

TOGETHER WE ASPIRE, TOGETHER WE GROW.



Forward Looking Statements and Other Disclosures

<u>Safe Harbor Statement</u>: 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.



Consolidated Financial Results

Second Quarter 2016 Performance Summary

For the periods ended June 30,			
(in thousands except per share amounts)			
	 2Q16	2Q15	Change
Business Segment:			
Regulated Energy segment	\$ 15,226	\$ 13,605	\$ 1,621
Unregulated Energy segment	412	(540)	952
Other businesses and eliminations	 104	105	(1)
Total Operating Income	15,742	13,170	2,572
Other Income / (loss)	(8)	(171)	163
Interest Charges	 2,624	2,485	139
Income Before Taxes	13,110	10,514	2,596
Income Taxes	5,081	4,220	861
Net Income	\$ 8,029	\$ 6,294	1,735
Diluted Earnings Per Share	\$ 0.52	\$ 0.41	\$ 0.11

- Second quarter net income was \$8.0 million or \$0.52 per share
 - <u>27% increase</u> compared to the second quarter of 2015
- Operating income increased \$2.6 million over second quarter 2015 driven by:
 - Service expansions, new services and growth in the regulated natural gas distribution and transmission businesses
- Higher results from Aspire Energy as well as the Company's natural gas marketing and propane distribution operations



Regulated Energy Segment Results

Second Quarter 2016 Performance Summary

(in thousands)									
For the periods ended June 30,		2Q16		2Q15	C	hange			
Revenue	\$	67,395	\$	62,060	\$	5,335			
Cost of Sales		21,635		21,124		511			
Gross Margin		45,760		40,936		4,824			
Operations & Maintenance		21,301		18,484		2,817			
Depreciation & Amortization		6,267		6,080		187			
Other Taxes		2,966		2,767		199			
Other Operating Expenses		30,534		27,331		3,203			
Operating Income	\$	15,226	\$	13,605	\$	1,621			

- Operating income increased by \$1.6 million, or approximately 12%
- Gross Margin increased by \$4.8 million primarily due to:
 - \$2.0 million from natural gas transmission expansions and new services
- \$1.0 million generated by additional GRIP investments
- \$820,000 from other natural gas distribution customer growth
- \$555,000 from interim rates for the Delaware division
- \$432,000 from new natural gas services provided to the Eight Flags CHP



Unregulated Energy Segment Results

Second Quarter 2016 Performance Summary

(in thousands)										
For the periods ended June 30,		2Q16		2Q15		2Q15		2Q15		hange
Revenue	\$	36,803	\$	32,559	\$	4,244				
Cost of Sales		24,726		22,156		2,570				
Gross Margin		12,077		10,403		1,674				
Operations & Maintenance		9,771		9,130		641				
Depreciation & Amortization		1,490		1,439		51				
Other Taxes		404		374		30				
Other Operating Expenses		11,665		10,943		722				
Operating Income/(Loss)	\$	412	\$	(540)	\$	952				

- Operating income increased by \$952,000
- Gross Margin increased by \$1.7 million primarily due to:
 - \$708,000 from Aspire Energy partially due to pricing amendments negotiated for sales agreements
 - \$464,000 from natural gas marketing operations as a result of customer growth and new services
 - \$370,000 generated by the propane distribution operations as a result of increased volumes



Consolidated Financial Results

For the Six Months Ended June 30, 2016 compared to 2015

For the periods ended June 30,			
(in thousands except per share amounts)			
	YTD16	YTD15	Change
Operating Income			
Regulated Energy segment	\$ 39,545	\$ 35,788	\$ 3,757
Unregulated Energy segment	12,347	14,689	(2,342)
Other businesses and eliminations	230	201	29
Total Operating Income	52,122	50,678	1,444
Other Income / (loss)	(42)	(38)	(4)
Interest Charges	5,274	4,933	341
Income Before Taxes	46,806	45,707	1,099
Income Taxes	18,410	18,304	106
Net Income	\$ 28,396	\$ 27,403	993
Diluted Earnings Per Share	\$ 1.85	\$ 1.83	\$ 0.02

