

CHESAPEAKE UTILITIES CORP

Form S-4/A

February 25, 2015

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As filed with the Securities and Exchange Commission on February 25, 2015.

Registration No. 333-201992

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 1
to
FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

CHESAPEAKE UTILITIES CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

4923
(Primary Standard Industrial
Classification Code Number)

51-0064146
(I.R.S. Employer
Identification Number)

909 Silver Lake Boulevard

Dover, Delaware 19904

(302) 734-6799

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Beth W. Cooper

Senior Vice President and Chief Financial Officer

Chesapeake Utilities Corporation

909 Silver Lake Boulevard

Dover, Delaware 19904

(302) 734-6799

(Name, address, including zip code, and telephone number,
including area code, of agent for service)

Copy to:

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Baker & Hostetler LLP
200 South Orange Avenue
Suite 2300
Orlando, Florida 32801
(407) 649-4017

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52 E. Gay Street
Columbus, Ohio 43215
(614) 464-5682

Approximate date of commencement of the proposed sale of the securities to the public: As soon as practicable after this registration statement becomes effective and upon completion of the merger described in the enclosed document.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer "	Accelerated filer	x
Non-accelerated filer " (Do not check if a smaller reporting company)	Smaller reporting company "	

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to Section 8(a), may determine.

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Information contained herein is subject to completion or amendment. A registration statement relating to Chesapeake Utilities Corporation's common stock to be offered in this transaction has been filed with the Securities and Exchange Commission. These securities may not be sold, nor may offers to buy be accepted, prior to the time the registration statement becomes effective. This document shall not constitute an offer to sell, or the solicitation of an offer to buy, in any jurisdiction in which such offer, solicitation or sale would be unlawful.

PRELIMINARY COPY SUBJECT TO COMPLETION, DATED FEBRUARY 25, 2015

Dear Gatherco Shareholders:

You are cordially invited to attend a special meeting of the shareholders of Gatherco, Inc. (Gatherco), which will be held at the Gatherco Orrville Office, located at 300 Tracy Bridge Road, Orrville, Ohio 44667, on [], 2015, at 10:30 a.m., Eastern Daylight Time. At the meeting, you will be asked to approve and adopt the Agreement and Plan of Merger, dated as of January 30, 2015 (referred to herein as the merger agreement), that Gatherco has entered into with Chesapeake Utilities Corporation (Chesapeake Utilities) and the transactions contemplated thereby, including the merger of Gatherco with and into a wholly owned subsidiary of Chesapeake Utilities. This document provides you with detailed information about the merger. In addition to being a proxy statement of Gatherco, this document is also the prospectus of Chesapeake Utilities for Chesapeake Utilities' common stock that will be issued to you in connection with the merger.

After careful consideration, Gatherco's board of directors recommends that you vote FOR the proposal to approve and adopt the merger agreement and the transactions contemplated thereby, including the merger.

In the merger, each outstanding Gatherco common share will be converted into the right to receive that amount of cash and that number of shares of Chesapeake Utilities common stock (together with associated rights under Chesapeake Utilities' stockholder rights plan) determined pursuant to the terms of the merger agreement. Subject to certain adjustments described in the merger agreement, the aggregate merger consideration payable for all of Gatherco's common shares outstanding at the effective time of the merger will be \$57,500,000 minus the option merger consideration payable to the Gatherco option holders as more fully discussed below. The aggregate merger consideration payable for the Gatherco common shares at closing will be subject to deductions for certain transaction expenses paid or payable in connection with the merger, including fees and expenses of Gatherco's legal and financial advisors, to the extent that such expenses have not been paid before the closing date, and certain estimated fees of the paying agent. Additionally, the cash consideration otherwise payable to the Gatherco shareholders at closing will be reduced by an amount of cash that will be held in two escrow accounts for a limited period of time. One escrow will secure and fund the payment of claims, if any, by Chesapeake Utilities and related parties for indemnification in accordance with the terms of the merger agreement, including, if applicable, certain environmental remediation costs

at identified sites. The second escrow will fund the fees and expenses of the shareholder agent designated in the merger agreement. The closing payment made to the holders of Gatherco common shares will consist of (i) shares of Chesapeake Utilities common stock with an aggregate market value determined as described in the merger agreement equal to 60% of the total consideration less the option merger consideration and (ii) the balance in cash. The exact amount of the closing payment that will be made in the merger for each Gatherco common share will not be determined until the closing.

