

Annual Meeting of Stockholders



May 6, 2014



We Care. We Connect. We Grow.

CHESAPEAKE
UTILITIES CORPORATION



Forward Looking Statements and Other Disclosures



Safe Harbor Statement: Some of the Statements in this document concerning future company performance will be forward-looking within the meanings of the securities laws. Actual results may materially differ from those discussed in these forward-looking statements, and you should refer to the additional information contained in Chesapeake Utilities Corporation's 2013 Annual Report on Form 10-K filed with the SEC and our other SEC filings concerning factors that could cause those results to be different than contemplated in today's discussion.

REG G Disclosure: Today's discussion includes certain non-GAAP financial measures as defined under SEC Regulation G. Although non-GAAP measures are not intended to replace the GAAP measures for evaluation of Chesapeake's performance, Chesapeake believes that the portions of the presentation, which include certain non-GAAP financial measures, provide a helpful comparison for an investor's evaluation purposes.

Gross Margin: Gross Margin is determined by deducting the cost of sales from operating revenue. Cost of sales includes the purchased fuel cost for natural gas, electric and propane distribution operations and the cost of labor spent on different revenue-producing activities. Other companies may calculate gross margin in a different manner.

2013 Acquisitions & Expansions



Acquisitions of Assets

- ✓ **Glades Gas Company, FL**
 - Propane distribution company
 - Approximately 3,000 customers
- ✓ **Eastern Shore Gas, MD**
(now **Sandpiper Energy**)
 - Underground piped propane
 - Approximately 11,000 customers
- ✓ **Austin Cox Home Services, Inc., MD**
 - HVAC and plumbing services
- ✓ **City of Fort Meade, FL**
 - Natural gas system
 - Approximately 750 customers

Expansions/Investments

- ✓ **Peninsula Pipeline Company** commenced firm transportation service to an unaffiliated utility in Florida.
- ✓ **ESNG** completed the Greenspring expansion providing year-round transportation service to a Combined Heat and Power (CHP) plant.

2013 Financial Results



For the periods ended December 31,
(in thousands except per share amounts)

	Year-to-Date	
	2013	2012
Operating Income		
Regulated Energy	\$ 50,084	\$ 46,999
Unregulated Energy	12,353	8,355
Other	297	1,281
Total Operating Income	62,734	56,635
Other Income	372	271
Interest Charges	8,234	8,747
Income Before Taxes	54,872	48,159
Income Taxes	22,085	19,296
Net Income	\$ 32,787	\$ 28,863
Diluted Earnings Per Share	\$ 3.39	\$ 2.99

- Record EPS in 2013
- 7th consecutive year of record EPS
- 2013 growth in diluted EPS of 13.4%

Reconciliation of 2013 Earnings

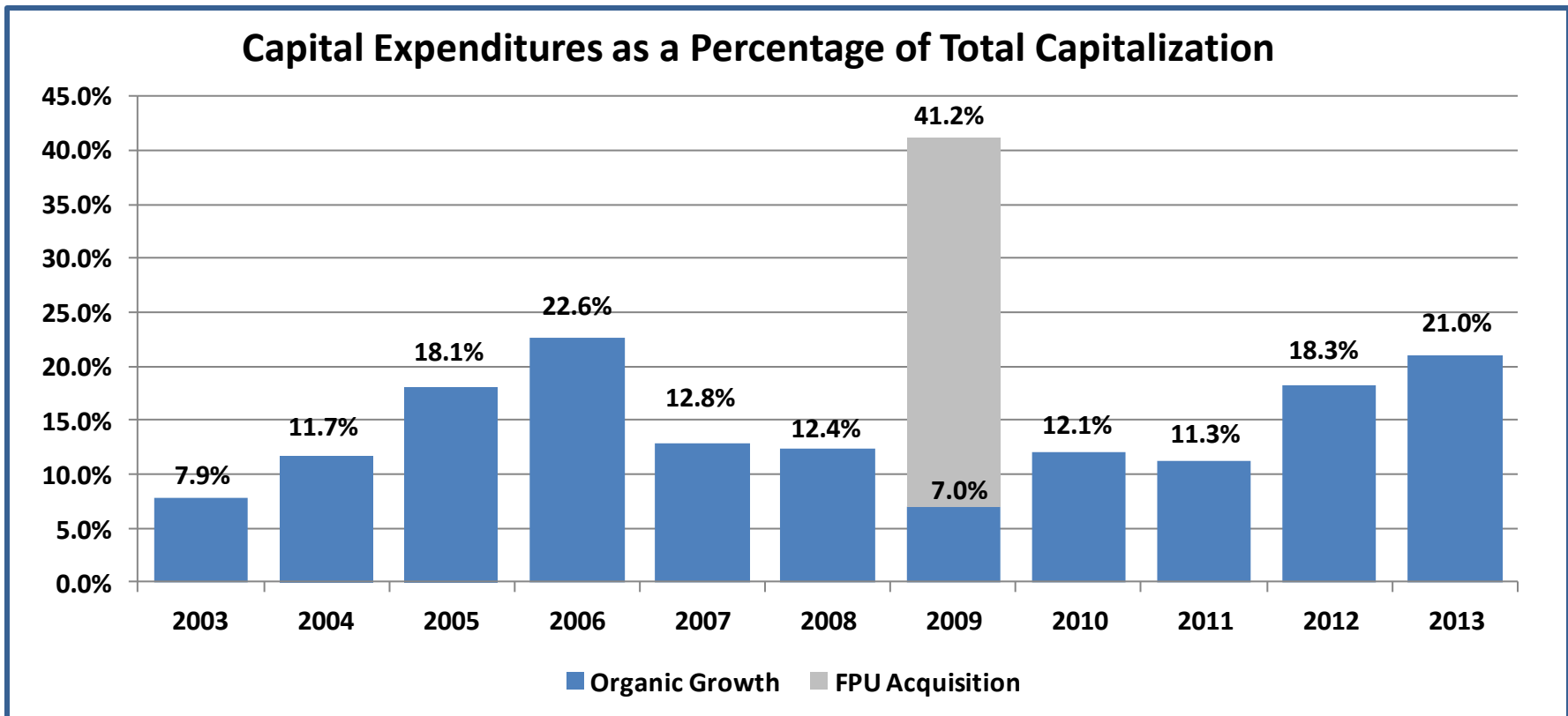


<i>(in thousands, except per share)</i>	Pre-tax Income	Net Income	Earnings Per Share
Year ended December 31, 2012 Reported Results	\$ 48,159	\$ 28,863	\$ 2.99
Adjusting for unusual items:			
Weather impact (due primarily to significantly warmer-than-normal weather in 2012)	3,399	2,037	0.21
Regulatory recovery of litigation-related costs	1,494	895	0.09
Accrual for additional taxes other than income	(990)	(593)	(0.06)
One-time sales tax expensed by Sandpiper associated with the acquisition	(726)	(435)	(0.04)
	<u>3,177</u>	<u>1,904</u>	<u>0.20</u>
Increased (Decreased) Gross Margins:			
Major projects			
Contribution from Sandpiper	4,432	2,656	0.27
Service expansions	3,710	2,223	0.23
Higher propane margins	3,163	1,896	0.20
Contribution from other new acquisitions	2,016	1,208	0.12
Other natural gas growth	1,824	1,094	0.11
Propane wholesale marketing	(1,137)	(681)	(0.07)
	<u>14,008</u>	<u>8,396</u>	<u>0.86</u>
Increased Other Operating Expenses:			
Expenses from acquisitions	(5,309)	(3,182)	(0.33)
Higher payroll and benefits costs	(2,407)	(1,443)	(0.15)
Increased incentive bonuses	(2,002)	(1,200)	(0.12)
Higher depreciation, asset removal and property tax costs due to new capital investments	(1,555)	(932)	(0.10)
	<u>(11,273)</u>	<u>(6,757)</u>	<u>(0.70)</u>
Net Other Changes	801	381	0.04
Year ended December 31, 2013 Reported Results	<u>\$ 54,872</u>	<u>\$ 32,787</u>	<u>\$ 3.39</u>