- Net income was \$28.4 million
- Diluted earnings per share were \$1.85 – better by \$0.02 compared to year-to-date 2015's results.
- The Company's growth strategy generated earnings that offset the negative impact of warmer weather experienced in the first quarter of 2016
- Included in these results is \$878,000 of margin from the implementation of interim rates in the Delaware division



Reconciliation of 2016 Results Year-to-Date

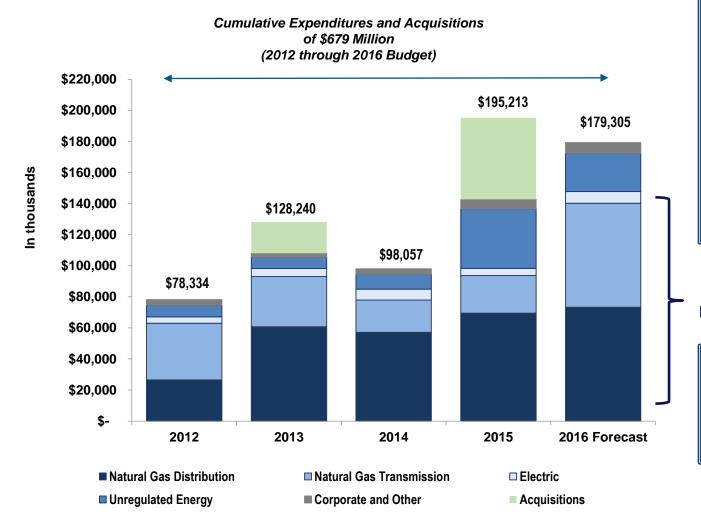
Key variances for the six months ended June 30, 2016 vs. 2015 included:

	Pre-Tax <u>Income</u>		Net <u>Income</u>		arnings er Share
(in thousands except per share data)	<u>,</u>	45 707	_	27 402	4.02
Second Quarter 2015 Reported Results	\$	45,707	\$	27,403	\$ 1.83
Adjusting for Unusual Items:					
Weather impact primarily in the first quarter		(6,596)		(3,954)	\$ (0.26)
Non-recurring gain from settlement agreement		(1,370)		(821)	\$ (0.05)
Higher Delmarva retail margins per gallon in 2015		(1,737)		(1,041)	\$ (0.07)
		(9,703)		(5,816)	\$ (0.38)
Increased Gross Margins:					
Regulated Energy Segment		8,544		5,122	\$ 0.34
Unregulated Energy Segment		1,456		873	\$ 0.06
		10,000		5,995	\$ 0.40
Increased Other Operating Expenses		(1,644)		(986)	\$ (0.06)
Net contribution from Aspire Energy		2,978		1,892	\$ 0.09
		()		()	4>
Interest Charges and Net Other Charges		(532)		(92)	\$ (0.03)
Second Quarter of 2016 Reported Results	\$	46,806	\$	28,396	\$ 1.85

- Earnings per share
 increased \$0.02 compared
 to 2015 despite
 significantly warmer
 winter in the first quarter
 of 2016 which had a
 negative \$0.26 per share
 impact on our earnings.
- from natural gas
 expansions, new services,
 GRIP and Aspire Energy
 were the largest gross
 margin drivers that offset
 the weather impact

