



A Letter From the President

My Fellow Shareholders:

2017 Financial Achievements

I am very pleased to report to you that 2017 was the 11th straight year of record earnings for Chesapeake Utilities Corporation. Total shareholder return, including stock price appreciation and dividends, was 19 percent for 2017, bringing our compound annual shareholder return to 24 percent over the past five years. We provide more detail on our financial gains elsewhere in this report and in the accompanying Form 10-K for 2017.

Tax Reform

The federal Tax Cuts and Jobs Act (“TCJA”) is providing benefits to our Company, primarily our unregulated businesses. The TCJA impact on our 2017 earnings was \$0.87 per share, due to a \$14.3 million noncash benefit from revaluation of net deferred tax assets and liabilities associated with our unregulated businesses. These 2017 TCJA benefits resulted from our robust capital investment opportunities driven by our strategy and developed by our engaged employees over the past five years, bonus depreciation available under pre-TCJA tax law, and the treatment of deferred tax assets and liabilities provided by the TCJA.

Looking forward, the TCJA reduction in the corporate income tax rate, beginning in 2018, will benefit our unregulated business strategy and increase our earnings per share. The income tax rate reduction and the utilization of 100 percent expensing of capital expenditures for our unregulated businesses’ strategy are expected to stimulate additional growth by reducing our capital costs.

Michael P. McMasters, President and CEO, Chesapeake Utilities Corporation.





The *Spirit* that *Energizes* Us

Achieving record earnings for 11 straight years is only part of our 2017 story. Another part began in 2011 and continued through 2017. In my 2011 letter to you, I recounted our companywide initiative to define our values and unique brand:

We, as a Company, went through a disciplined process to identify what distinguishes Chesapeake wherever we are doing business.

We asked ourselves: *Why* have we been successful? How do we continue this success?

We conducted research, analyzed the results and launched strategic discussions to see if we could reach consensus on the values and attributes that make us who we are.

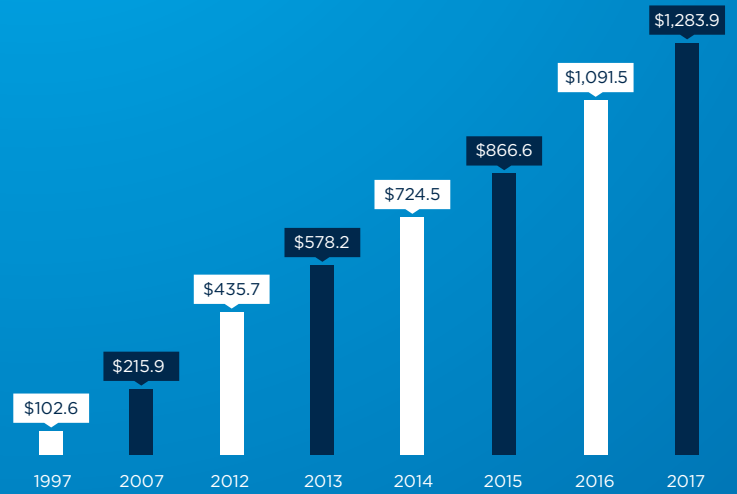
We ultimately boiled it all down into two statements:

We turn aspirations into reality every day.

We personally and genuinely care about each other, our customers, the communities we serve, our investors, and our business partners.

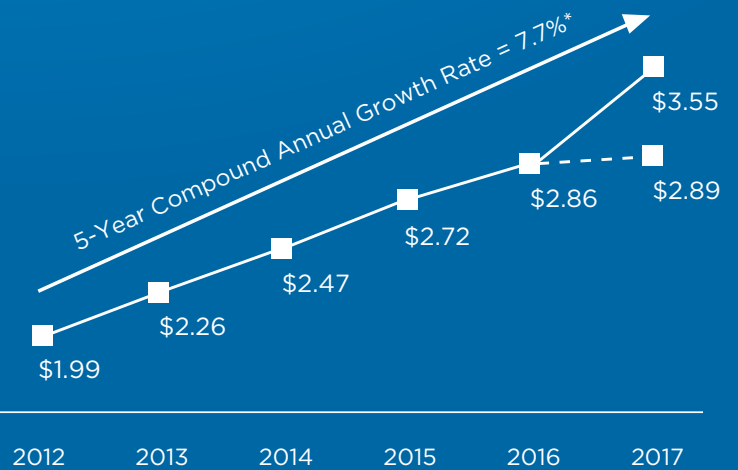
We emerged from our 2011 companywide process with a powerful consensus that *aspiring* and *caring* define who we are. We also knew that *aspiring* and *caring* had been at the heart of our success before we identified them as such in 2011, and they have energized our success even more since then. These values are symbolized by the soaring aspiring and caring bird that first appeared in our 2011 Annual Report and has become more prominent throughout our business and in every annual report since then. On the cover of this year's report, the aspiring and caring bird soars like a burning star in a midnight blue sky, leading us, energized, onward and upward.





