CHESAPEAKE UTILITIES CORPORATION

Fourth Quarter 2015
Earnings Conference Call

Friday, February 26, 2016

TOP WORK PLACES

CHESAPEAKE UTILITIES CORPORATION

Forward Looking Statements and Other Disclosures

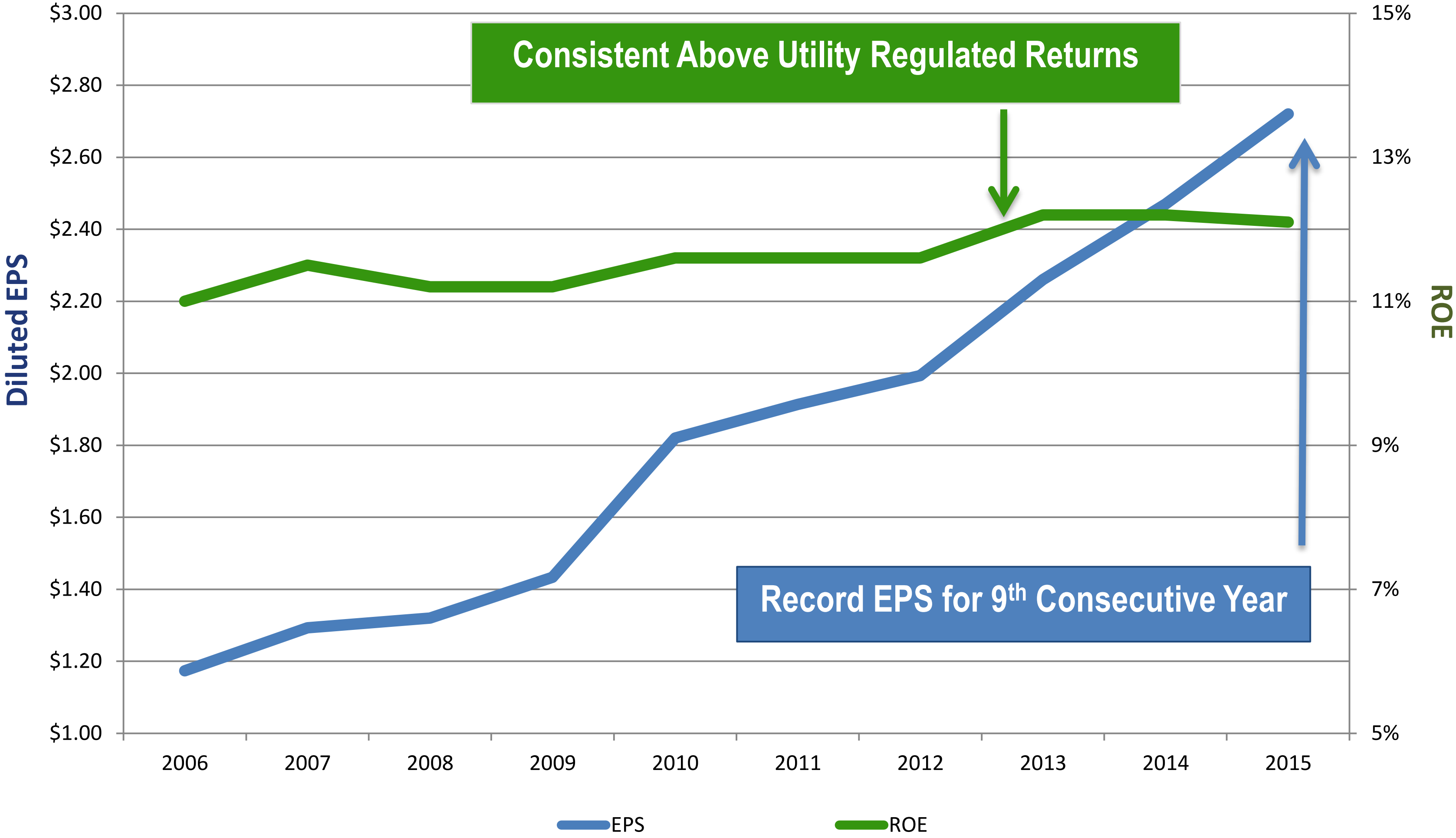
Safe Harbor Statement: Some of the Statements in this document concerning future company performance will be forward-looking within the meanings of the securities laws. Actual results may materially differ from those discussed in these forward-looking statements, and you should refer to the additional information contained in Chesapeake Utilities Corporation's 2015 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.

Generating Record Results for Nine Consecutive Years

EPS and Return on Equity



Year to Date and Fourth Quarter 2015
Financial Results

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

	Year-to-Date		Fourth Quarter	
	2015	2014	2015	2014
Operating Income				
Regulated Energy	$ 60,985	$ 50,451	$ 13,369	$ 9,448
Unregulated Energy	16,355	11,723	2,689	2,879
Other	418	105	113	81
Total Operating Income	77,758	62,279	16,171	12,408
Gain from sale of business	-	7,139	-	6,742
Other Income	293	101	297	117
Interest Charges	10,006	9,482	2,582	2,528
Income Before Taxes	68,045	60,037	13,886	16,739
Income Taxes	26,905	23,945	5,267	6,642
Net Income	$ 41,140	$ 36,092	$ 8,619	$ 10,097
Diluted Earnings Per Share	$ 2.72	$ 2.47	$ 0.56	$ 0.69

Regulated Energy Segment Results

Fiscal Year 2015 Performance Summary

For the periods ended December 31, (in thousands)	2015	2014	Change
Revenue	$ 301,902	$ 300,442	$ 1,460
Cost of Sales	122,814	134,560	(11,746)
Gross Margin	179,088	165,882	13,206
Operations & Maintenance	83,616	76,046	7,570
Asset Impairment Charges (gain)	(1,497)	6,449	(7,946)
Depreciation & Amortization	24,195	21,915	2,280
Other Taxes	11,789	11,021	768
Other Operating Expenses	118,103	115,431	2,672
Operating Income	$ 60,985	$ 50,451	$ 10,534
Operating Income excluding Asset Impairment Charges	$ 59,488	$ 56,900	$ 2,588

Results

- Operating income (excluding non-recurring items) rose by $2.6 million
- Gross Margin increased by $13.2 million primarily due to:
  - Natural gas service expansions (+$5.2 million)
  - Natural gas system growth (+$4.3 million)
  - Florida GRIP (+$4.2 million)
  - Florida electric rate increase (+$2.5 million)
  - Lower margin due to warmer weather in fourth quarter (-$3.1 million)
- Higher Other Operating Expenses reflect the cost of serving growth

Unregulated Energy Segment Results

Fiscal Year 2015 Performance Summary

For the periods ended December 31,
(in thousands)

	2015	2014	Change
Revenue	$ 162,108	$ 184,961	$ (22,853)
Cost of Sales	101,791	137,081	(35,290)
Gross Margin	60,317	47,880	12,437
Operations & Maintenance	36,536	30,197	6,339
Asset Impairment Charges	-	432	(432)
Depreciation & Amortization	5,679	3,994	1,685
Other Taxes	1,747	1,534	213
Other Operating Expenses	43,962	36,157	7,805
Operating Income	$ 16,355	$ 11,723	$ 4,632
Operating Income excluding Asset Impairment Charges	$ 16,355	$ 12,155	$ 4,200

Results

- Operating income (excluding non-recurring items) rose by $4.2 million
- Gross Margin increased by $12.4 million primarily due to:
  - Higher retail propane margins (+$8.9 million)
  - Aspire Energy of Ohio (+$6.3 million)
  - Reduced margin due to warmer weather in the fourth quarter and reduced wholesale propane price volatility (-$3.0 million)
- Higher operating expenses reflect Aspire Energy of Ohio and growth

