman Steven J. Goetzinger
Councilman Peter Hoffman
City of Nichols Hills
6407 Avondale Drive
Nichols Hills, OK 73116

Re: Crescent Market

Dear Mayor Clements and Councilmen Goetzinger and Hoffman:

Mr. Robert Pemberton recently notified Chesapeake Energy Corporation ("Chesapeake") that due to the recent opening of Sunflower Market at 63rd Street and May Avenue, and generally deteriorating business trends over the past few years, he plans to close Crescent Market on October 29, 2011. Contrary to some rumors that we have heard, Chesapeake did not force this action.

Chesapeake has attempted in earnest for several years to work with Crescent Market to improve its business, including offering to provide capital for leasehold improvements and other store enhancements.

Crescent Market has operated under a long term lease negotiated by the previous owners of Nichols Hills Plaza. That lease expired on July 31, 2010. In an effort to further work with Crescent Market, we mutually agreed that Crescent Market could continue to occupy the space and operate on a month-to-month basis under the terms of the lease negotiated by the previous owners of Nichols Hills Plaza. It is important to point out that Crescent Market's rent has remained the same since 2000. In fact, it is less than half the square foot rate of the other Plaza tenants.

Chesapeake has offered several times to enter into a new, mutually acceptable long term lease with Crescent Market, but Mr. Pemberton has consistently declined to do so. We regret he has now decided to close, but it was entirely his decision based on changing market conditions.

We are disappointed to lose this long-standing tenant of Nichols Hills Plaza. We respect the heritage and history of Crescent Market and wish Mr. Pemberton only the best. We recognize the importance of a neighborhood grocery store in Nichols Hills Plaza, both for the convenience of the residents and the sales tax base of the City.

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Accordingly, Chesapeake has already commenced working on a plan to completely remodel the space and open a new market, hopefully in the second half of 2012.

We can assure you that Nichols Hills Plaza is a valued asset to Chesapeake. We are well aware of its importance to the Nichols Hills community as well as our 4,500 employees who work nearby. You have our commitment to work diligently to retain existing tenants and attract new ones to occupy vacant space as we strive to make it one of the premier shopping centers in Oklahoma. The investment we plan to make in Nichols Hills Plaza, including the prime space now occupied by Crescent Market, underscores our confidence in the future of this center. As a result, the rumors circulated for several years saying we intend to demolish the Plaza are simply not true. Our excitement about the future of Nichols Hill Plaza will be made quite evident when our extensive renovation plans are unveiled in the coming months.

We will keep you closely updated as this process develops. If you have any questions, please feel free to call me.

Very truly yours,


Henry J. Hood

cc: David Poole, City Manager for
City of Nichols Hills