Investing in Growth



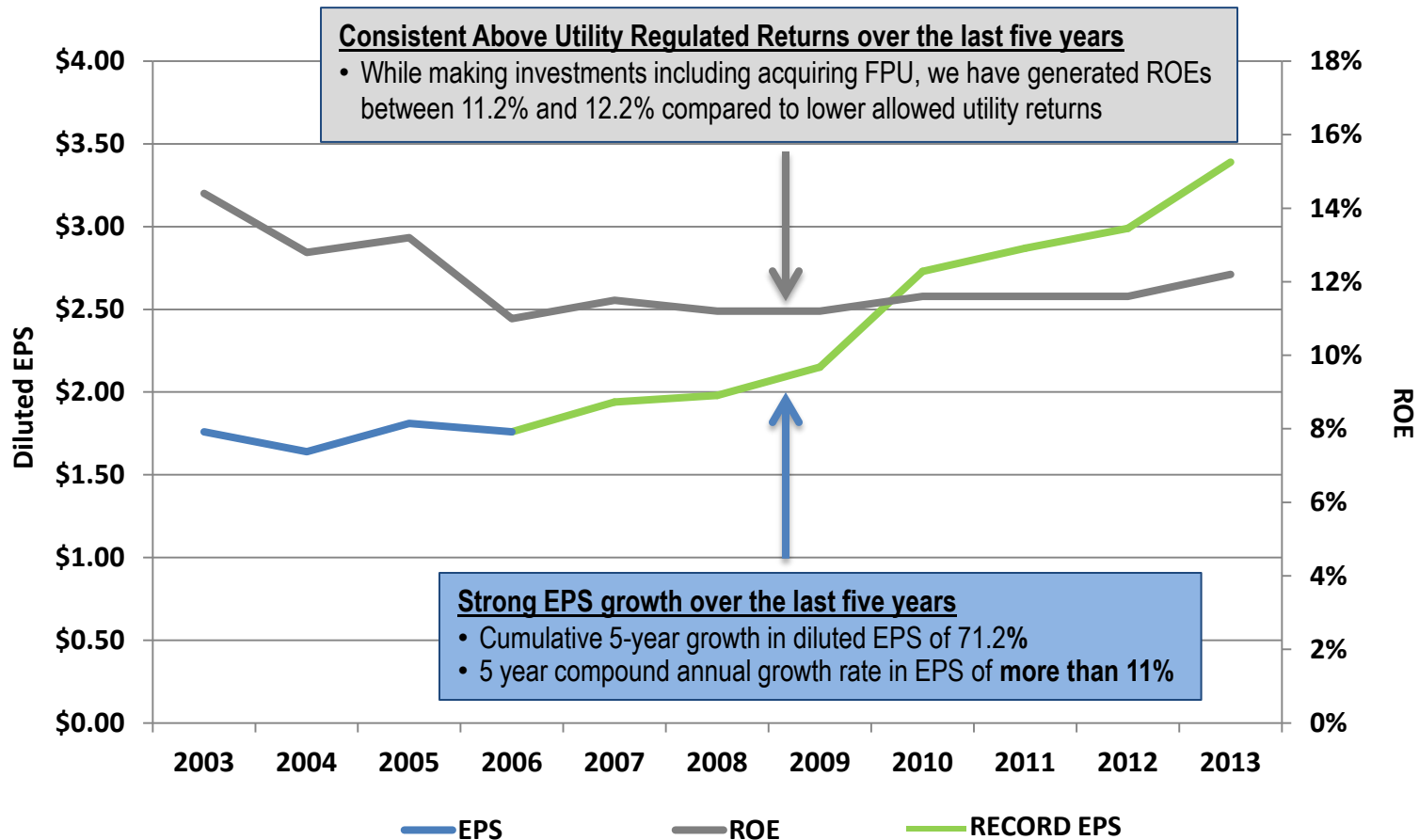
Continuing to invest high levels of capital expenditures to generate increased value