Reconciliation of 2015 Results Year-to-Date

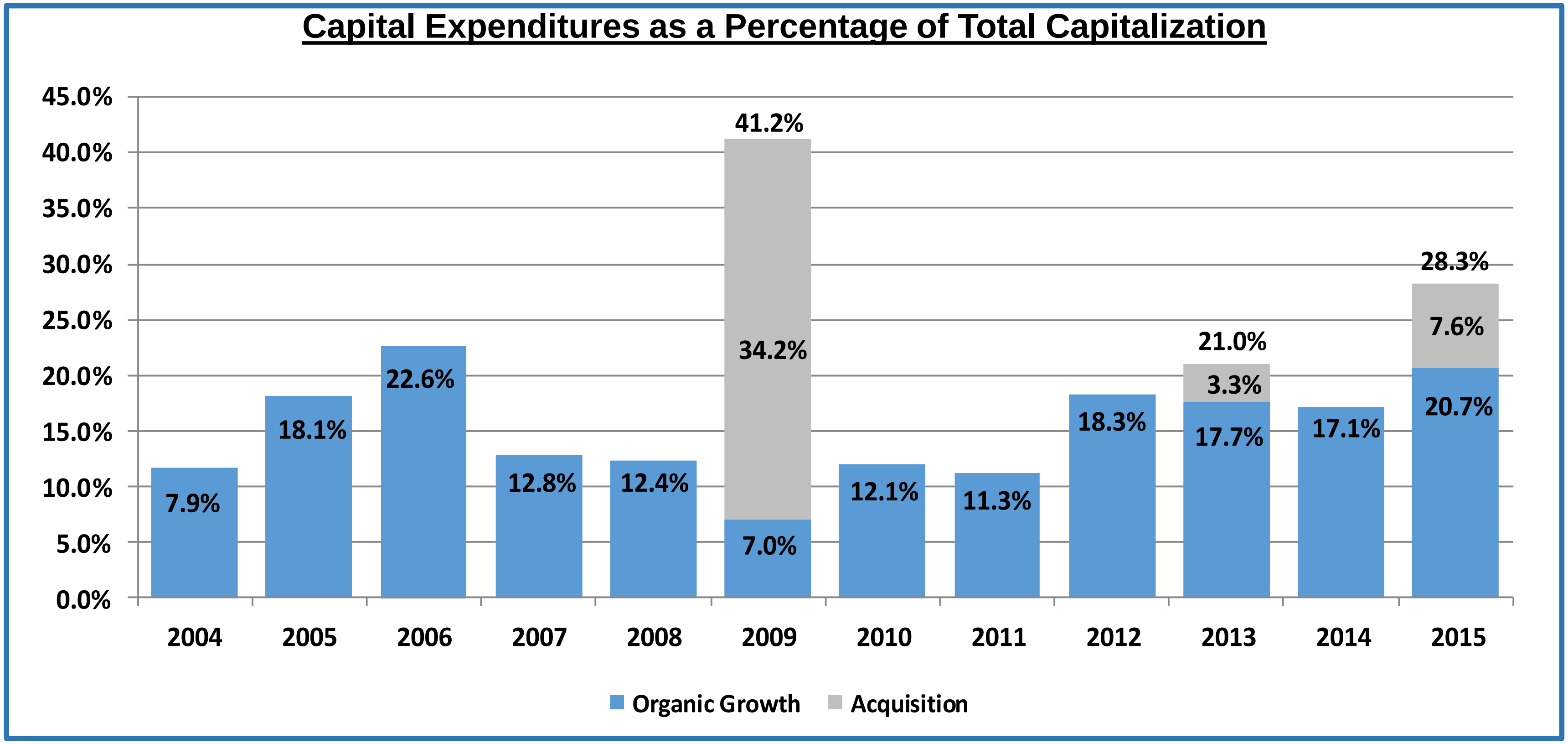
Key variances for the twelve months ended December 31, 2015 vs. 2014 included:

(in thousands, except per share)	Pre-tax Income	Net Income	Earnings Per Share
Year ended December 31, 2014 Reported Results	$ 60,037	$ 36,092	$ 2.47
Adjusting for unusual items:			
Gains on sales of businesses, recorded in 2014	(7,139)	(4,292)	(0.29)
Asset impairment charges, recorded in 2014	6,880	4,136	0.28
Weather impact	(4,408)	(2,650)	(0.18)
Gain from a customer billing system settlement	1,500	902	0.06
	(3,167)	(1,904)	(0.13)
Increased Gross Margins:			
Regulated energy segment	16,091	9,674	0.65
Unregulated energy segment	7,305	4,392	0.30
	23,396	14,066	0.95
Increased Other Operating Expenses	(11,826)	(7,109)	(0.48)
Net contribution from Aspire Energy, including impact of shares issued	567	341	(0.06)
Interest Charges and Net Other Changes	(962)	(346)	(0.03)
Year-ended December 31, 2015 Reported Results	$ 68,045	$ 41,140	$ 2.72

(1) The earnings per share impact for weighted shares issued in 2015 for the issuance of 592,970 shares of Chesapeake's common stock in conjunction with the merger of Gatherco into Aspire Energy of Ohio on April 1, 2015.

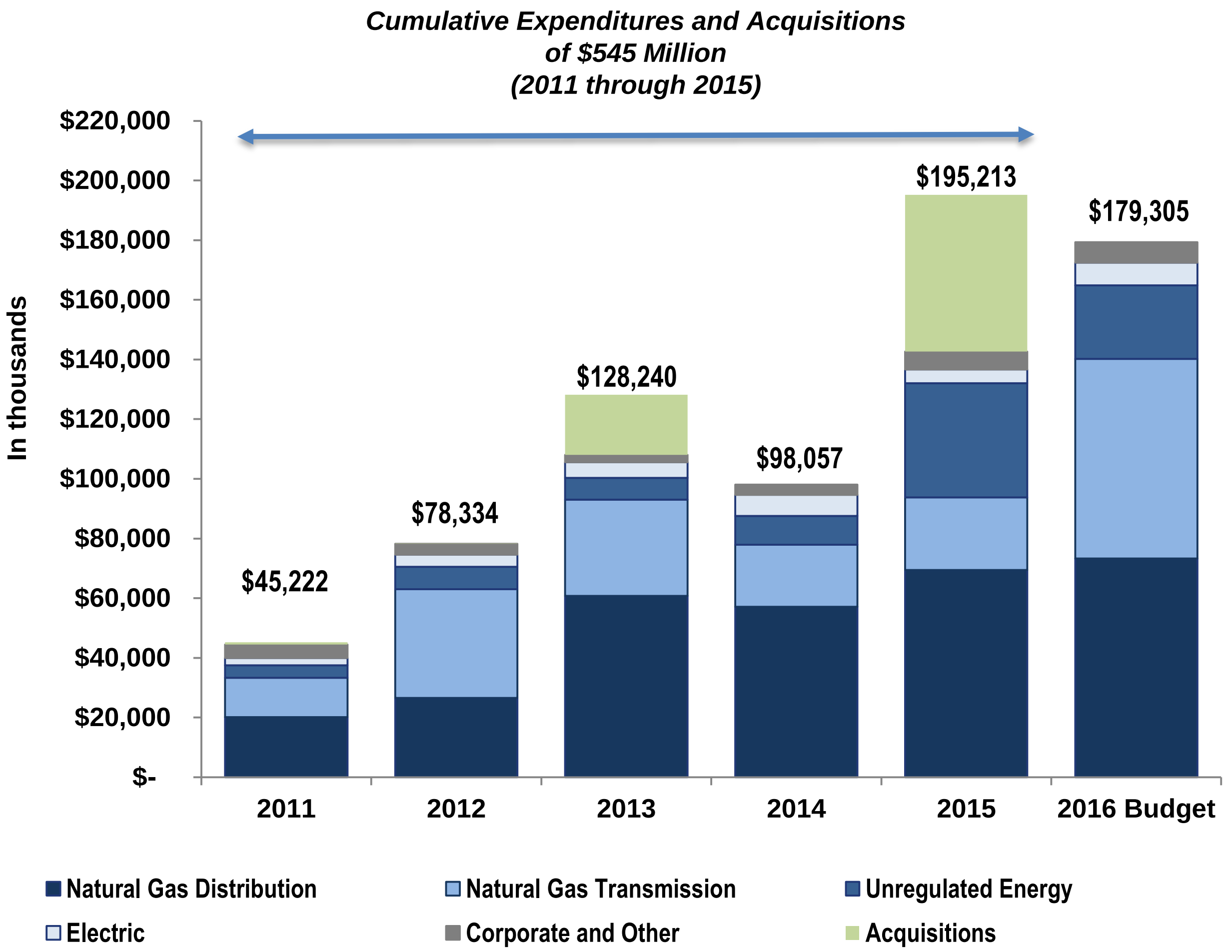
Investing in Growth

Continuing to invest upper quartile levels of capital expenditures to generate increased return on equity and shareholder value