The estimated aggregate stock consideration issuable in the merger is 593,005 shares of Chesapeake Utilities common stock and the estimated aggregate cash consideration payable in the merger is \$19,932,092. Based on the assumptions that (i) the aggregate amount of the cash consideration adjustments at closing is \$1,550,000 (without taking into account the deduction for the cash consideration to be held in the escrow accounts) and (ii) the aggregate amount of the option merger consideration is \$7,669,769, each Gatherco common share would be converted into the right to receive approximately \$1,070.10 in cash and 34.5212 shares of Chesapeake Utilities common stock. Based on such assumptions and taking into account the deduction for the cash consideration to be held in the escrow accounts, the closing payment for each Gatherco common share would be approximately \$720.81 in cash and 34.5212 shares of Chesapeake Utilities common stock.

Holders of Gatherco common shares may also be entitled to receive additional cash consideration for their common shares as more fully described in the merger agreement, contingent upon whether Chesapeake Utilities or the Surviving Entity receives during a specified period of time certain revenue from the operation of any new or existing repurposed pipeline (i) that is constructed or repurposed by Chesapeake Utilities or the Surviving Entity after the closing date of the merger and becomes operational prior to the fifth anniversary of such closing date, (ii) of which at least 5% of the length is located on the rights of way owned by Gatherco as of such closing date, and (iii) that is utilized by Chesapeake Utilities or the Surviving Entity to transport oil, natural gas or natural gas liquids that originated from a specified area of the Utica Shale formation. This additional contingent consideration consists of the right of the Gatherco shareholders who received merger consideration to receive their pro rata share (based upon their ownership of Gatherco common shares outstanding immediately prior to the effective time of the merger) of up to 5% of any such revenue; provided, that the aggregate amount of such additional contingent consideration will not exceed \$15,000,000 in order to ensure that the merger does not lose its federal tax characterization as a reorganization (such amount does not represent either Chesapeake Utilities or Gatherco's expectation of the actual amount of such additional contingent consideration to be paid to the Gatherco shareholders).

Generally, the merger will not be taxable to you with respect to the Chesapeake Utilities common stock portion of the merger consideration you will receive and will be taxable to you with respect to the cash portion of the merger consideration you will receive. Subsequent sales of Chesapeake Utilities common stock you receive in the merger will generally be subject to taxation.

Based on the estimated number of Gatherco common shares outstanding on the record date of the special meeting, Chesapeake Utilities anticipates issuing approximately 593,005 shares of Chesapeake Utilities common stock to Gatherco shareholders in connection with the merger. Immediately after the merger, former Gatherco shareholders are anticipated to own approximately 3.9% of the then-outstanding shares of Chesapeake Utilities common stock.

Chesapeake Utilities common stock is traded on the NYSE under the symbol CPK. On February 24, 2015, the closing sale price of a share of Chesapeake Utilities common stock was \$47.77.

To complete the merger, holders of a majority of Gatherco's outstanding common shares must approve and adopt the merger agreement and the transactions contemplated thereby, including the merger. Your vote is very important. Whether or not you expect to attend the special meeting, please vote as soon as possible to ensure that your shares are represented at the meeting. You may vote your shares by marking your votes on the proxy card, signing and dating it and mailing it in the envelope provided. If you sign and return your proxy card without specifying your choice, it will be understood that you wish to have your shares voted in favor of the merger agreement and the transactions contemplated thereby, including the merger. You may also cast your vote by telephone or over the Internet by following the instructions on your proxy card.

We encourage you to read the entire document carefully. Please pay particular attention to Risk Factors beginning on page 10 for a discussion of the risks related to the merger and owning Chesapeake Utilities common stock after the merger.

We look forward to seeing you on [], 2015 in Orrville.

Sincerely,

Tony Kovacevich
President and Director
Gatherco, Inc.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the securities to be issued in the merger or determined if this document is accurate or adequate. It is illegal to tell you otherwise. The securities to be issued in the merger are not savings or deposit accounts and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

This proxy statement/prospectus is dated [], 2015, and is first being mailed or otherwise delivered to the shareholders of Gatherco on or about [], 2015.