Generating Growth



Above Utility Regulated Returns and Superior EPS Growth

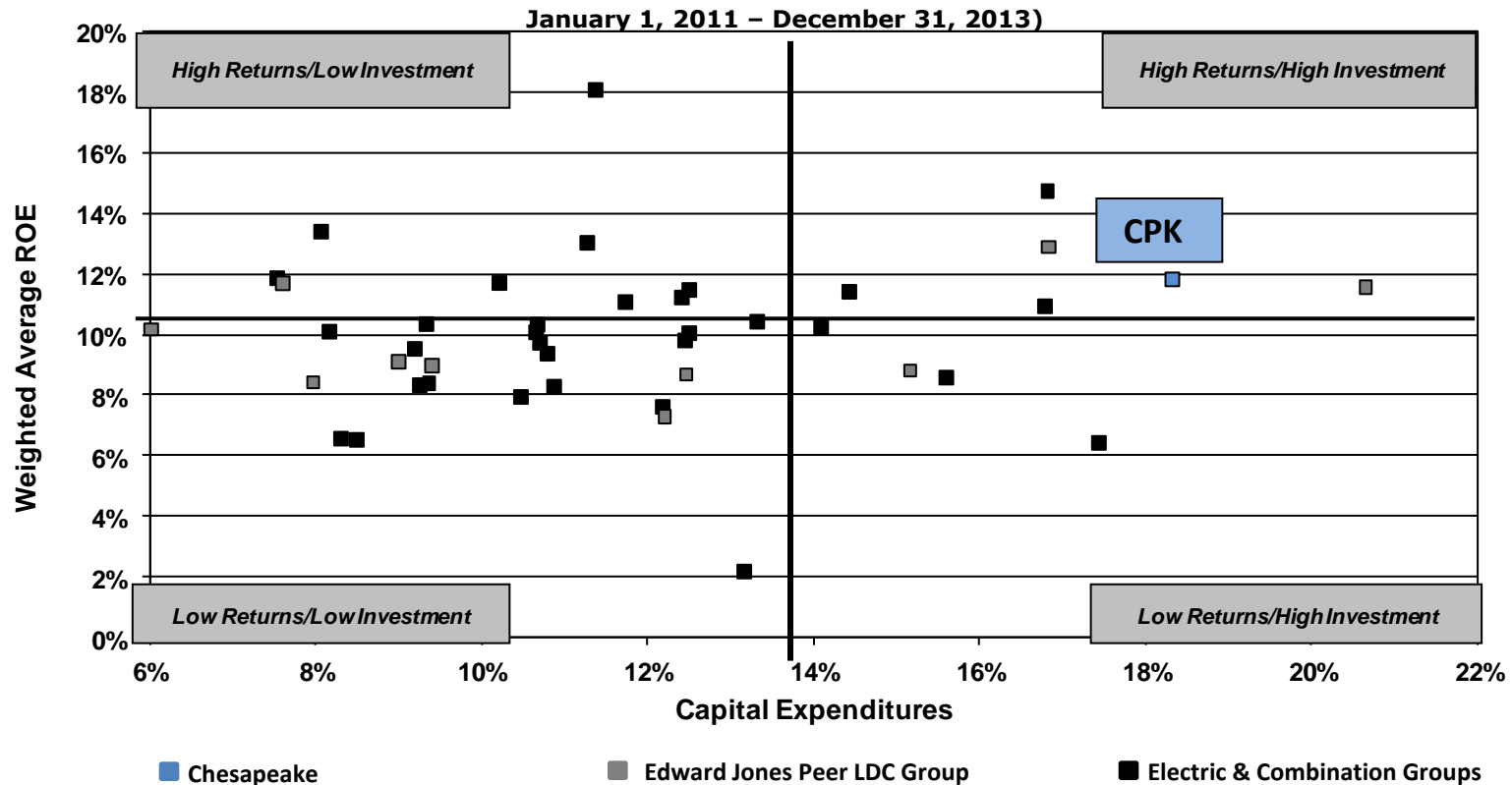


Performance Quadrant*

Peer ROE vs. Capital Expenditures



CPK is one of only 6 companies in the High Returns/
High Investment quadrant

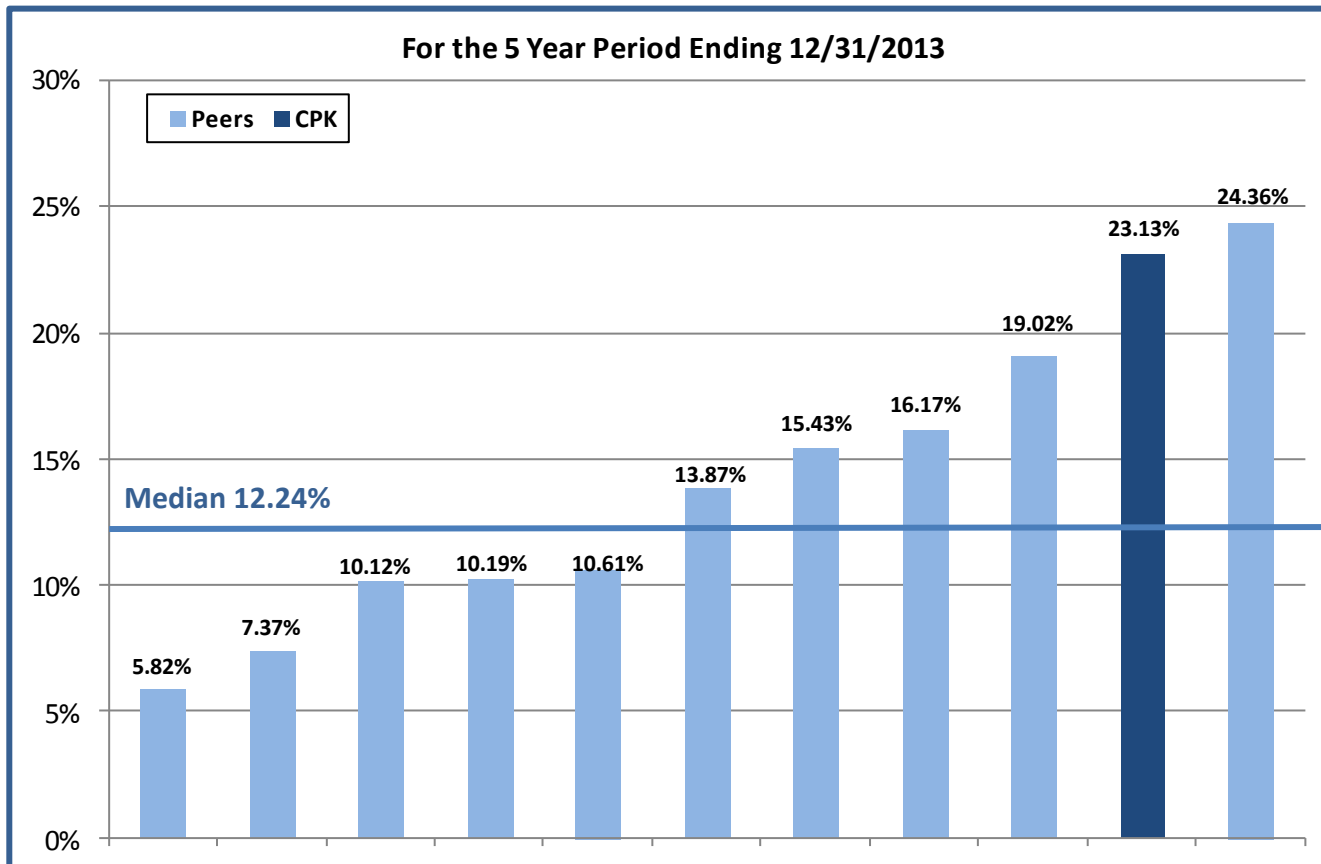


Source: Bloomberg
*Excluding companies with losses

Capital Expenditures to Total Capitalization



CPK vs. Peer Companies