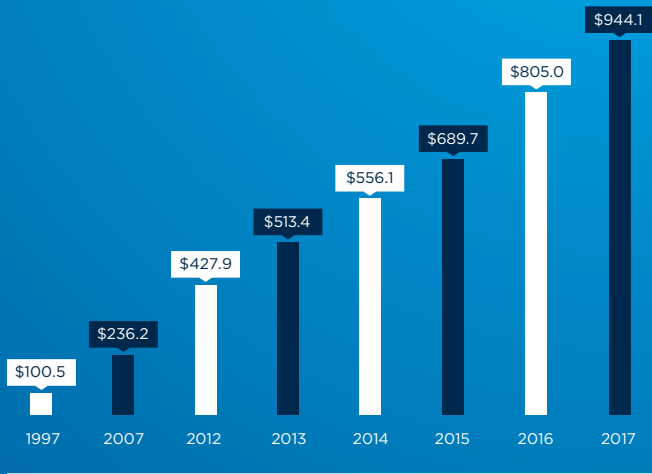
MARKET CAPITALIZATION AS OF DECEMBER 31 IN MILLIONS

Our market capitalization has grown by 195 percent over the past five years.

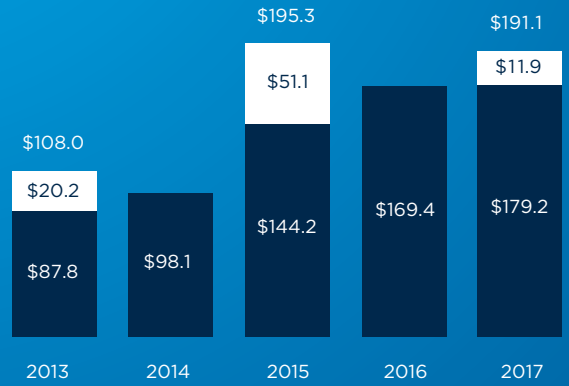


DILUTED EARNINGS PER SHARE

We achieved a 5-year 7.7 percent compound annual growth rate based on our adjusted 2017 earnings per share of \$2.89 (adjusted 2017 EPS excludes the tax reform impact and Mark-to-Market accounting).



TOTAL CAPITALIZATION AS OF DECEMBER 31
IN MILLIONS



ANNUAL CAPITAL EXPENDITURES
IN MILLIONS

■ Acquisitions ■ Capital Expenditures exclude acquisitions.

Total Capitalization has grown by 121 percent over the past five years. This is driven by the \$762 million in Total Capital Expenditures that we have invested within these five years.

Pictured below: CNBC Co-anchors Sara Eisen and Bill Griffeth interview Michael P. McMasters on the New York Stock Exchange trading floor.



Aspiring and Caring Energize Our Growth

Ideals energize top performance in any organization. Consistently trying to live up to our ideals of aspiring and caring has made us a better and stronger Company.

Look at the map at the front of this year's report, depicting the U.S. from the Mississippi eastward to the Atlantic, showing Chesapeake's growth far beyond our initial footprints on the Delmarva Peninsula 70 years ago and in Florida 32 years ago. Since 2011, we have actively grown our operations in those areas and expanded into Ohio, Pennsylvania, Virginia, and West Virginia, including cities such as Fernandina Beach and Pensacola, Florida; Baltimore and Ocean City, Maryland; Columbus, Ohio; and Philadelphia and Pittsburgh, Pennsylvania.