Building for the Future

Capital Expenditures



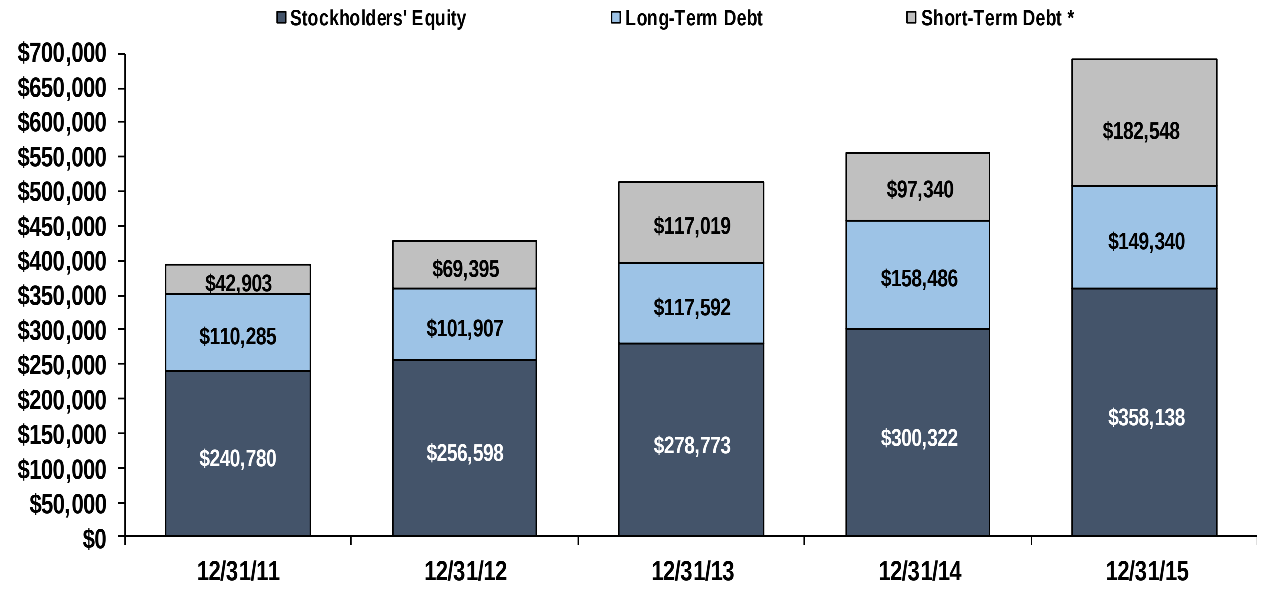
<u>Highlights</u>

- Capital spending for 2015 was a record $195.2 million, including Aspire Energy of Ohio (Gatherco) purchase for $52.5 million
- Capital budget for 2016 is $179 million, with 82% attributed to regulated business investment
- Of this amount, $30.0 million is associated with projects in the early stage of development
- Major projects underway:
  - Eight Flags CHP plant
  - Expansion of facilities to serve Calpine power plant
  - Eastern Shore Natural Gas system reliability project,
  - Florida GRIP investments

Total Capitalization

Historical Structure and Increased Debt Capacity

(in thousands)



Equity/Permanent Capitalization	68.6%	71.6%	70.3%	65.5%	70.6%
Equity/Total Capitalization	61.1%	60.0%	54.3%	54.0%	51.9%

Short-term debt includes current portion of long-term debt.

In October 2015, entered into two separate debt financing agreements:

Private Shelf Agreement

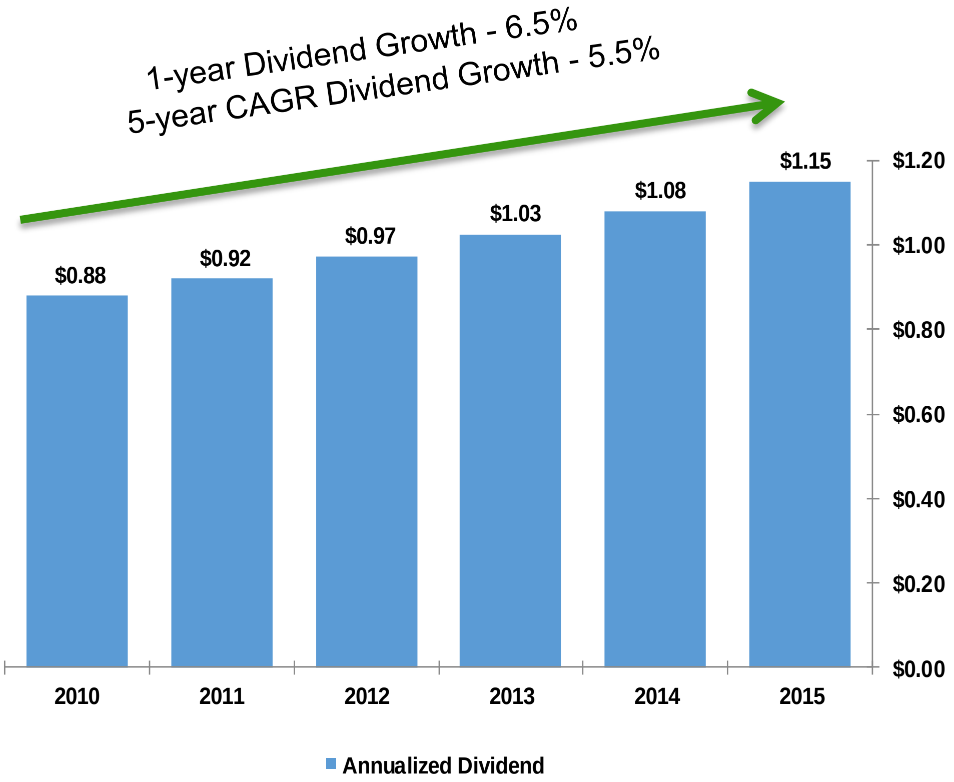
- **Agreement with Prudential Investment Management**
- **CPK may request that Prudential purchase up to $150 million of unsecured promissory notes over the next 3 years**
- **Notes would have a maturity up to 20-years at a fixed rate of interest**
- **No borrowings as of 12/31/15**

Revolving Credit Agreement

- **Agreement with PNC Bank, Bank of America and other lenders**
- **CPK can borrow up to $150 million for up to 5 years**
- **Interest rate based on LIBOR plus 1.25% or below**
- **$35 million outstanding as of 12/31/15 (classified as short-term borrowing)**

Continuous Dividend Growth

We are committed to providing superior dividend growth that is supported by earnings growth.



Chesapeake Utilities Corporation

2015 Financial Achievements

Increased Shareholder Value

Dividend Growth 6.5%

Total Shareholder Return 16.7%

Capital Expenditures $195 Million

Return on Equity 12.1%

Over $1.0 Billion Assets

EPS Growth 10.1% 9th Consecutive Record Year

Market Capitalization $867 Million *

* Market Capitalization is $975 million as of 2/25/16

Gross Margin Highlights

Major Projects and Initiatives Summary

	Gross Margin for the Period							
	Year Ended December 31,			Three Months Ended December 31,			Estimate	
	2015	2014	Variance	2015	2014	Variance	2016	2017
Existing major projects and initiatives	$ 25,267	$ 7,115	$ 18,152	$ 8,237	$ 3,267	$ 4,970	$ 37,148	$ 36,493
Future major projects and initiatives	—	—	—	—	—	—	7,200	18,150
	$ 25,267	$ 7,115	$ 18,152	$ 8,237	$ 3,267	$ 4,970	$ 44,348	$ 54,643

- Actual and Expected Margin Increases from 2014 to 2016:
  - $18.2 million increase in 2015 over 2014
  - $19.1 million increase in 2016 over 2015

- $10.3 million in projected margin growth from disclosed projects for 2017, this is expected to rise significantly as more projects are disclosed

- Existing projects include Aspire Energy of Ohio, natural gas transmission expansions, GRIP and Florida rate case

- Projects underway include natural gas expansions, capacity expansion and system reliability projects, and the Eight Flags Energy combined heat and power project