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**NOTICE OF SPECIAL MEETING OF
SHAREHOLDERS OF GATHERCO, INC.**

To the Shareholders of Gatherco, Inc.:

Notice is given as of this [] day of [], 2015 that a special meeting of the shareholders of Gatherco, Inc. (Gatherco) will be held on [], 2015, at 10:30 a.m., Eastern Daylight Time, at the Gatherco Orrville Office located at 300 Tracy Bridge Road, Orrville, Ohio 44667 for the purposes of considering and voting upon the following matters:

- (1) Approval and adoption of the Agreement and Plan of Merger, dated as of January 30, 2015, by and among Gatherco, Aspire Energy of Ohio, LLC (Merger Sub) and Chesapeake Utilities Corporation (Chesapeake Utilities), and the transactions contemplated thereby, including the merger of Gatherco with and into Merger Sub, a wholly-owned subsidiary of Chesapeake Utilities;
- (2) Approval of the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies, in the event that there are not sufficient votes at the time of the special meeting to approve the foregoing proposal; and
- (3) Transaction of such other business as may properly come before the special meeting and any adjournment(s) thereof.

Only those holders of record of common shares of Gatherco at the close of business on February 24, 2015, will be entitled to notice of and to vote at the special meeting.

You are cordially invited to attend the special meeting. In the event you will be unable to attend, you are respectfully requested to sign, date and return the enclosed proxy in the enclosed return envelope at your earliest convenience so that it is received before the special meeting on [], 2015. The giving of a proxy does not affect your right to revoke such proxy and vote in person in the event you attend the special meeting. You may also cast your vote by telephone or over the Internet by following the instructions on your proxy card.

Gatherco's board of directors recommends that you vote FOR approval and adoption of the merger agreement and the transactions contemplated thereby, including the merger, and FOR the adjournment of the Gatherco special meeting if necessary or appropriate to permit further solicitation of proxies.

By Order of the Board of Directors,

/s/ Tony Kovacevich
President and Director

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ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates by reference important business and financial information about Chesapeake Utilities from documents filed with the Securities and Exchange Commission (the SEC) that are not included in or delivered with this proxy statement/prospectus. You can obtain any of the documents filed with or furnished to the SEC by Chesapeake Utilities at no cost from the SEC's website maintained at <http://www.sec.gov>. You may also request copies of these documents, including documents incorporated by reference into this proxy statement/prospectus, at no cost by contacting Chesapeake Utilities in writing at the address or by telephone as specified below:

Chesapeake Utilities Corporation

909 Silver Lake Boulevard

Dover, Delaware 19904

Attention: Corporate Secretary

(888) 742-5275

You will not be charged for any of these documents that you request. In order for you to receive timely delivery of the documents in advance of the special meeting of Gatherco shareholders, you must request the information by [], 2015.

You should rely only on the information contained in, or incorporated by reference into, this proxy statement/prospectus. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this proxy statement/prospectus. This proxy statement/prospectus is dated [], 2015, and you should assume that the information in this proxy statement/prospectus is accurate only as of such date. You should assume that the information incorporated by reference into this proxy statement/prospectus is accurate as of the date of such incorporated document. Neither the mailing of this proxy statement/prospectus to Gatherco shareholders nor the issuance by Chesapeake Utilities of shares of Chesapeake Utilities common stock in connection with the merger will create any implication to the contrary.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction.

See Where You Can Find More Information.

VOTING BY TELEPHONE, INTERNET OR MAIL

Gatherco shareholders may submit their proxies by:

Telephone. You can vote by telephone by calling the toll-free number (800) 659-8688 in the United States, Canada or Puerto Rico on a touch-tone telephone. You will then be prompted to enter the control number printed on your proxy card and to follow the subsequent instructions. Telephone voting is available 24 hours a day until 11:59 p.m. Eastern Daylight Time on [], 2015. If you vote by telephone, you do not need to return your proxy card(s).

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Internet. You can vote over the Internet by accessing the website at www.proxyvoting.com/gatherco and following the instructions on the secure website. Internet voting is available 24 hours a day until 11:59 p.m. Eastern Daylight Time on [], 2015. If you vote over the Internet, you do not need to return your proxy card(s).