Continuing to Build for the Future

Capital Expenditures



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

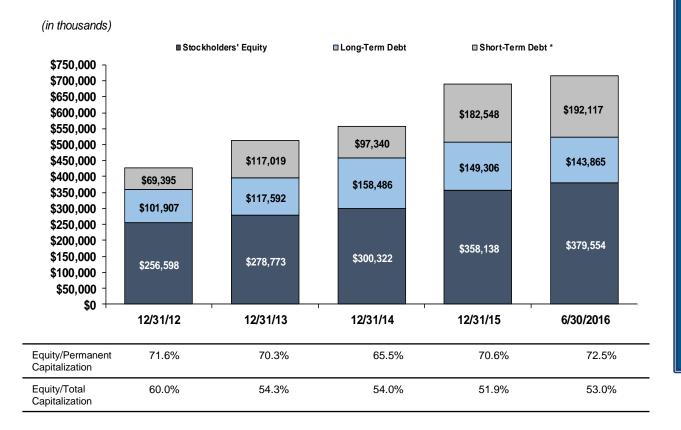
82% Regulated Energy Natural Gas and Electric

2016 forecast includes \$30 million of potential development capital expenditures



Total Capitalization

Historical Structure and Increased Debt Capacity



Debt Capacity Available:

- Private Placement Shelf Agreement with Prudential
 - \$150 million
 - Available for three years
 - Issue Notes up to 15 years
 - \$70 million committed to be drawn prior to 4/28/17 at 3.25%
 - Bank Revolving Credit Agreement
 - \$150 million commitment
 - · Available for five years
 - \$40 million outstanding as of 6/30/16 at LIBOR plus 1.0%
 - Bank Lines of Credit
 - \$170 million commitment
 - Available through 12/31/16
 - \$134 million outstanding as of 6/30/16 at LIBOR plus 0.88%

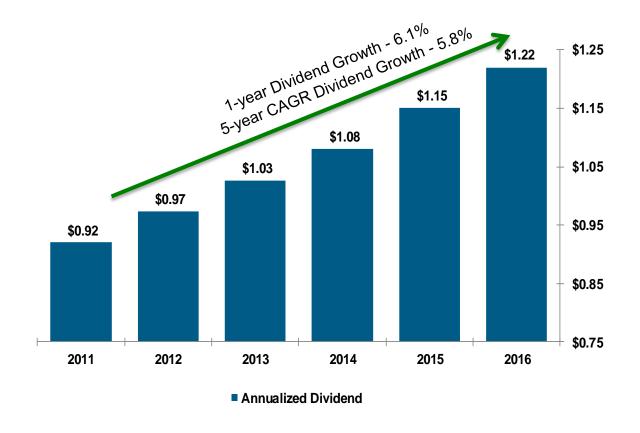
Target Capital Structure: 50% to 60% Equity to Total Capitalization



^{*}Short-term debt includes current portion of long-term debt and designated revolving credit.

Continuous Dividend Growth

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



Gross Margin Highlights

Major Projects and Initiatives Summary

Gross Margin for the Period

Dollars in thousands	Actual				E	stimate	stimate	
		2015	2016		2017			2018
Completed and Underway Projects since 2014								
Aspire Energy	\$	6,324	\$	12,824	\$	14,198	\$	15,415
Natural Gas Transmission Expansions & Contracts *		7,704		14,114		12,675		9,909
Florida GRIP		7,508		11,405		13,756		15,960
Florida Electric Rate Case		3,734		3,562		3,562		3,562
Delaware Division Interim Rates		-		2,164		2,500		2,500
Eight Flags CHP				3,700		7,300		7,300
Total Completed and Underway Projects since 2014		25,270	\$	47,769	\$	53,991	\$	54,646
Projects and initiatives underway								
ESNG System Reliability Project						2,250		4,500
Total Projects Underway	\$		\$		\$	2,250	\$	4,500
Major Projects and Initiatives Total	\$	25,270	\$	47,769	\$	56,241	\$	59,146

^{*} Notes:

We are focused on developing new growth opportunities that will increase the margin growth in 2017 and beyond

⁽¹⁾ We are currently providing a short-term OPT < 90 service to Calpine through December 2016. The White Oak Mainline project, once constructed, will provide the requested capacity and firm service beginning in the first quarter of 2017.