As we look forward to 2018 and beyond, we are truly energized by the prospects that we see ahead for us. We continue to identify opportunities to expand our regulated and unregulated service offerings within and beyond our current markets. In all that we do, our employees' commitment and dedication are at the heart of our success. Their care for our customers, our communities and each other strengthens all of our relationships. Their caring and aspiring account for our Top Workplace awards for each of the past six years as well as the other 2017 awards and honors described in this report.

We were also honored to see the results of a survey we conducted in 2017 that focused on our top 25 institutional investors. We found that they have very favorable opinions of Chesapeake, our team, corporate strategy and execution, financial and operating performance, and future growth plans and objectives. They most frequently cited our track record of identifying strategic opportunities and producing superior total returns driven by earnings and dividend growth as factors that differentiate Chesapeake from our peers. This is a result of our excellent team and a culture that values both capital discipline and entrepreneurship.

Such shareholder support energizes the aspiring and caring bird to soar even higher.

Our Continuing Commitment and Thanks

I closed my letter to you seven years ago by saying:

We are driven every day to find creative and innovative ways to serve our customers and attract more, while honoring our obligations to operate in a safe and environmentally responsible manner and to provide you a competitive return on your investment in us.

We stand by that commitment today, as we did in 2011. I say to you now, as I said then: Thank you for your continuing confidence in us.

Sincerely,



Michael P. McMasters
President and Chief Executive Officer

CORPORATE INFORMATION

CORPORATE OFFICE

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Dover, DE 19904
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ANNUAL MEETING

The Annual Meeting of Stockholders will be held on Wednesday, May 9, 2018 at 9:00 a.m. in the Board Room, PNC Bank, NA; 222 Delaware Avenue; Wilmington, DE.

TRANSFER AGENT AND REGISTRAR

Computershare Trust Company, N.A.
c/o Chesapeake Utilities Corporation
P.O. Box 505000
Louisville, KY 40233-5000
Telephone (toll-free) 877.498.8865
Website: www.computershare.com/investor

AUTOMATIC DIVIDEND REINVESTMENT AND DIRECT STOCK PURCHASE PLAN

The Automatic Dividend Reinvestment and Direct Stock Purchase Plan provides flexible investment options for those who wish to invest in the Company. Common stock holders can have their dividends automatically reinvested to purchase additional shares directly through the Plan and/or send in additional optional cash investments at any time to increase their holdings. New investors can purchase shares directly through the Plan. For more information, please contact the Company's transfer agent (Computershare) as stated above.

ANALYST INFORMATION

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Senior Vice President and Chief Financial Officer
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bcooper@chpk.com

Thomas E. Mahn
Vice President and Treasurer
Telephone: 302.734.6799
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COMMON STOCK AND DIVIDEND INFORMATION

CPK
LISTED
NYSE NYSE: CPK

Chesapeake Utilities Corporation's common stock is traded on the New York Stock Exchange under the symbol CPK.

QUARTER ENDED 2017	PRICE RANGE			DIVIDENDS DECLARED PER SHARE*
	HIGH	LOW	CLOSE	
March 31	\$70.70	\$63.00	\$69.20	\$0.3050
June 30	\$77.75	\$68.65	\$74.95	\$0.3250
September 30	\$81.95	\$74.80	\$78.25	\$0.3250
December 31	\$86.35	\$75.00	\$78.55	\$0.3250

QUARTER ENDED 2016	PRICE RANGE			DIVIDENDS DECLARED PER SHARE*
	HIGH	LOW	CLOSE	
March 31	\$67.36	\$52.25	\$62.97	\$0.2875
June 30	\$66.19	\$56.56	\$66.18	\$0.3050
September 30	\$67.88	\$59.12	\$61.06	\$0.3050
December 31	\$70.00	\$57.63	\$66.95	\$0.3050

**Declaration of dividends is at the discretion of the Board of Directors. Dividends in 2017 and 2016 were paid quarterly.*

PUBLIC INFORMATION AND SEC FILINGS

Our latest news and filings with the Securities and Exchange Commission (SEC), including Forms 10-K, 10-Q and 8-K are available to view or request a printed copy, free of charge, at our website, www.chpk.com.

If you wish to request a printed copy of any of the Company's publications by mail, please send your written request to Investor Relations below.

INVESTOR RELATIONS/SHAREHOLDER SERVICES

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hwatkins@chpk.com