Mail. You can vote by mail by completing, signing, dating and mailing your proxy card(s) in the postage-paid envelope included with this proxy statement/prospectus.

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APPENDICES

Appendix A	Agreement and Plan of Merger
Appendix B	Section 1701.85 of the Ohio General Corporation Law

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SUMMARY

*This summary highlights selected information from this proxy statement/prospectus and may not contain all the information that is important to you. We urge you to read carefully this entire document, and the documents referenced herein, for a more complete understanding of the merger between Chesapeake Utilities and Gatherco. In addition, we incorporate by reference into this document important business and financial information about Chesapeake Utilities. You may obtain the information incorporated by reference in this document without charge by following the instructions in the section entitled *Where You Can Find More Information*. Each item in this summary includes a page reference directing you to a more complete description of that item.*

Unless the context otherwise requires, references in this proxy statement/prospectus to Chesapeake Utilities refer to Chesapeake Utilities Corporation, a Delaware corporation; references to Merger Sub refer to Aspire Energy of Ohio, LLC, a Delaware limited liability company and wholly owned subsidiary of Chesapeake Utilities; references to Gatherco refer to Gatherco, Inc., an Ohio corporation; references to the Surviving Entity refer to the Merger Sub as the surviving entity in the merger; references to the shareholder agent refer to Christian S. Gerig, the shareholder agent designated in the merger agreement; references to the merger agreement refer to the Agreement and Plan of Merger, dated January 30, 2015, among Chesapeake Utilities, Merger Sub and Gatherco; references to we, our or us refer to Chesapeake Utilities and Gatherco.

The Merger (Page 14)

We propose that Gatherco merge with and into Merger Sub, with Merger Sub surviving the merger as a wholly owned subsidiary of Chesapeake Utilities and operating the Gatherco business under the name of Aspire Energy of Ohio, LLC. As a result of the merger, the separate existence of Gatherco will terminate. We expect to complete the merger in the second quarter of 2015, although delays may occur. After the merger, Gatherco's shareholders will be stockholders of Chesapeake Utilities.

Special Meeting of Gatherco Shareholders (Page 44)

Gatherco's special meeting of shareholders will be held on [], 2015, at 10:30 a.m., Eastern Daylight Time, at the Gatherco Orrville Office, located at 300 Tracy Bridge Road, Orrville, Ohio 44667. At the meeting you will be asked to approve and adopt the merger agreement and the transactions contemplated thereby, including the merger of Gatherco with and into Merger Sub.

You may vote at the Gatherco special meeting of shareholders if you owned Gatherco common shares at the close of business on February 24, 2015, the record date established by the Gatherco board of directors for the special meeting. As of that date, there were 17,178 Gatherco common shares outstanding and entitled to vote. You may cast one vote for each Gatherco common share that you owned on that date.

Gatherco's Board Recommendation (Page 17)

Gatherco's board of directors believes that the merger is in the best interests of Gatherco and its shareholders and that the merger consideration is fair to Gatherco shareholders, has approved the merger agreement and recommends that Gatherco shareholders vote FOR approval and adoption of the merger agreement and the transactions contemplated thereby, including the merger.

Merger Consideration and Escrows (Page 25)

In the merger, each outstanding Gatherco common share (other than those shares held by shareholders exercising and perfecting dissenters' rights, referred to herein as dissenting shares) will be converted into the right to receive that amount of cash and that number of shares of Chesapeake Utilities common stock determined pursuant to the terms of the merger agreement. Each share of Chesapeake Utilities common stock has a right attached to it under the Chesapeake Utilities stockholder rights plan. See Comparison of Stockholder/Shareholder Rights Stockholder/Shareholder Rights Plan herein for a description of the Chesapeake Utilities stockholders rights plan. Each reference to shares of Chesapeake Utilities common stock in this proxy statement/prospectus shall include reference to the right attached to such share pursuant to the Chesapeake Utilities stockholders rights plan.