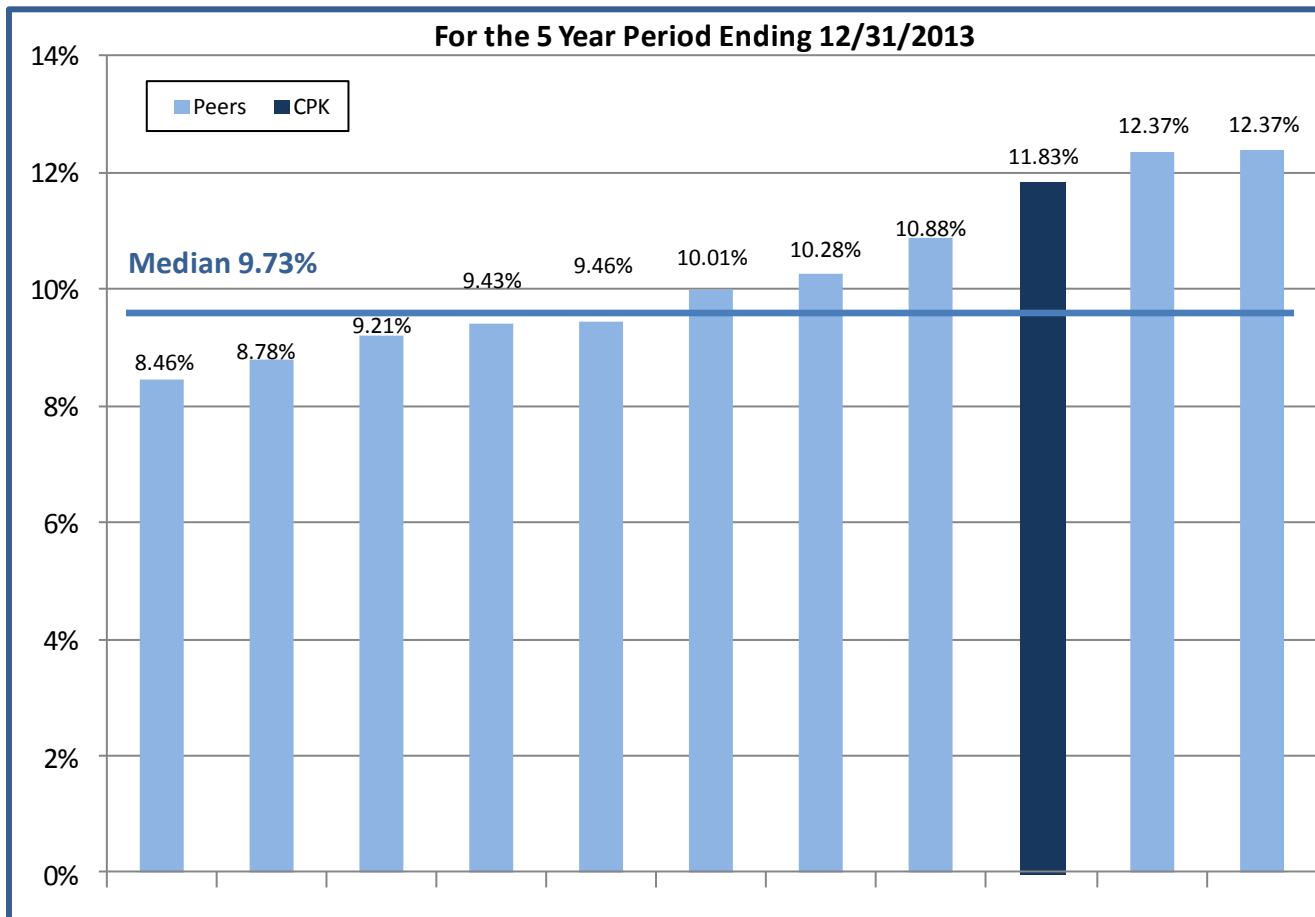


- The \$432 million invested over the last five years equals an average 23% of new Capital Expenditures to Total Capitalization.
- Representing Top Quartile performance.

Return on Equity



CPK vs. Peer Companies

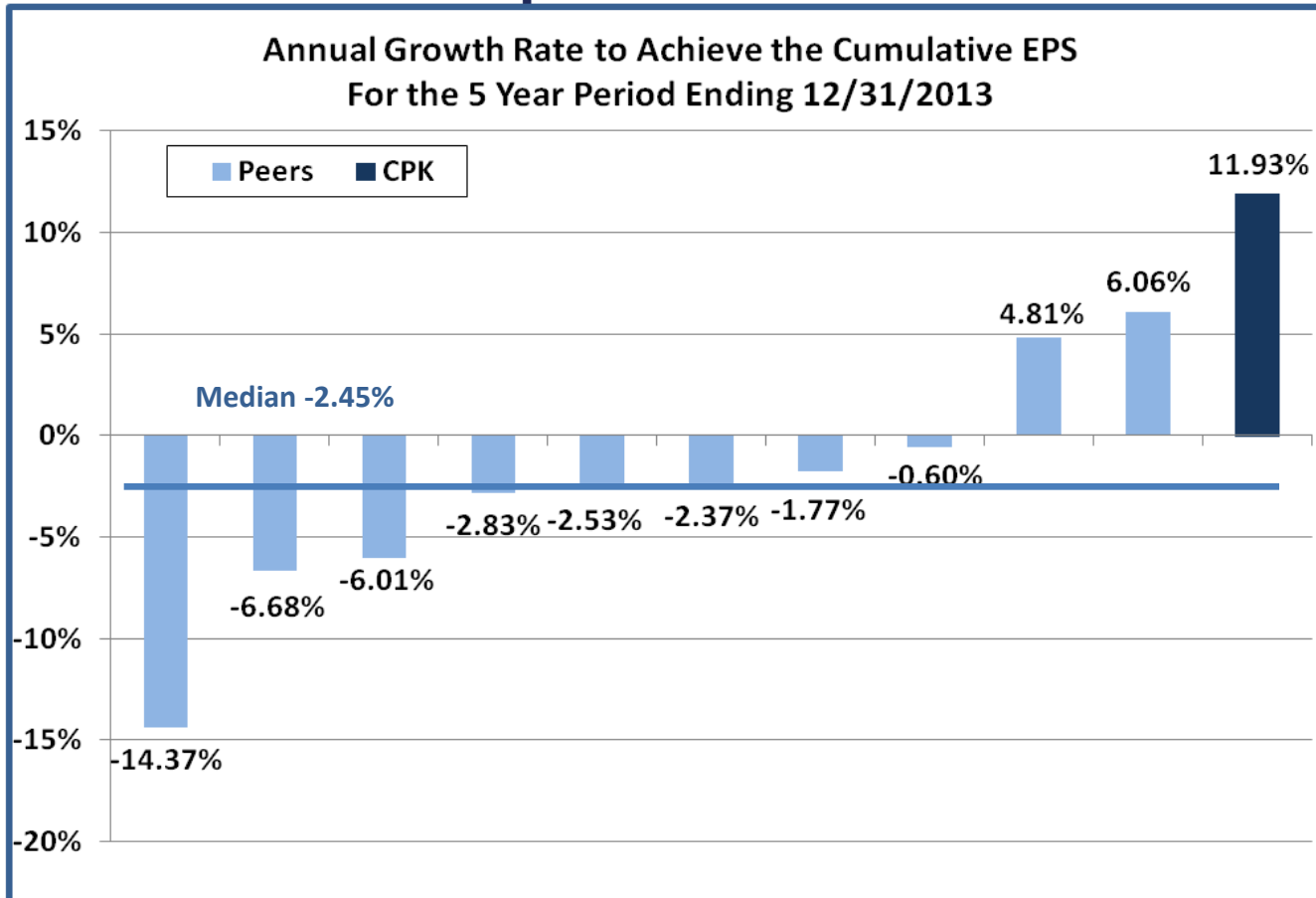


- Our average ROE over the past five years is 11.8%.
- CPK is in the top 3 in terms of ROE.
- The two higher ROE companies have unregulated operations.