Future Major Projects and Initiatives

Project	Estimated Margin for (1) 2016	2017	Annualized Margin
White Oak Mainline Expansion Project in Kent County, Delaware	$ 1,300	$ 5,800	$ 5,800
Eastern Shore System Reliability Project	—	2,250	4,500
Eastern Shore TETLP Capacity Expansion Project	2,200	2,800	2,800
Eight Flags CHP plant in Nassau County, Florida	3,700	7,300	7,300
	$ 7,200	$ 18,150	$ 20,400

(1) Estimated margin for these projects is based on current tariff or negotiated rates

Sustainable Growth

Results

- Delivering energy to customers, lowering their energy cost and reducing emissions
- Expanding infrastructure and the availability of natural gas
- Achieving strong growth in earnings and ROE
- Delivering superior shareholder value
- Excellence

Drive to Grow

- Identifying and cultivating opportunities
- Transforming these opportunities into profitable earnings growth
- Disciplined capital allocation process and unwavering financial discipline
- Examples – Capturing new organic growth, new service expansions and new business opportunities

Engaged, Dedicated Employees

- Safety minded and focused
- Reliability of our systems
- Serving our customers and communities with determination, creativity and drive

Key Processes Supporting Growth

Continuously Challenging Ourselves to Improve and Grow

- Market Awareness
- Engaged Team
- Strategic Thinking and Planning
- Disciplined Execution
- Results Oriented

Measureable Challenge (Stretch Goals)

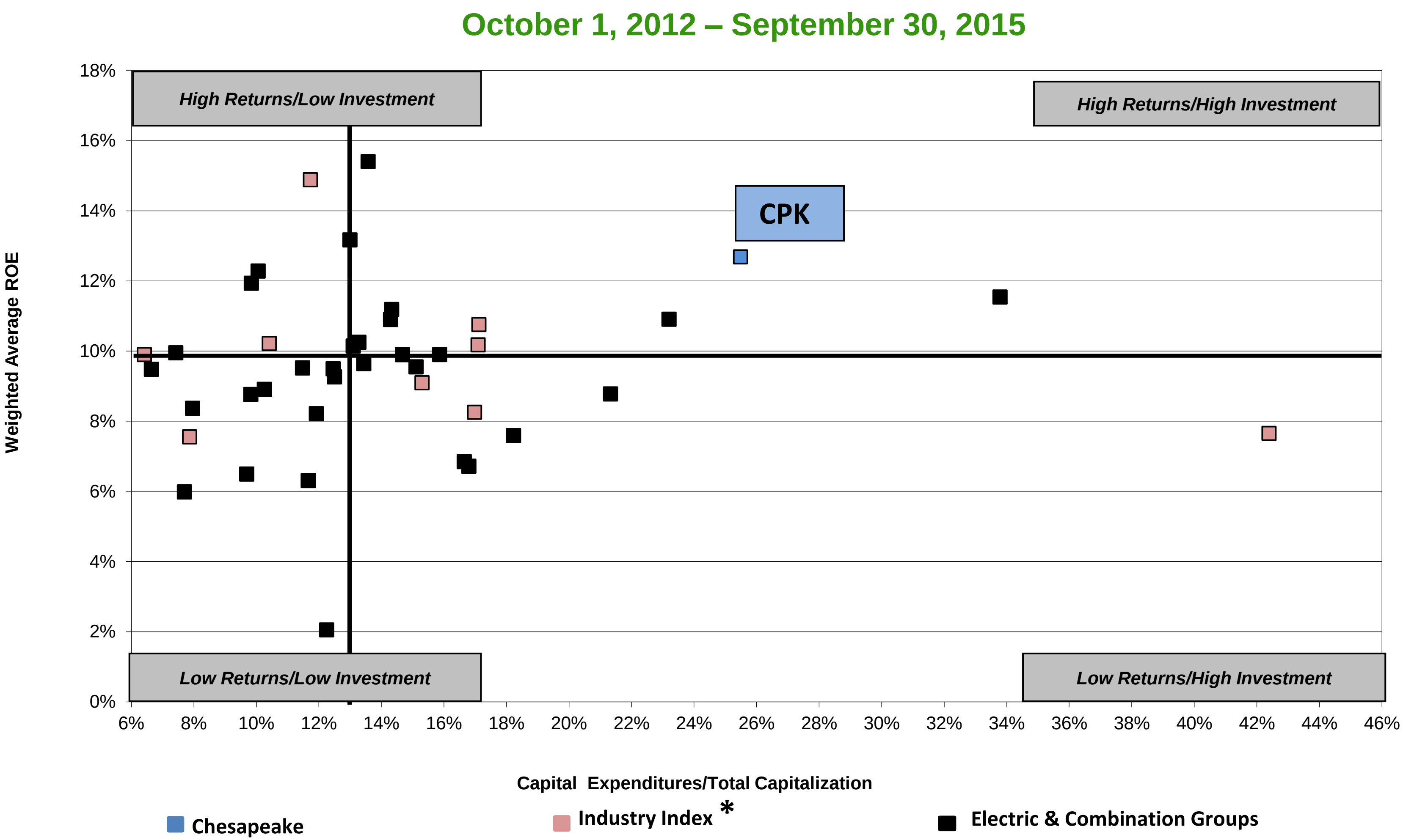
Expand Service Offerings

Expand Footprint

Expand Capabilities and Capacity to Grow

Performance Quadrant

Peer ROE vs. Capital Expenditures

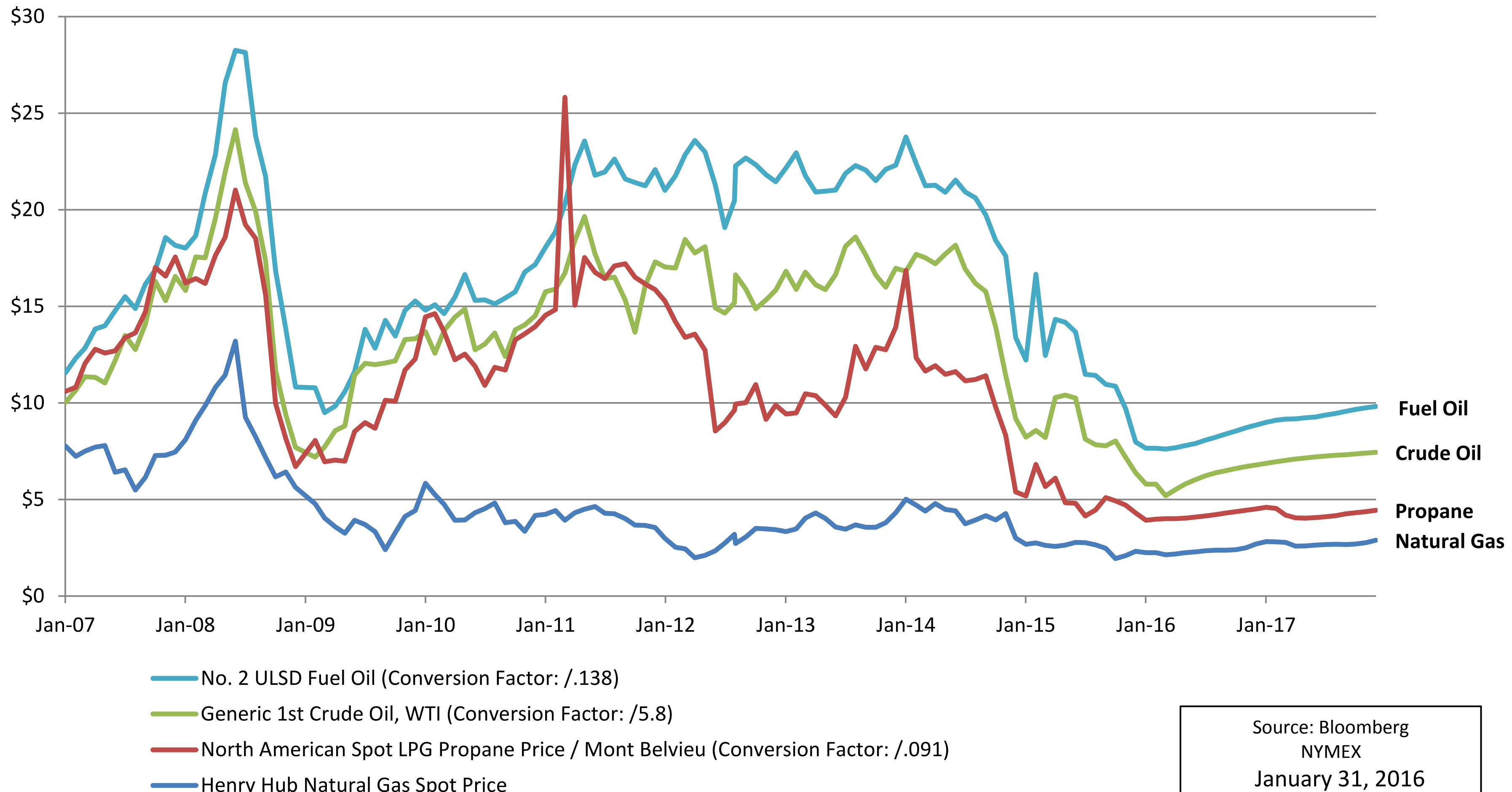


* *Includes companies previously a part of the Edward Jones Natural Gas Distribution peer group.*