Subject to certain adjustments described in the merger agreement, the aggregate merger consideration payable for all of Gatherco's common shares outstanding at the effective time of the merger will be \$57,500,000 minus the option merger consideration payable to the Gatherco option holders as more fully discussed below. The aggregate merger consideration payable for the Gatherco common shares at closing will be subject to deductions for certain transaction expenses paid or payable in connection with the merger, including fees and expenses of Gatherco's legal and financial

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advisors, to the extent that such expenses have not been paid before the closing date, and certain estimated fees of the paying agent. Additionally, the cash consideration otherwise payable to the Gatherco shareholders at closing will be reduced by (i) \$5,750,000 that will be held in escrow for a limited period of time to secure and fund the payment of claims, if any, by Chesapeake Utilities and related parties for indemnification in accordance with the terms of the merger agreement, including, if applicable, certain environmental remediation costs at identified sites, and (ii) \$250,000 that will be held in escrow to pay the fees and expenses of the shareholder agent as described below. The closing payment made to the holders of Gatherco common shares will consist of (i) shares of Chesapeake Utilities common stock with an aggregate market value determined as described in the merger agreement equal to 60% of the total consideration less the option merger consideration and (ii) the balance in cash. The exact amount of the closing payment that will be made in the merger for each Gatherco common share will not be determined until the closing.

The estimated aggregate stock consideration issuable in the merger is 593,005 shares of Chesapeake Utilities common stock and the estimated aggregate cash consideration payable in the merger is \$19,932,092. Based on the assumptions that (i) the aggregate amount of the cash consideration adjustments at closing is \$1,550,000 (without taking into account the deduction for the cash consideration to be held in the escrow accounts) and (ii) the aggregate amount of the option merger consideration is \$7,669,769, each Gatherco common share would be converted into the right to receive approximately \$1,070.10 in cash and 34.5212 shares of Chesapeake Utilities common stock. Based on such assumptions and taking into account the deduction for the cash consideration to be held in the escrow accounts, the closing payment for each Gatherco common share would be approximately \$720.81 in cash and 34.5212 shares of Chesapeake Utilities common stock. The actual amount of the cash consideration adjustments at closing may be more or less than \$1,550,000 and the actual amount of the option merger consideration payable at closing may be more or less than \$7,669,769, which would result in an increase or decrease in the amount of cash or Chesapeake Utilities common stock each Gatherco shareholder would receive.

The indemnification escrow will remain in place for 12 months for the purpose of securing and funding the Gatherco shareholders' indemnification obligations to Chesapeake Utilities under the merger agreement, including, if applicable, certain environmental remediation costs at identified sites. To the extent any of the escrowed amount is not subject to indemnification claims within the 12-month period following the merger, it will be distributed to the Gatherco shareholders as soon as is practicable following the end of that period. It is possible that none of the escrow amount will be distributed to Gatherco shareholders. Except for certain limited circumstances set forth in the merger agreement, the escrow will be Chesapeake Utilities' sole and exclusive remedy for indemnification claims against Gatherco shareholders.

In order to pay for the fees and expenses of the shareholder agent, including the fees and expenses of legal counsel, accountants or other third parties retained by the shareholder agent on the shareholders' behalf, an amount equal to \$250,000 will be withheld from the cash consideration otherwise payable to the Gatherco shareholders at the closing. Any remaining portion of this amount will be distributed to the Gatherco shareholders after the shareholder agent's services are no longer required, which period could extend for a number of years after closing in order to address potential disputes regarding any additional contingent consideration payable to the Gatherco shareholders.

Holders of Gatherco common shares may be entitled to receive additional cash consideration as more fully described in the merger agreement, contingent upon whether Chesapeake Utilities or the Surviving Entity receives during any specified period of time certain revenue from the operation of any new or existing repurposed pipeline (i) that is constructed or repurposed by Chesapeake Utilities or the Surviving Entity after the closing date of the merger and becomes operational prior to the fifth anniversary of such closing date, (ii) of which at least 5% of the length is located on the rights of way owned by Gatherco as of such closing date, and (iii) that is utilized by Chesapeake Utilities or the Surviving Entity to transport oil, natural gas or natural gas liquids that originated from a specified area of the Utica Shale formation. This additional contingent consideration consists of the right of the Gatherco

shareholders who received merger consideration to receive their pro rata share (based upon their ownership of Gatherco common shares outstanding immediately prior to the effective time of the merger) of up to 5% of any such revenue; *provided*, that the aggregate amount of such additional contingent consideration will not exceed \$15,000,000 in order to ensure that the merger does not lose its federal tax characterization as a reorganization (such amount does not represent either Chesapeake Utilities or Gatherco's expectation of the actual amount of such additional contingent consideration to be paid to the Gatherco shareholders).