EPS Growth



CPK vs. Peer Companies



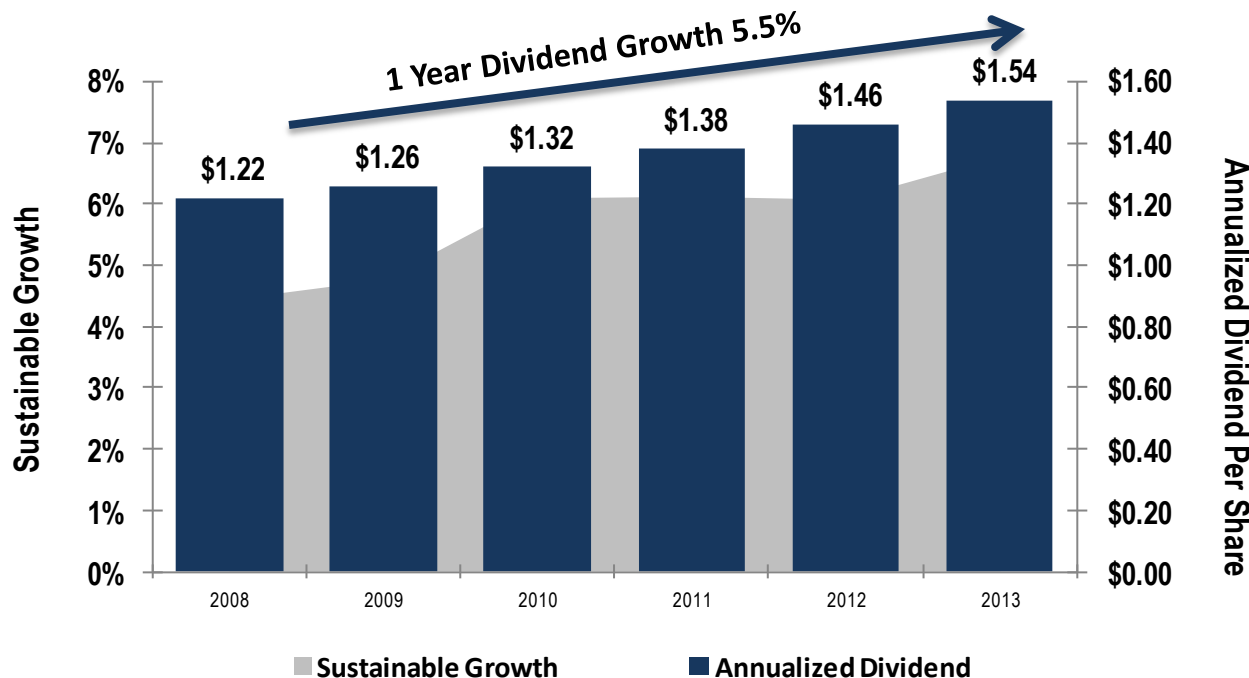
- 5-year annual growth rate of 11.9%
- Top performance relative to the peer group.

Continuous Dividend Growth



We are committed to dividend growth that is supported by earnings growth

- Increased the annualized dividend by \$0.08 per share or 5.5% in May 2013.
- We have achieved 4.8% five year dividend growth.
- The five year average payout ratio is 49%.