Source: Bloomberg

Sustainable Natural Gas and Propane Prices

Wholesale Energy Prices ($/mm Btu)



Source: Bloomberg
NYMEX
January 31, 2016

Eastern Shore Natural Gas

White Oak Expansion Project

Calpine Energy Services – Garrison Energy Center

Eastern Shore Natural Gas (ESNG) will provide natural gas transportation services to Calpine's new electric generating plant in Dover, Delaware, under a 20-year service agreement upon completion of certain facilities, identified below.

Estimated Capital Cost	Between $32.0 million and $35.0 million
Miles of Pipeline/Compression	7.2 miles of 16-inch looping and 3,550 hp compression
Capacity Increase	45,000 dt/d firm from May to October with allowable interruption period of up to 90 days from November to April (OPT $\leq$ 90)
Estimated Annualized Margin	$5.8 million 1/

1/ Annualized margin shown assumes full 90-days of interruption as allowed by service.

Eastern Shore Natural Gas

Natural Gas Transmission System Reliability

- As part of our ongoing efforts to maintain the quality of our service to customers, ESNG continuously monitors its systems to ensure optimal system design and operations.
- ESNG prepared a system reliability plan to invest in additional facilities that provide an overall benefit to all customers on ESNG's system.

Estimated Capital Cost	Approximately $32.1 million
Miles of Pipeline/Compression	10.1 miles of 16-inch looping and 1,775 hp compression
Regulatory Status	FERC issued its Notice of Intent to Prepare an Environmental Assessment on the project; the 30-day scoping period has ended with no adverse environmental comments received Requested rolled-in rate treatment for facilities; ESNG's next rate case filing in late 2016
Estimated Annualized Margin	$4.5 million

Eastern Shore Natural Gas

TETCO Capacity Expansion

- In evaluating capacity expansion at the existing TETCO interconnect, Eastern Shore Natural Gas (ESNG) conducted an Open Season, during June 2015, canvassing the market for additional interest above existing customer requests. The Open Season coupled with the existing customer requests resulted in customer interest totaling 99,500 dt/d.

- ESNG has developed a phase I plan to serve approximately 53,000 dt/d initially by making certain modifications at the interconnect. This will allow the customer's expressing interest in additional TETCO supply to have access to that supply under an accelerated time frame. These initial modifications are scheduled to be completed in March.

- Additionally, a phase II plan is being evaluated and planned to satisfy the entire market interest by the end of 2016.

Capacity Increase	53,000 dt/day
Regulatory Status	FERC approval in December 2015
Estimated Annualized Margin	$2.8 million

Florida Public Utilities (FPU)

Gas Reliability Infrastructure Program (GRIP)

GRIP is a natural gas pipe replacement program approved by the Florida PSC, which:

- is designed to expedite the replacement of cast iron and bare steel mains and service lines;
- will enhance the reliability and integrity of the Company's Florida natural gas distribution systems; and
- allows recovery of capital and program-related costs through rates.

Estimated Capital Cost	Invested \$76.7 million since 2012 to date; Investment of \$32.8 million in 2015
Miles of Pipeline	Replaced 162 miles of distribution mains through 2015
Gross Margin for 2015	\$7.5 million

Eight Flags Energy, LLC

Combined Heat and Power Plant

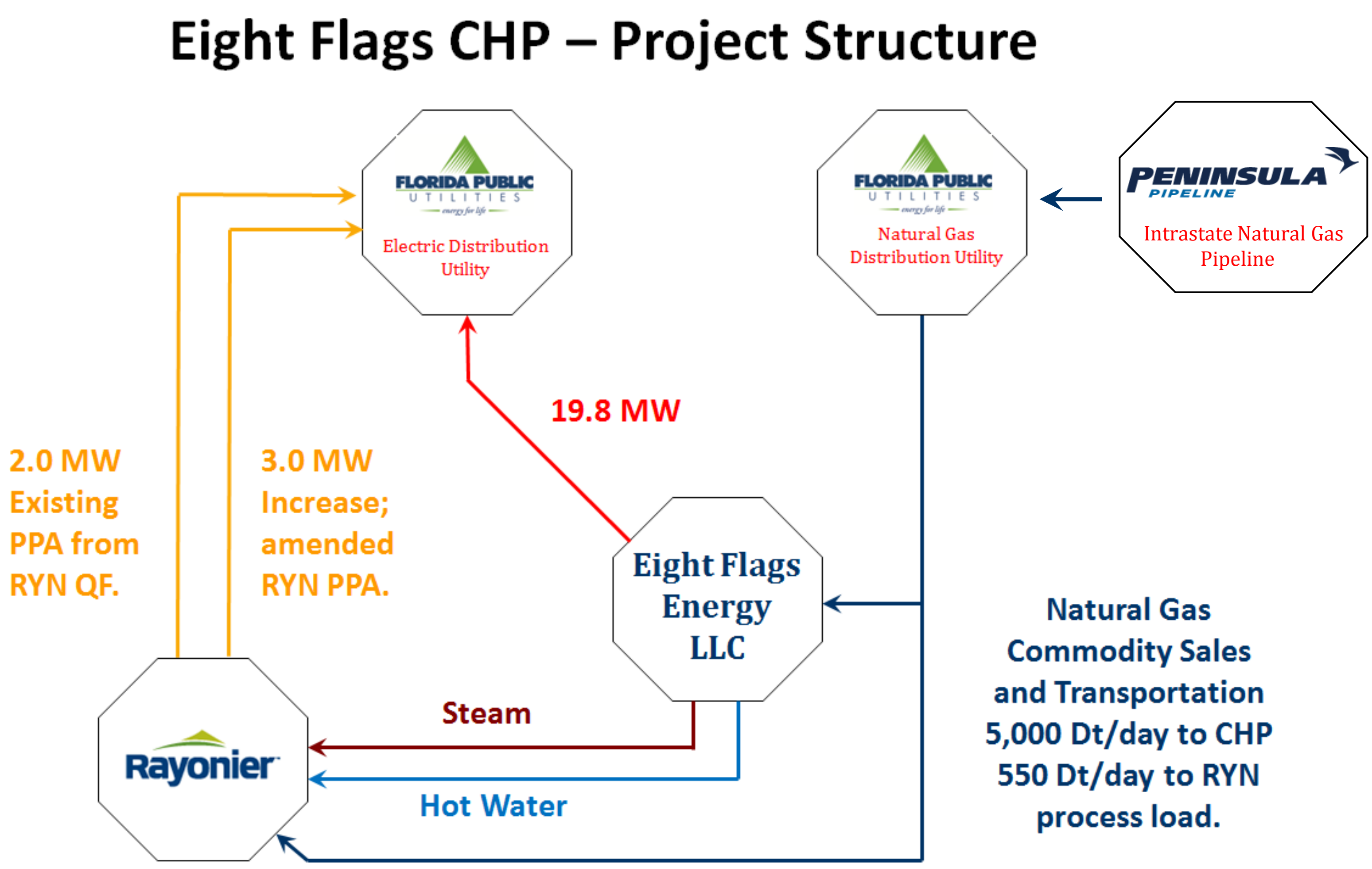
Eight Flags Energy, LLC is a Combined Heat and Power (CHP) plant being constructed in our natural gas and electric distribution territory on Amelia Island in Nassau County, Florida. The CHP plant is a FERC qualifying cogeneration facility, which is under construction on a site leased from Rayonier Performance Fibers, LLC, a subsidiary of Rayonier Advanced Materials.