⁽²⁾ No margin estimates have been included in the table for the ESNG 2017 System Expansion as precedent agreements are still being negotiated.

Company Performance & Direction

Strategic Platform for Growth



Results

- Safety Awards
- Top Workplace and Top Leadership Awards
- Community Service Awards
- Achieving top quartile growth in earnings
- Achieving top quartile Total Shareholder Return

Developing
New Business Lines and
Executing Existing
Business Unit Growth

New Business Lines and Existing Business Unit Growth

- Maximizing Organic Growth
- Extensions into New Territories
- Transforming Opportunities into Growth
- New Business Creation

Engagement Strategies Provide the Strategic Infrastructure for Sustainable Growth

Engagement Strategies

- Engaged Employees
- Brand Strategy
- Engaging Customers
- Engaging with Communities
- Strategic Thinking

Our strategy continues to produce financial performance with strong growth in earnings, capital investments and return on equity. We are making investments in the strategic infrastructure needed to develop and execute sustainable long-term growth strategies and are committed to continue to invest at returns on capital that will drive shareholder value.

Our Foundation for Growth –

Engagement Strategies



Highly engaged employees support our strategies and brand.



Guided by our brand, our employees work together toward common goals that are aligned with our strategic plan and remained disciplined in our growth strategy.



The creativity and dedication of our employees enable us to develop and execute growth strategies, transforming opportunities into profitable earnings growth.



For the <u>fourth consecutive year</u> in 2015, Chesapeake Utilities Corporation was recognized as a <u>Top Workplace in Delaware</u>.

Employees Engaging with our Customers and Communities

Safety & Reliability We feel privileged to have the opportunity to serve our customers and provide energy resources in a safe and reliable manner – and we take this responsibility seriously.

- On July 13th, ESNG was awarded the 2015 AGA Safety Achievement Award for excellence in fleet safety
- On the same day, FPU was awarded the 2015 AGA Safety Achievement Award for excellence in employee safety.

Environmental Stewardship We take pride in being a true partner in our communities and delivering value to our communities and society as a whole.

- Extending natural gas service to Warwick Mushroom Farms, the first customer in Cecil County, generating environmental and economical benefits.
- Community
 Service &
 Business
 Partner
- Partnership with Delaware Transit Corporation who purchased 50 AutoGas (propane) fueled transit buses and will be purchasing an additional 75 by 2018. Each of the paratransit buses will reduce greenhouse emissions by more than 91,000 pounds over its lifespan.

Strategic Planning & Thinking

Focused on Sustaining Long-term Growth

Every Business Unit and Corporate Function is Involved

We carry out strategic thinking sessions to generate insights and inspire strategic thinking throughout the Company.

We involve all of our business units in our strategic planning process to identify and develop new growth opportunities in a five-year plan.

Aggressive Growth Targets

Our Strategic Planning process challenges us to achieve aggressive growth targets for the long-term. These targets are deliberately set high enough and require us to think differently.

We follow a disciplined approach to evaluate investment opportunities.

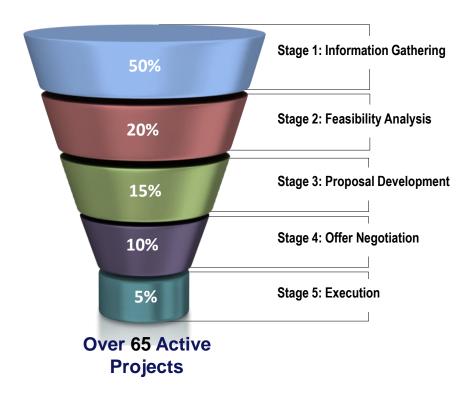
Market Focused and Continuous

Adjustment

Our Strategic Plan is updated every year or more often to reflect changes in market conditions.

This concerted effort produces a dynamic plan that challenges us to focus on investment opportunities that can sustain the growth required to achieve our aggressive targets over the long term.