Treatment of Gatherco Options (Page 27)

Chesapeake Utilities will not assume any options to purchase Gatherco common shares, each referred to herein as a Gatherco option. Effective at or prior to the effective time of the merger, each Gatherco option that is outstanding

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and unexercised prior to the effective time of the merger (whether vested or unvested) will be either (i) exercised or terminated prior to the effective time of the merger in accordance with the terms of the Gatherco stock option plan under which it was granted and the applicable option grant agreement or (ii) cancelled as of the effective time of the merger to the extent in effect immediately prior to the effective time of the merger (subject to the obligations of the Surviving Entity described in the following paragraph).

Each holder of a Gatherco option with an exercise price that is less than \$2,798.05, referred to herein as a Gatherco in-the-money option, that is outstanding and unexercised immediately prior to the effective time of the merger will be entitled to be paid by the Surviving Entity, in exchange for the cancellation of such Gatherco option, an amount in cash (without interest, and subject to deduction for any required withholding tax), with respect to each Gatherco common share subject to such Gatherco option, equal to the excess of (i) the per share amount payable with respect to such common share, determined by multiplying \$57,500,000 by a fraction, the numerator of which is the number of Gatherco common shares underlying Gatherco in-the-money options and the denominator of which is the sum of the number of Gatherco common shares outstanding immediately prior to the effective time of the merger and the common shares issuable upon the exercise of Gatherco in-the-money options, over (ii) the per share exercise price of such Gatherco in-the-money option. The aggregate amount of consideration payable to the holders of Gatherco in-the-money options in the merger is referred to herein as the option merger consideration. As of the date of this proxy statement/prospectus, all of the outstanding Gatherco options are in-the-money options.

Each holder of a Gatherco option that is outstanding and unexercised immediately prior to the effective time of the merger and that is not a Gatherco in-the-money option will not receive any option merger consideration or other consideration with respect to such option.

Shareholder Agent (Page 43)

From and after the completion of the merger, the former Gatherco shareholders will be represented by Christian S. Gerig. By virtue of their approval of the merger, the Gatherco shareholders will be deemed to have appointed Mr. Gerig, as agent and attorney-in fact for each Gatherco shareholder (except those who exercise and perfect dissenters' rights) for all matters relating to the merger agreement.

Tax Consequences of the Merger (Page 19)

Subject to certain circumstances described below, in the opinion of Baker & Hostetler LLP and Vorys, Sater, Seymour and Pease LLP, for United States federal income tax purposes, the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code").

Provided that the merger qualifies as a reorganization for United States federal income tax purposes, you may recognize a gain, but you will not recognize a loss, upon the exchange of your Gatherco common shares for shares of Chesapeake Utilities common stock and cash. If the sum of the market value of the Chesapeake Utilities common stock and the amount of cash you receive in exchange for your Gatherco common shares exceeds the adjusted basis of your Gatherco common shares, you will recognize a taxable gain equal to the lesser of the amount of such excess or the amount of cash you receive in the exchange (other than any cash received instead of a fractional share of Chesapeake Utilities common stock). Generally, any gain recognized upon the exchange will be a capital gain, and any such capital gain will be a long-term capital gain if you have established a holding period of more than one year for your Gatherco common shares. Depending on certain facts specific to you, any gain could instead be characterized as ordinary dividend income.

For a complete description of the material United States federal income tax consequences of the merger, see [The Merger Material Federal Income Tax Consequences of the Merger](#). You should consult your own tax advisor for a full understanding of the tax consequences of the merger to you.

Dividends (Page 7)

Gatherco is prohibited from paying cash dividends to its shareholders prior to completion of the merger.

Chesapeake Utilities expects to continue its common stock dividend policy after the merger, but the payment of dividends by Chesapeake Utilities on its common stock in the future is subject to the determination and discretion of its board of directors and depends on a variety of factors, including cash requirements, Chesapeake Utilities' financial condition and earnings, legal and regulatory considerations and other factors.