- The CHP plant will generate steam that will be sold to Rayonier Performance Fibers for use in the operation of its facility.
- The plant will also produce approximately 20MW of base load power that will be sold to Florida Public Utilities Company for distribution to its retail electric customers.
- All major equipment has arrived and is being tied together mechanically and electrically.

Estimated Capital Cost	$40.0 million
Estimated Annualized Margin	$7.3 million
Estimated Electric Distribution Customer	$3.0 to $4.0 million per year depending on natural gas prices

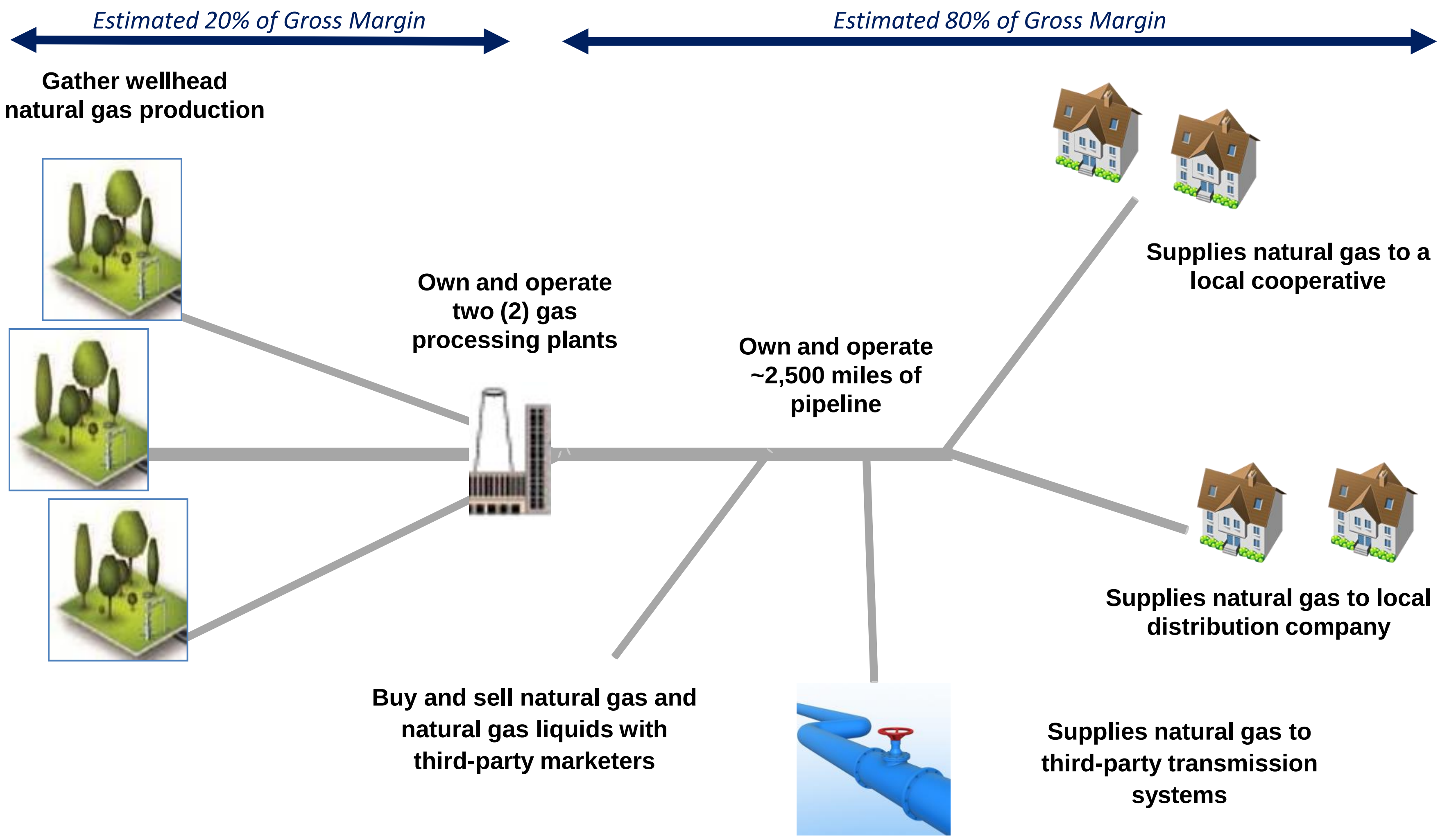
Eight Flags Energy, LLC

Combined Heat and Power Plant



Aspire Energy of Ohio

Natural Gas Supply Chain



Recent and Upcoming Rate Cases

Complete

FPU Electric (2014)

- An increase in FPU's annual rates by approximately $3.7 million, effective for meter readings on or after November 1, 2014
- $2.5 million incremental margin recognized during 2015 compared to 2014

Filed

Sandpiper Energy (2015)

- Filed a revenue neutral rate change to improve competitive position by creating three separate residential rate classes with eligibility based on annual consumption; seeking a January 1, 2016 effective date
- Rate case filed with the MD PSC on December 1, 2015 for a $1 million increase

Delaware Division (2015)

- Delaware Division filed a rate case with DE PSC on December 21, 2015 for a $4.7 million rate increase

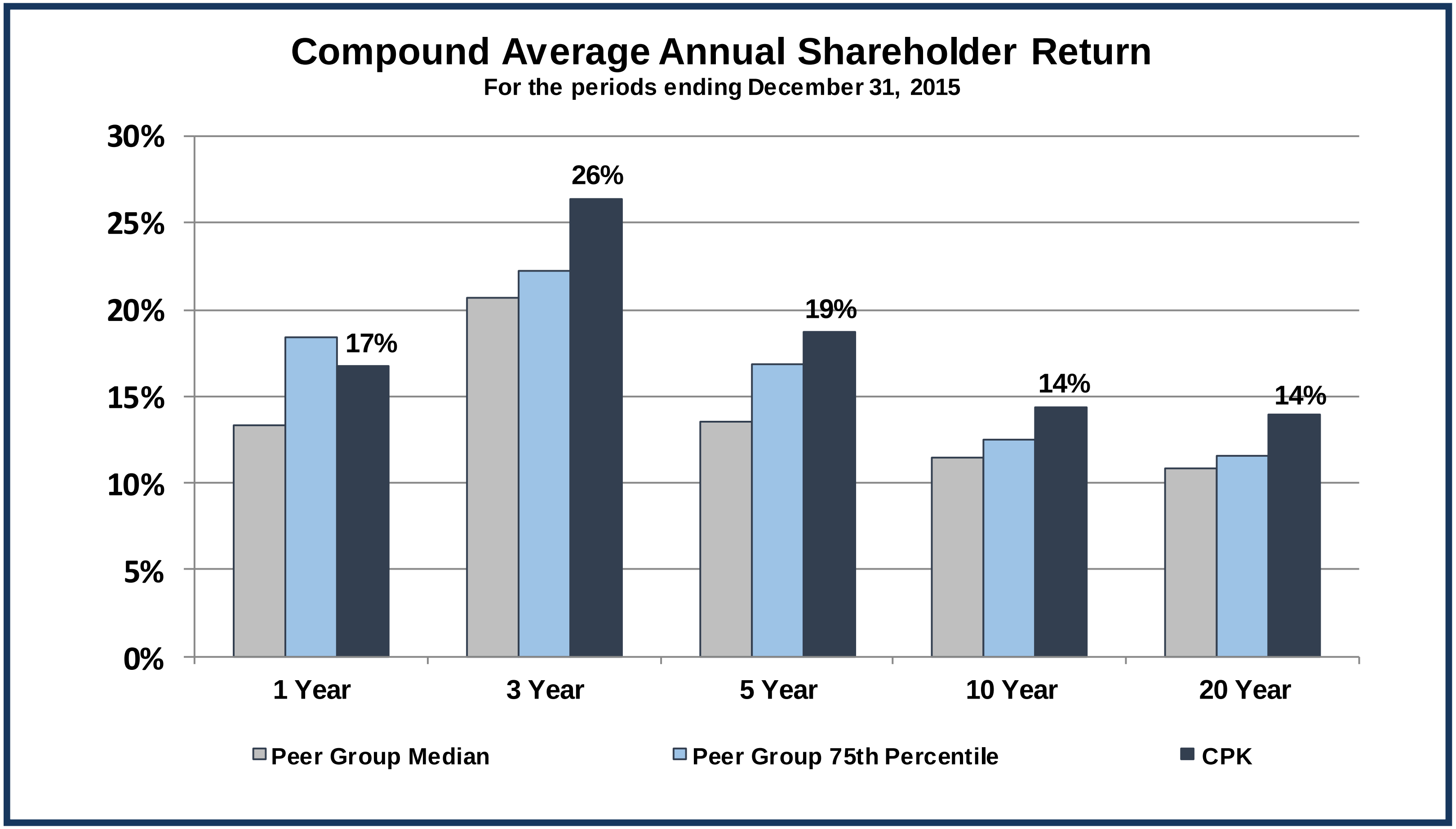
Planning

ESNG (late 2016/early 2017)

- Settlement Agreement requires a rate case filing with the FERC by the end of the year; proposed new rates are effective on February 1, 2017

Superior Shareholder Return

Investors in Chesapeake achieved compound average annual returns in excess of 14% over all periods shown.