Disciplined Execution of our Strategic Growth Plan

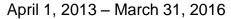


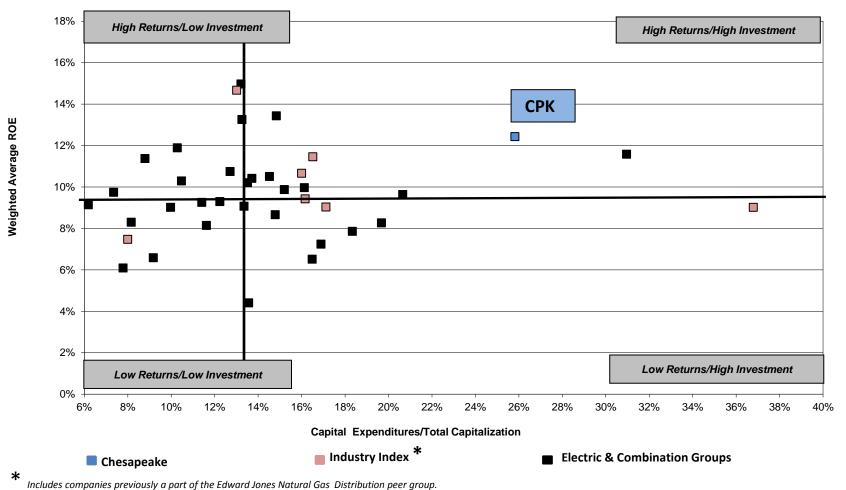
We continue our relentless efforts to drive growth by focusing on long-term, sustainable growth opportunities.

- We remain both aggressive and disciplined in our quest for growth through a disciplined Growth Council process.
- The Growth Council:
 - Consists of executives with operations, engineering, business development, regulatory, financial and legal backgrounds.
 - Evaluates and develops large strategically significant projects based on strategic fit, the cost and benefits and, the risks associated with each project.
 - Ensures sound resource allocation decisions.
- This supports sustainability of our growth efforts by maintaining our ability to raise capital when necessary.

Performance Quadrant

Peer ROE vs. Capital Expenditures

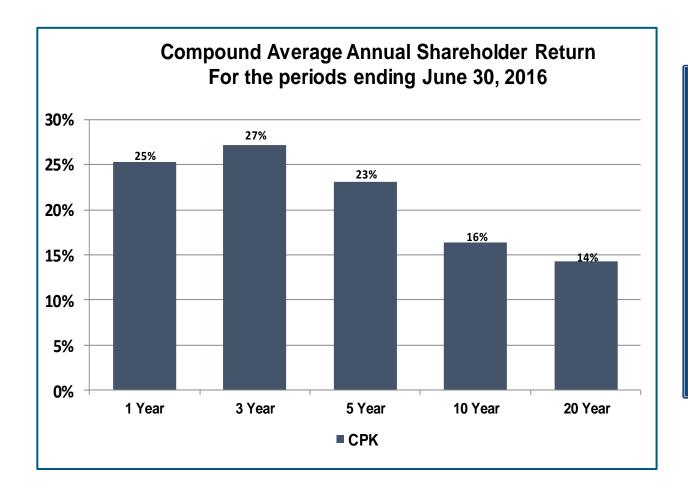




Source: Bloomberg

Superior Shareholder Return

Total Shareholder Return For the Past Five, Ten and Twenty Years



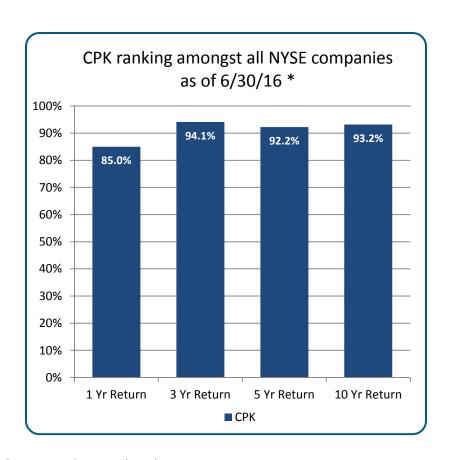
- For the most recent time periods (1, 3 and 5 years), compound annual shareholder return exceeded 23%.
- Investors in Chesapeake achieved compound average annual returns in excess of <u>14%</u> over all periods shown.