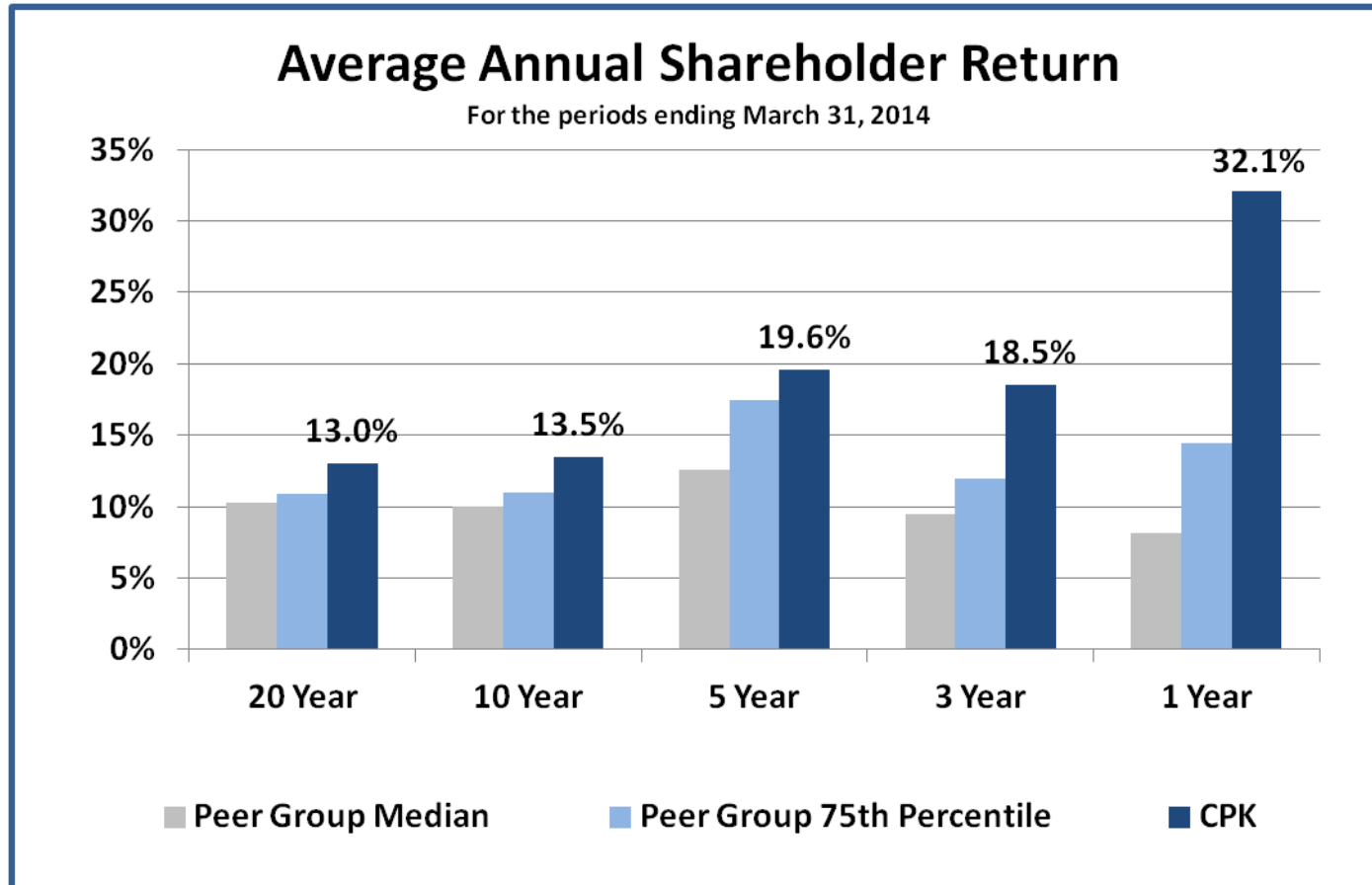


For the Years Ended December 31st

Superior Shareholder Return



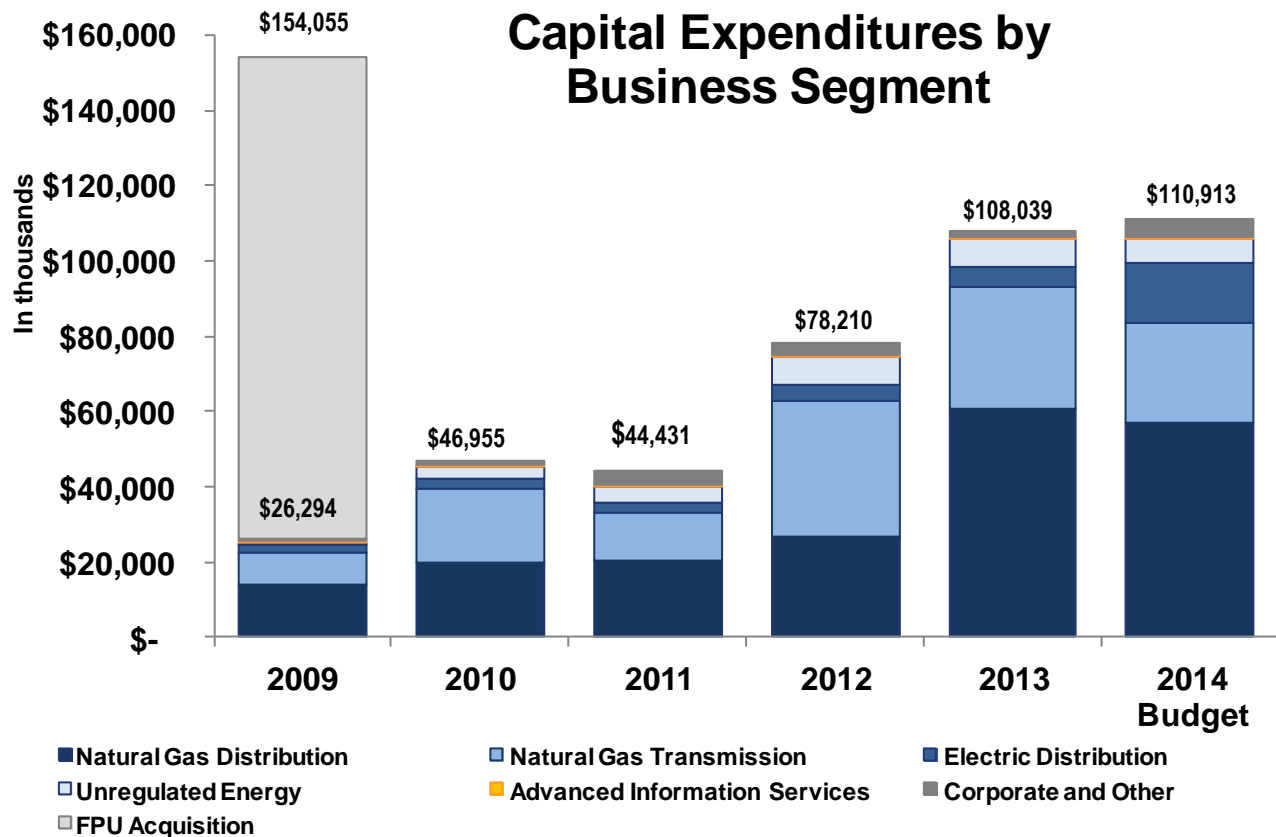
Investors in Chesapeake have achieved average annual returns in excess of 13% over all periods shown



Building for the Future



Over the past five years we have invested approximately \$432 million with another \$111 million budgeted for 2014



- Strong balance sheet creates ability to raise capital at attractive rates.
- Expansions and services to new customers continue to drive our capital investment in 2014.

Year to Date Financial Results



First Quarter 2014 Performance Summary

For the periods ended March 31,
(in thousands except per share amounts)

	1Q14	1Q13	Change
Operating Income			
Regulated Energy	\$ 21,091	\$ 17,306	\$ 3,785
Unregulated Energy	10,858	9,369	1,489
Other	(326)	(125)	(201)
Total Operating Income	31,623	26,550	5,073
Other Income	6	289	(283)
Interest Charges	2,155	2,072	83
Income Before Taxes	29,474	24,767	4,707
Income Taxes	11,793	9,898	1,895
Net Income	\$ 17,681	\$ 14,869	2,812
Diluted Earnings Per Share	\$ 1.82	\$ 1.54	\$ 0.28

- Net income increased 19%
- Acquisitions completed in 2013 generated \$4.8 million incremental gross margin
- Colder temperatures and expanding natural gas services generated \$4.1 million additional gross margin