Financial Metric Summary

We achieved top quartile performance in 18 out of 20 categories.

Performance Metrics *For periods ending 9/30/15 unless otherwise noted*	Chesapeake Results			Chesapeake Percentile Ranking		
	1 Year	3 Year	5 Year	1 Year	3 Year	5 Year
Capital Expenditures / Total Capitalization	31.4%	25.5%	22.0%	100.0%	91.9%	83.8%
Earnings Per Share Growth (CAGR)	17.0%	15.6%	9.8%	75.9%	82.6%	100.0%
Return on Equity	13.2%	12.7%	12.2%	93.7%	94.7%	91.5%
Dividends Per Share Growth (CAGR) for the periods ending 12/31/15	6.5%	5.7%	5.5%	77.4%	73.5%	85.9%
Earnings Retention Ratio	59.9%	57.1%	54.5%	100.0%	100.0%	100.0%
Shareholder Return (CAGR) for the periods ending 12/31/15	16.7%	26.4%	18.7%	68.1%	99.0%	86.3%

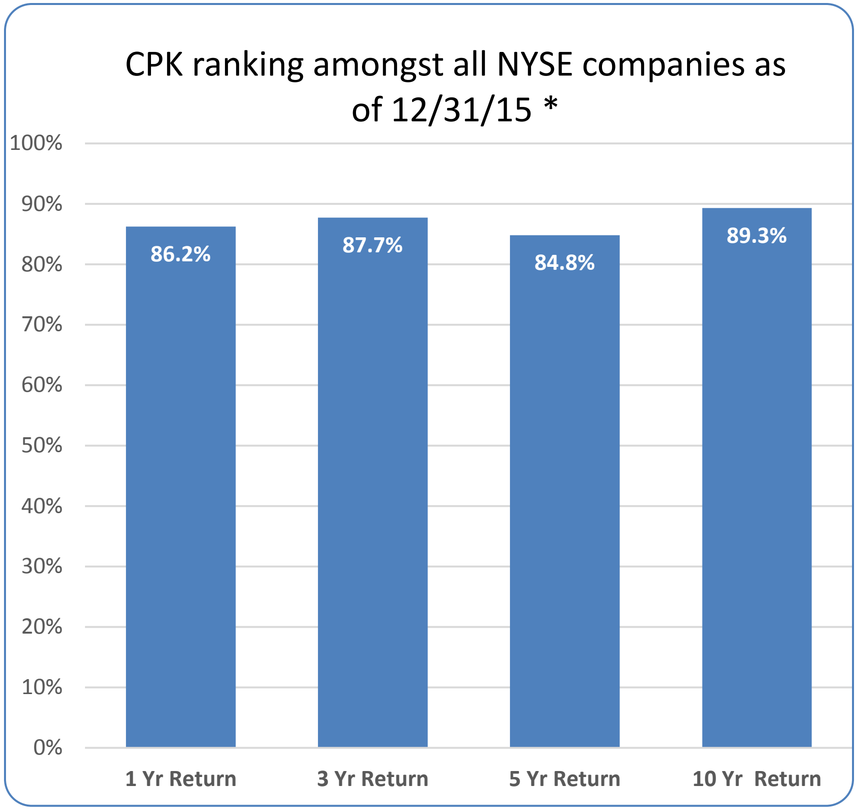
□ ***denotes percentiles in top quartile performance for the corresponding metric***

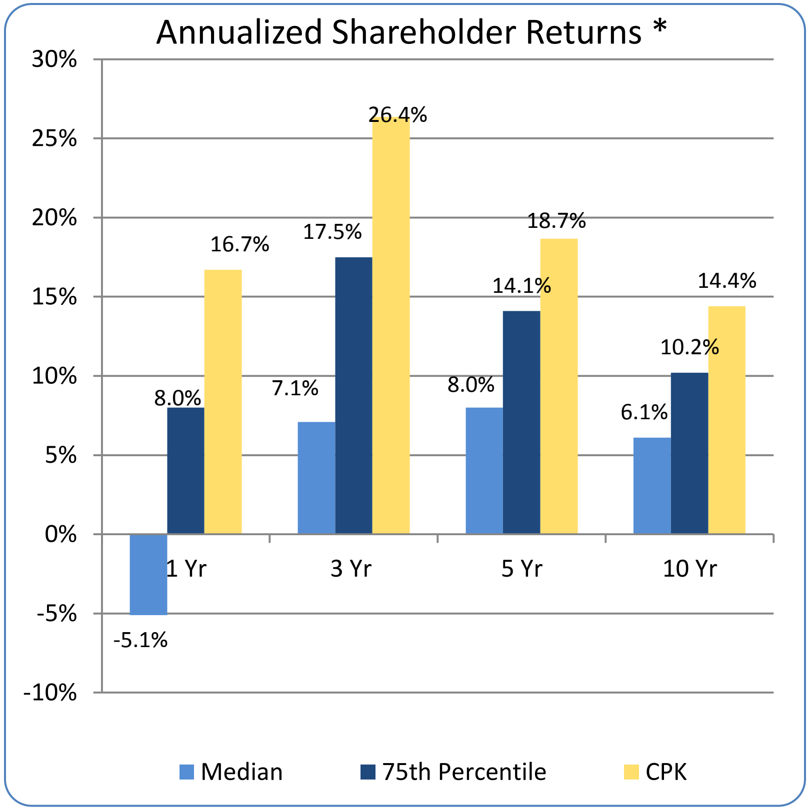
Source: Bloomberg

Chesapeake's Shareholder Return (CAGR) for 10 and 20 years was 14.4% and 14.0%, respectively; ranking as top performer in the peer group.

Shareholder Return –
Comparison to Broader Market – NYSE Companies

Chesapeake's Total Shareholder Return is in the top quartile when compared to all companies listed on the New York Stock Exchange.