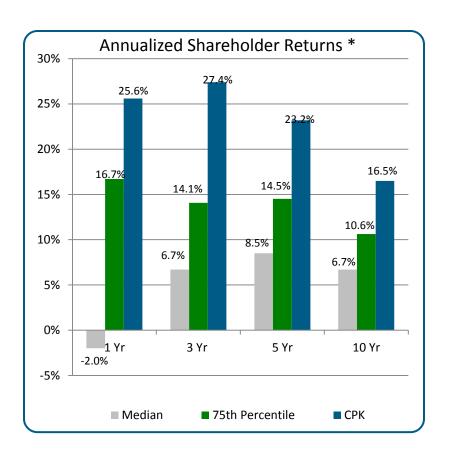
We achieved top quartile performance in 17 out of the 20 financial metric categories, to which we typically compare our results to peer companies.

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: BB&T Capital Markets

Eight Flags Energy

Combined Heat and Power Plant



Project completed and fully operational in July 2016

Project Specifics

• Capital Investment: \$40.0 Million

• Capacity: 20 MW

• Annual Margin: \$7.3 Million

• Est. electric purchase savings:

\$3 to \$4 Million per year depending on natural gas

prices

- The Eight Flags Energy CHP Plant is officially in service, providing opportunities across our business units to deliver more value to our customers and shareholders.
- FPU customers will benefit from reliable, environmentally friendly electricity in their homes and businesses and cost savings in the coming years.



Executing Current Strategic Initiatives

2017 Expansion Project - Overview

	2017 Expansion Project – Docket No. PF16-7-0007
Miles of Pipeline	~33 miles of pipeline looping in Pennsylvania, Maryland and Delaware ~17 miles of new mainline extension in Sussex County, Delaware
Other Facilities	Upgrades to the TETCO interconnect 3,550 hp new compression-Daleville Compressor Station
Total Capacity Increase	Up to an aggregate of 86,437 dekatherms/day

Highlights:

Eastern Shore rolled up several requests to develop the 2017 System Expansion Project, which will allow Eastern Shore to meet growing market demand for reliable energy with fewer emissions.

Timetable:

On May 17, 2016, the FERC approved ESNG's request to commence the pre-filing review process.

CP filing anticipated to occur in November 2016.

Subject to the FERC's approval and issuance of certificate, ESNG intends to commence construction of facilities in June 2017.



Growth Strategy

Maximize existing business units growth

- Expansion of natural gas and propane business to unserved and underserved territories
- Conversion opportunities
- Growing footprint through Start-ups
- Growing footprint through acquisitions

Develop new service and product offering

- Development of Combined Heat & Power projects
- Development of pipeline projects to serve electric power generation
- New pipeline service offering – example: OPT<90
- Promote alternate fuels
- Development of pipeline projects that provide access to new sources of supply (TETCO lateral)
- Natural gas gathering
- Vehicular fueling opportunities

Optimize existing and new growth

- Gathering systems
- Natural Gas Transmission
- Natural Gas Distribution
- Natural Gas Marketing and Asset and Risk Management
- Natural Gas Trading
- Electric Generation and Distribution
- Propane Supply and Distribution



Any Questions?

THANK YOU!