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Accounting Treatment of the Merger (Page 22)

The merger will be treated as a purchase by Chesapeake Utilities of Gatherco under accounting principles generally accepted in the United States (United States GAAP).

Gatherco s Reasons for the Merger (Page 17)

For a discussion of the factors considered by the Gatherco board of directors in reaching its decision to approve and recommend the merger agreement and the transactions contemplated thereby, including the merger, see The Merger Gatherco s Reasons for the Merger and Recommendations of Gatherco s Board.

Required Gatherco Shareholder Vote (Page 45)

Approval of the merger agreement and the merger requires the affirmative vote of at least a majority of the outstanding Gatherco common shares.

On the record date, directors and executive officers of Gatherco and their affiliates beneficially owned or had the right to vote 9,316 Gatherco common shares, representing approximately 54.2% of the Gatherco common shares outstanding on the record date. While there are no voting agreements or arrangements with any directors, officers or other shareholders of Gatherco relating to the merger of which Gatherco is aware, to Gatherco s knowledge, nearly all of the directors and executive officers of Gatherco and their affiliates intend to vote their common shares in favor of the approval of the merger agreement and the merger.

Ownership of Chesapeake Utilities After the Merger

Chesapeake Utilities expects to issue approximately 593,005 shares of Chesapeake Utilities common stock to Gatherco shareholders in the merger. At the completion of the merger, following issuance of the Chesapeake Utilities common stock in the merger, it is expected that there will be outstanding approximately 15,187,954 shares of Chesapeake Utilities common stock. The shares of Chesapeake Utilities common stock to be issued to Gatherco shareholders in the merger is expected to represent approximately 3.9% of the outstanding Chesapeake Utilities common stock immediately after the merger.

Interests of Gatherco s Directors and Executive Officers (Page 22)

Some of Gatherco s directors and executive officers have interests in the merger other than their interests as shareholders, including:

Under the merger agreement, Chesapeake Utilities has agreed to indemnify Gatherco s directors and officers against liabilities arising out of certain actions or omissions occurring before the completion of the merger.

The merger agreement also provides that, subject to certain limitations, Chesapeake Utilities will maintain directors and officers liability insurance for a period of six years after the merger is completed that provides at least the same coverage and amounts, and contains terms and conditions no less advantageous, as that coverage currently provided by Gatherco.

Following the completion of the merger, Tony Kovacevich and John Frank, Gatherco's President and Chief Financial Officer, respectively, will be consultants to the Surviving Entity, as each of them entered into a consulting agreement with Gatherco concurrently with the execution of the merger agreement that becomes effective upon completion of, and contains certain payment provisions that will be triggered by, the merger in accordance with its terms that are described under "The Merger - Interests of Certain Persons in the Merger." Gatherco's board of directors knew about these additional interests and considered them when they approved the merger agreement and the merger.

Dissenters' Rights (Page 23)

If you are a shareholder of Gatherco, you may elect to dissent from the merger by following the procedures set forth in Section 1701.85 of the Ohio General Corporation Law (the "OGCL"). For more information regarding your right to dissent from the merger, please read "The Merger Agreement - Dissenters' Rights of Gatherco Shareholders." We have also attached a copy of the text of Section 1701.85 of the OGCL as *Appendix B* to this proxy statement/prospectus.

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Third-Party Acquisition Proposals (Page 33)

We have agreed that Gatherco will not initiate or solicit proposals from other parties regarding the acquisition of Gatherco or its businesses. In addition, we have agreed that Gatherco will not engage in discussions or negotiations with or provide information to a third party regarding acquiring Gatherco or its businesses. However, if Gatherco receives an acquisition proposal from a third party, Gatherco can engage in discussions and negotiations with and provide information to the third party if, among other requirements, Gatherco's board of directors determines in good faith that the proposal is or is reasonably likely to result in a proposal that is superior to Chesapeake Utilities' merger proposal. Gatherco's receipt of such a proposal or participation in such negotiations does not give Gatherco the right to terminate the merger agreement. Gatherco is required to provide notice to Chesapeake Utilities of any acquisition proposal, and Chesapeake Utilities has certain rights to match an acquisition proposal.