Reconciliation of First Quarter 2014

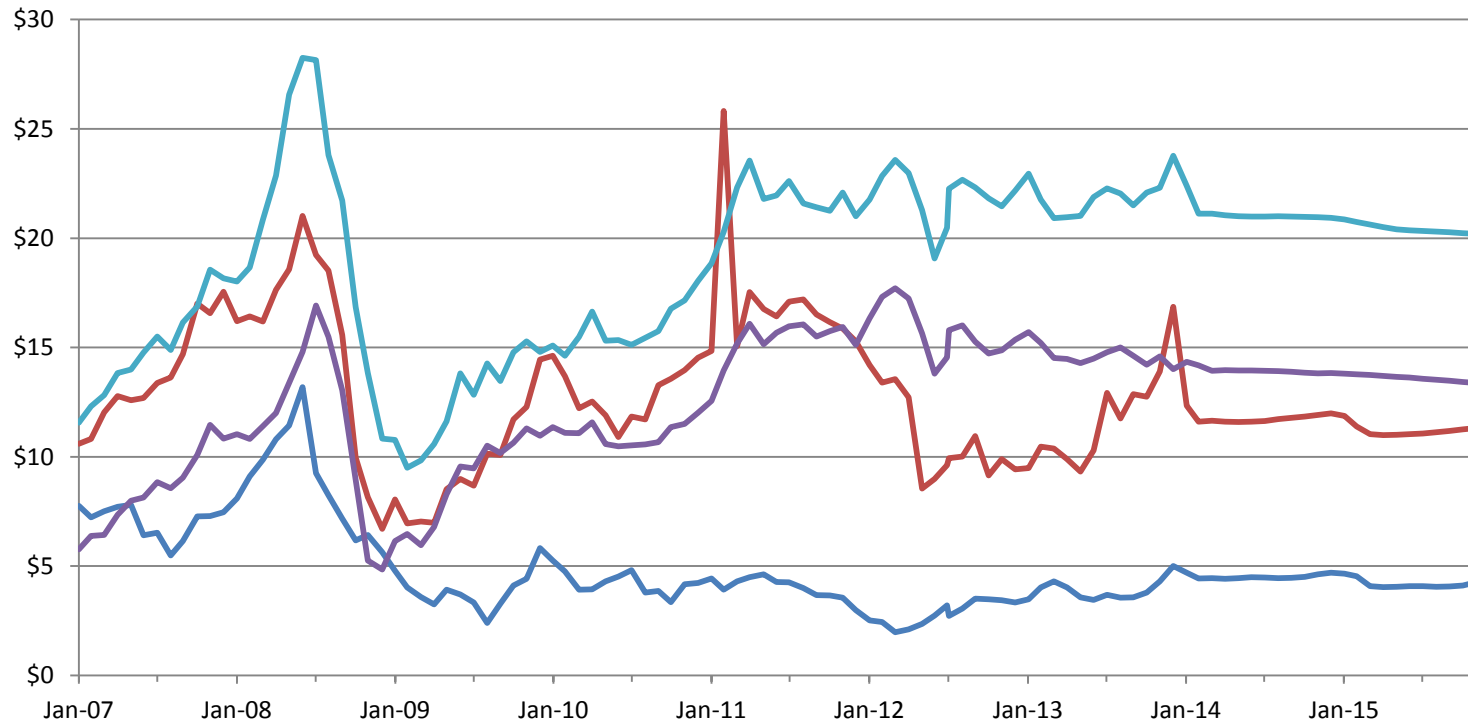


<i>(in thousands, except per share)</i>	Pre-tax Income	Net Income	Earnings Per Share
First Quarter 2013 Reported Results	\$ 24,767	\$ 14,869	\$ 1.54
Adjusting for unusual items:			
Weather impact	2,711	1,628	0.17
	<u>2,711</u>	<u>1,628</u>	<u>0.17</u>
Increased (Decreased) Gross Margins:			
Major projects			
Contribution from Sandpiper	4,289	2,575	0.27
Service expansions	1,423	855	0.08
Increased wholesale propane sales	1,032	620	0.06
Propane wholesale marketing	889	534	0.06
GRIP	724	435	0.04
Lower retail propane margins	(516)	(310)	(0.03)
Contribution from other new acquisitions	502	302	0.03
	<u>8,343</u>	<u>5,011</u>	<u>0.51</u>
Increased Other Operating Expenses:			
Expenses from acquisitions	(2,117)	(1,271)	(0.14)
Higher payroll costs	(1,161)	(697)	(0.07)
Larger increase for incentive compensation	(980)	(589)	(0.06)
Higher depreciation, asset removal and property tax costs due to new capital investments	(726)	(436)	(0.04)
Higher benefits costs	(674)	(405)	(0.04)
	<u>(5,658)</u>	<u>(3,398)</u>	<u>(0.35)</u>
Net Other Changes	<u>(689)</u>	<u>(429)</u>	<u>(0.05)</u>
First Quarter 2014 Reported Results	<u>\$ 29,474</u>	<u>\$ 17,681</u>	<u>\$ 1.82</u>

Natural gas expected to have a sustained price advantage



Natural gas price spread is expected to be sustainable



- Henry Hub Natural Gas Spot Price
- North American Spot LPG Propane Price / Mont Belvieu (Conversion Factor: /.091)
- No. 6 3% Fuel Oil (Conversion Factor: /6.3)
- No. 2 ULSD Fuel Oil (Conversion Factor: /.138)

Source: Bloomberg
NYMEX
March 31, 2014

2014 Focus and Beyond



Traditional Growth Strategies

Regulated Energy

- NG transmission and distribution expansions
- Residential and commercial customer growth in existing markets
- On main conversions
- Major industrial customers
- Acquisitions



Emerging Growth Strategies

Regulated Energy

- Conversion programs for residential and commercial customers
- System reliability and infrastructure program
- New applications for natural gas
- Transportation service for power generation



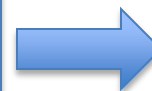
Unregulated Energy

- Organic growth
- Wholesale
- Community Gas Systems
- Startups
- Acquisitions



Unregulated Energy

- Compressed natural gas (CNG)
- Propane Fueled Vehicles
- Combined Heat and Power projects (CHP)
- Midstream opportunities



We Care. We Connect. We Grow.



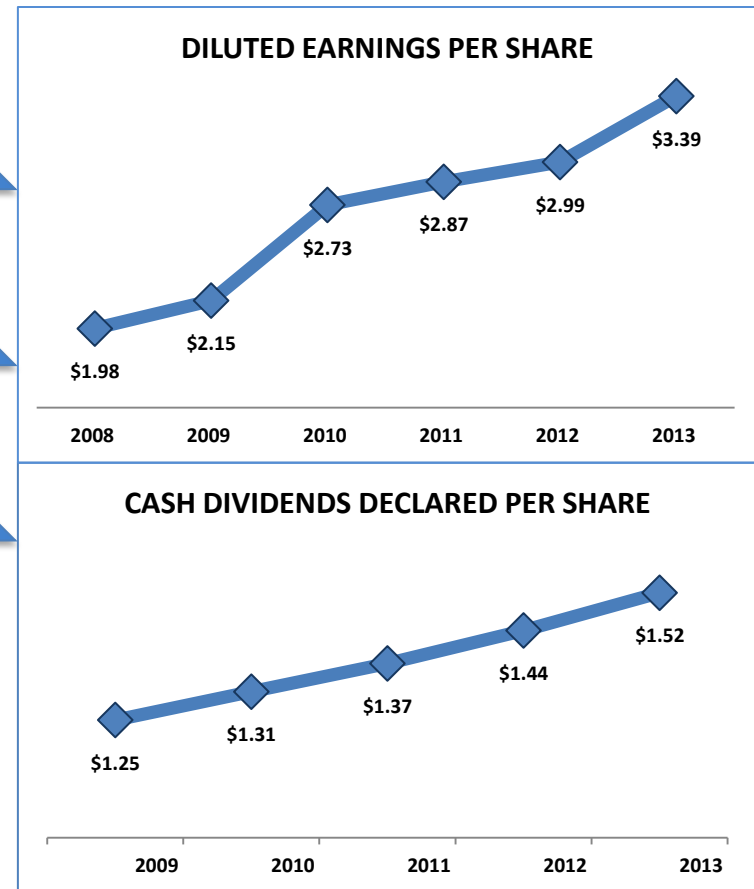
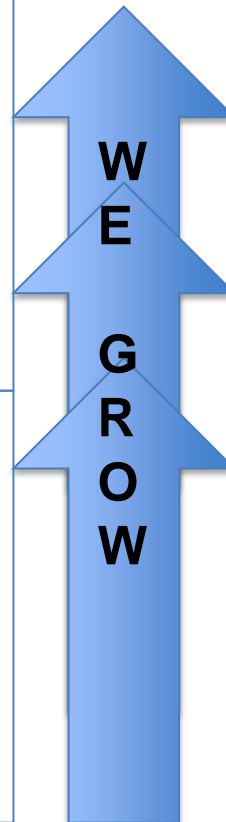
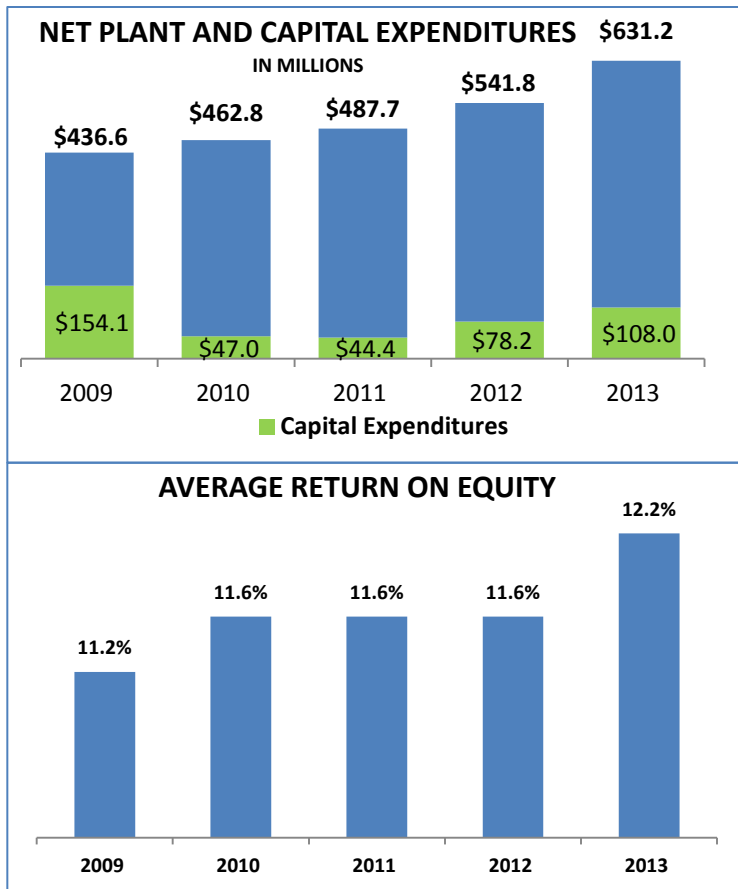
We Care.