Michael P. McMasters, President & CEO 302.734.6799; mmcmasters@chpk.com



Beth W. Cooper, Senior Vice President & CFO 302.734.6022; bcooper@chpk.com



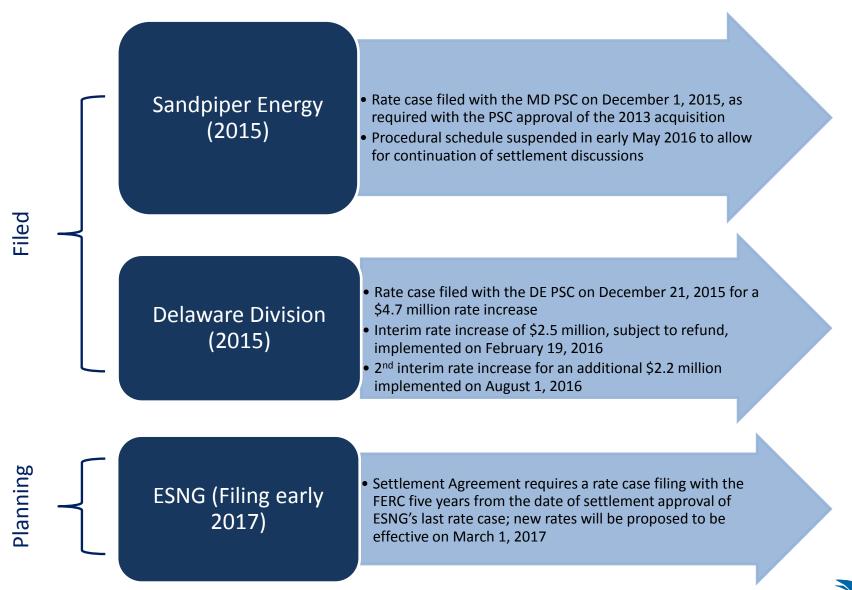


APPENDIX





Recent and Upcoming Rate Cases



Regulatory Snapshot

	Chesapeake Utilities - Delaware Division	Chesapeake Utilities - Florida Division	FPU Natural Gas	FPU Electric	Chesapeake Utilities - Maryland Division	Eastern Shore	Sandpiper
Commission Structure:	5 commissioners Part-Time	5 commissioners Full-Time	5 commissioners Full-Time	5 commissioners Full-Time	5 commissioners Full-Time	5 commissioners Full-Time	5 commissioners Full-Time
	Gubernatorial Appointment	Gubernatorial Appointment	Gubernatorial Appointment	Gubernatorial Appointment	Gubernatorial Appointment	Presidential Appointment	Gubernatorial Appointment
Regulatory Jurisdiction:	Delaware PSC	Florida PSC	Florida PSC	Florida PSC	Maryland PSC	FERC	Maryland PSC
Base Rate Proceeding:							
Delay in collection of rates subsequent to filing application Application date associated with the	60 days	90 days	90 days	90 days	180 days	Up to 180 days	180 days
most recent permanent rates Effective date of	7/6/2007 (1)	7/14/2009	12/17/2008	4/28/2014	5/1/2006	12/30/2010	N/A ⁽¹⁾
permanent rates	9/30/2008 (1)	1/14/2010	$1/14/2010^{(2)}$	11/1/2014	12/1/2007	7/29/2011	$N/A^{(1)}$
Rate increase (decrease) approved	\$325,000 (1)	\$2,536,300	\$7,969,000	\$3,750,000	\$648,000	\$805,000	N/A ⁽¹⁾
Rate of return approved	10.25% (1) (3)	10.80%(3)	10.85%(3)	10.25%(3)	10.75%(3)	13.90%(4)	N/A ⁽¹⁾

⁽¹⁾ We filed base rate proceedings for Chesapeake Utilities' Delaware division and Sandpiper on December 21, 2015 and December 1, 2015, respectively.

For additional information, see Note 4, Rates and Other Regulatory Activities, in the Condensed Consolidated Financial Statements on Form 10Q for June 30, 2016.

⁽²⁾ The effective date of the order approving the settlement agreement, which adjusted the rates originally approved on June 4, 2009.

⁽³⁾ Allowed return on equity.

⁽⁴⁾ Allowed pre-tax, pre-interest rate of return.