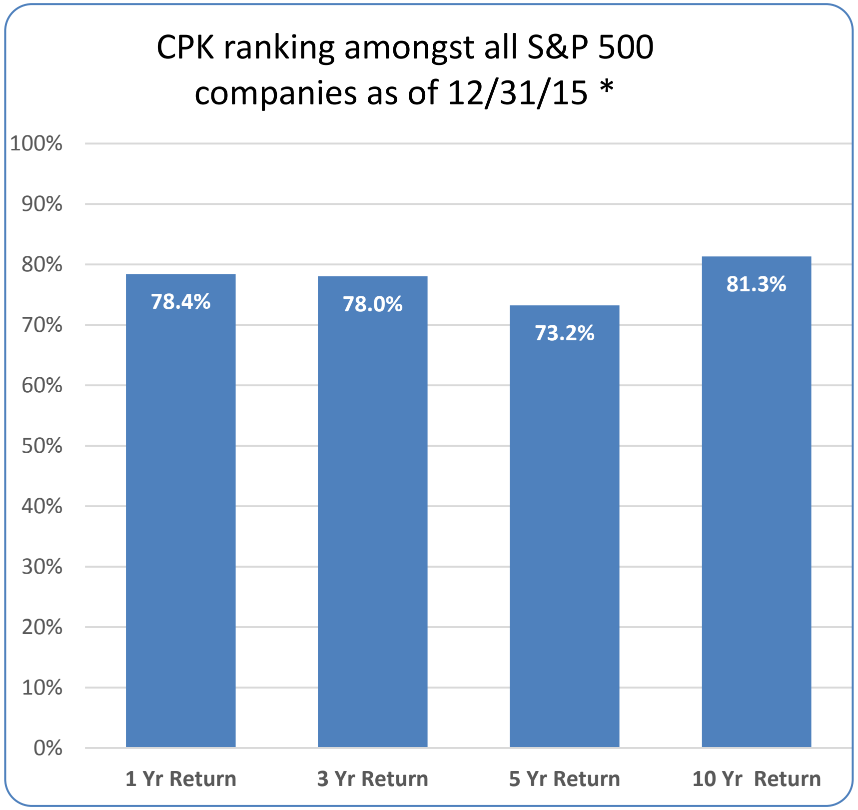


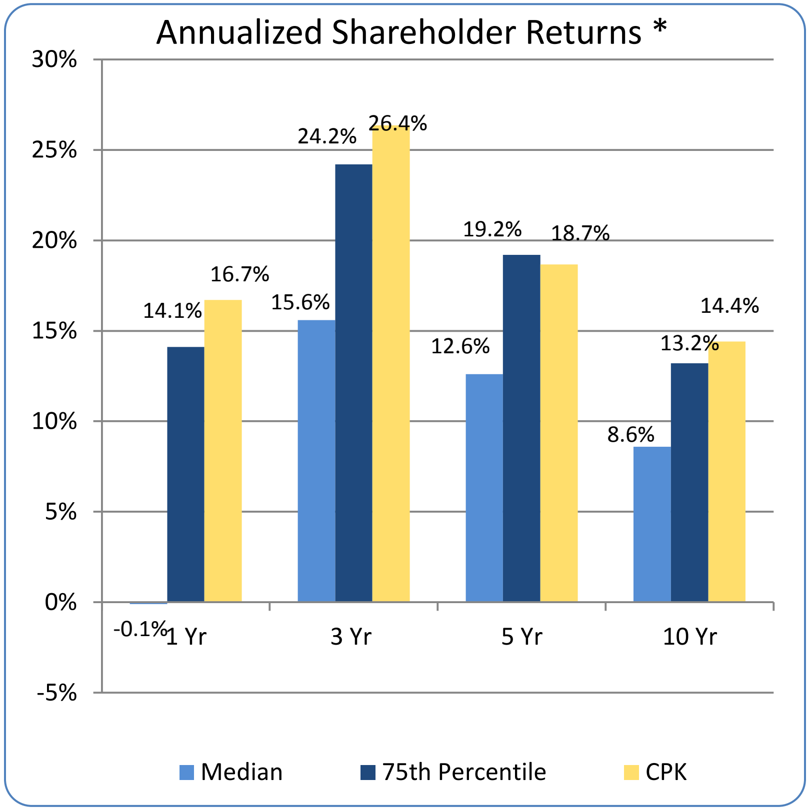
** Source: Robert W. Baird*

Shareholder Return –

Comparison to Broader Market – S&P 500

Chesapeake's Total Shareholder Return is in the top quartile when compared to the S&P 500, except for the 5 year period when we were at the 73.2% level.





** Source: Robert W. Baird*

APPENDIX

TOP WORK PLACES

CHESAPEAKE UTILITIES CORPORATION

Reconciliation of 2015 Results Year-to-Date

Key variances for the twelve months ended December 31, 2015 vs. 2014 included:

(in thousands, except per share)	Pre-tax Income	Net Income	Earnings Per Share
Year ended December 31, 2014 Reported Results	$ 60,037	$ 36,092	$ 2.47
Adjusting for unusual items:			
Gains on sales of businesses, recorded in 2014	(7,139)	(4,292)	(0.29)
Asset impairment charges, recorded in 2014	6,880	4,136	0.28
Weather impact	(4,408)	(2,650)	(0.18)
Gain from a customer billing system settlement	1,500	902	0.06
	(3,167)	(1,904)	(0.13)
Increased (Decreased) Gross Margins:			
Higher retail propane margins	8,930	5,369	0.37
Service expansions (see Major Projects and Initiatives table)	5,215	3,135	0.21
Other natural gas growth	4,260	2,561	0.17
GRIP	4,151	2,496	0.17
FPU electric base rate increase	2,465	1,482	0.10
Propane wholesale marketing	(1,179)	(709)	(0.05)
Decreased wholesale propane sales	(446)	(268)	(0.02)
	23,396	14,066	0.95
Increased Other Operating Expenses:			
Higher payroll and benefits costs	(4,071)	(2,447)	(0.17)
Higher depreciation, asset removal and property tax costs due to new capital investments	(3,265)	(1,963)	(0.13)
Higher facility maintenance and service contractor costs	(2,499)	(1,502)	(0.10)
Costs associated with a customer billing system settlement and other transactions	(1,081)	(650)	(0.04)
Increased incentive compensation	(910)	(547)	(0.04)
	(11,826)	(7,109)	(0.48)
Net contribution from Aspire Energy, including impact of shares issued	567	341	(0.06)
Adjustment for other shares issued in 2015	—	—	(0.01)
Interest Charges	(525)	(316)	(0.02)
Net Other Changes	(437)	(259)	(0.02)
Tax Rate Change	—	229	0.02
Year ended December 31, 2015 Reported Results	$ 68,045	$ 41,140	$ 2.72

(1) The earnings per share impact for weighted shares issued in 2015 the issuance of 592,970 shares of Chesapeake's common stock in conjunction with the merger of Gatherco into Aspire Energy of Ohio on April 1, 2015.

Gross Margin Highlights

Existing Major Projects and Initiatives

	Gross Margin for the Period [1]							
	Year Ended December 31,			Three Months Ended December 31,			Estimate For	
	2015	2014	Variance	2015	2014	Variance	2016	2017
Acquisition:								
Aspire Energy[2]	$ 6,324	$ —	$ 6,324	$ 2,663	$ —	$ 2,663	$ 12,824	$ 14,198
Natural Gas Transmission Expansions and Contracts:								
Short-term contracts								
New Castle County, Delaware	$ 2,682	$ 2,026	$ 656	$ 684	$ 770	$ (86)	$ 2,294	$ 1,561
Kent County, Delaware [3]	2,270	—	2,270	817	—	817	3,748	—
Total short-term Contracts	4,952	2,026	2,926	1,501	770	731	6,042	1,561
Long-term Contracts								
Kent County, Delaware	1,844	463	1,381	455	463	(8)	1,815	1,789
Polk County, Florida	908	—	908	407	—	407	1,627	1,627
Total long-term contracts	$ 2,752	$ 463	$ 2,289	$ 862	$ 463	$ 399	$ 3,442	$ 3,416
Total Expansions & Contracts	$ 7,704	$ 2,489	$ 5,215	$ 2,363	$ 1,233	$ 1,130	$ 9,484	$ 4,977
Florida GRIP	$ 7,508	$ 3,357	$ 4,151	$ 2,194	$ 1,112	$ 1,082	$ 11,405	$ 13,756
Florida Electric Rate Case	$ 3,734	$ 1,269	$ 2,465	$ 954	$ 922	$ 32	$ 3,562	$ 3,562
Total Major Projects and Initiatives	$ 25,270	$ 7,115	$ 18,155	$ 8,174	$ 3,267	$ 4,907	$ 37,275	$ 36,493

[1] Does not include gross margin of $21.8 million and $5.4 million, for the year and quarter ended December 31, 2014, respectively, related to projects initiated prior to 2014. These projects were previously disclosed and are excluded from this table as they no longer result in period-over-period variances

[2] During the quarter and year ended December 31, 2015, the Company incurred $1.9 million and $5.8 million, respectively, of other operating expenses related to Aspire Energy's operation.

[3] Gross margin for the quarter and year ended December 31, 2015 of $817,000 and $2.3 million, respectively, is attributable to interruptible service and a short-term OPT ≤ 90 Service, which Eastern Shore provided to an industrial customer beginning in April 2015. These short-term services will be replaced by a 20-year OPT ≤ 90 Service.

Eight Flags Energy, LLC

Combined Heat and Power Plant