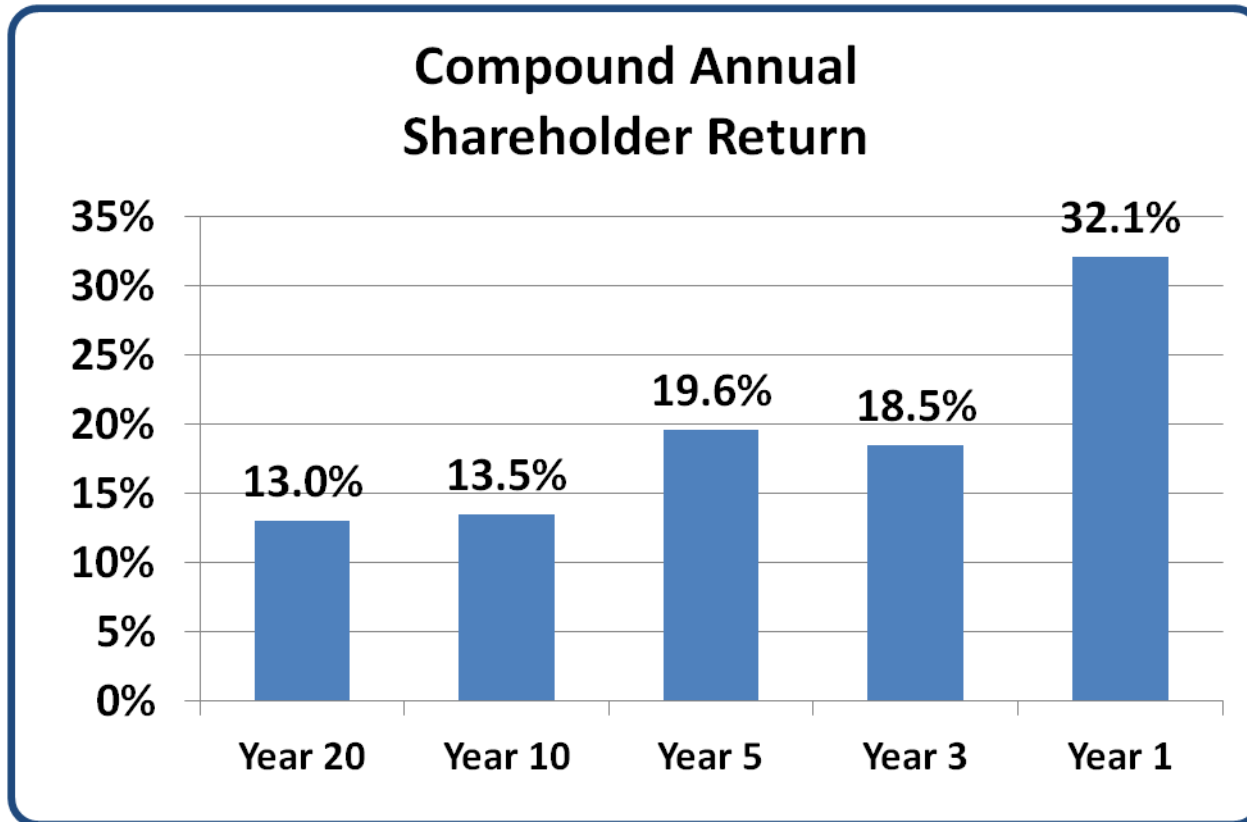
- Our success starts with hard-working, fully engaged employees who take pride in their work.
- Our employees care about our Company, our shareholders, our customers, the communities we serve and one another.
- Our employees initiatives are recognized each month during our Chesapeake Cares events.
- Our two Top Workplace awards in 2012 and 2013 are a reflection of the our culture and the quality of our employees.

We Connect.

- We reach out to connect with each other, our customers, our communities, our business partners and our shareholders.
- Chesapeake actively supports more than 110 charitable organizations through donations and sponsorships.

We Care. We Connect. We Grow.





For the Years Ended March 31st

Financial Metrics Performance Summary



CPK has a very successful track record and has performed well related to its peers

<i>** For periods ending 12/31/13 (unless noted)</i>		CPK	Peer 1	Peer 2	Peer 3	Peer 4	Peer 5	Peer 6	Peer 7	Peer 8	Peer 9
Earnings Per Share Growth	1 Year	✓			✓					✓	
	3 Year	✓	✓								✓
	5 Year	✓	✓						✓		
Dividends Per Share Growth as of March 31, 2014	1 Year	✓					✓				✓
	3 Year	✓					✓				✓
	5 Year	✓					✓				✓
Total Shareholder Return (TSR) as of March 31, 2014	1 Year	✓			✓		✓				
	3 Year	✓	✓	✓							
	5 Year	✓	✓	✓							
	10 Year	✓								✓	✓
	20 Year	✓					✓				✓
Capital Expenditures / Total Capitalization	1 Year	✓				✓			✓		
	3 Year				✓	✓			✓		
	5 Year	✓			✓	✓					
ROE	1 Year	✓							✓		✓
	3 Year	✓					✓				✓
	5 Year	✓							✓		✓
✓	Totals	16	4	2	4	3	6	0	5	2	9

✓ denotes top quartile performance for the corresponding metric

Questions & Answers



Thank you.

Questions?