Conditions to Complete the Merger (Page 39)

Our obligations to complete the merger depend on a number of conditions being met. These include, among other conditions:

the approval and adoption of the merger agreement and the merger by the holders of a majority of the Gatherco common shares;

the listing on the NYSE of the shares of Chesapeake Utilities common stock to be issued in the merger;

the absence of any law or governmental order that would prohibit the merger or make it illegal;

the representations and warranties of the other party to the merger agreement being true and correct in all material respects (except for representations and warranties qualified by the words "material" or "Material Adverse Effect," which are required to be true in all respects), and the other party to the merger agreement having performed in all material respects all its obligations under the merger agreement; and

the receipt of legal opinions that (based on customary assumptions and on factual representations made by Chesapeake Utilities and Gatherco and subject to various limitations), for United States federal income tax purposes, the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code.

In addition, Chesapeake Utilities' obligation to complete the merger is conditioned upon the number of dissenting shares not exceeding 10% of Gatherco's outstanding common shares.

Where the law permits, either of Chesapeake Utilities or Gatherco could choose to waive a condition to its obligation to complete the merger even when that condition has not been satisfied. We cannot be certain when, or if, the conditions to the merger will be satisfied or waived, or that the merger will be completed. Although the merger agreement allows us to waive the tax opinion condition, we do not currently anticipate doing so.

Regulatory Approvals to Complete the Merger

We do not believe that any regulatory approvals are required for completion of the merger other than those that have already been obtained and the approval of the listing of the Chesapeake Utilities common stock to be issued in the merger on the NYSE.

Termination of the Merger Agreement (Page 41)

We can mutually agree at any time to terminate the merger agreement without completing the merger, even if Gatherco's shareholders have approved and adopted the merger agreement and the merger. Also, either of us can decide, without the consent of the other, to terminate the merger agreement in certain circumstances, including, among other circumstances:

if the merger is not completed on or before June 30, 2015;

if there is a final denial of a required regulatory approval;

if there is a breach of the merger agreement by the other party, as long as that breach would allow the non-breaching party not to complete the merger; or

if Gatherco's shareholders fail to adopt and approve the merger agreement and the merger.

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Also, Chesapeake Utilities may terminate the merger agreement, among other reasons:

if Gatherco's board of directors withdraws, qualifies or adversely modifies its recommendation to the Gatherco shareholders that they adopt and approve the merger agreement and the merger;

if Gatherco has breached its covenant not to solicit or encourage inquiries or proposals with respect to any proposal by a third party for the acquisition of Gatherco or its businesses, in circumstances not permitted under the merger agreement; or

if the number of dissenting shares exceeds 10% of Gatherco's outstanding common shares.

Whether or not the merger is completed, we will each pay our own fees and expenses, subject to any termination fee payable by Gatherco pursuant to the merger agreement.

The merger agreement provides that Gatherco must pay Chesapeake Utilities a termination fee in certain situations. In particular, Gatherco will pay Chesapeake Utilities a fee of \$2,000,000:

(i) if (A) any of the following occurs:

Chesapeake Utilities or Gatherco terminates the merger agreement because the merger is not completed on or before June 30, 2015;

Chesapeake Utilities terminates the merger agreement because of a breach of the merger agreement by Gatherco that would allow Chesapeake Utilities not to complete the merger; or

Chesapeake Utilities or Gatherco terminates the merger agreement because Gatherco's shareholders fail to adopt and approve the merger agreement and the merger;
and prior to any such termination, there has been publicly announced any proposal by a third party to acquire Gatherco or its businesses or an intention to make such a proposal, and (B) within 12 months of such termination Gatherco either (1) completes a transaction for the acquisition of Gatherco or its businesses or (2) enters into any agreement contemplating or otherwise relating to any such transaction or proposal therefor, whether or not such transaction or proposal is subsequently completed; or

(ii) if Chesapeake Utilities terminates the merger agreement because:

Gatherco's board of directors withdraws, qualifies or adversely modifies its recommendation to the Gatherco shareholders that they adopt and approve the merger agreement and the merger; or

Gatherco fails to comply with its obligations not to solicit or encourage inquiries or proposals with respect to any proposal by a third party for the acquisition of Gatherco or its businesses, in circumstances not permitted under the merger agreement.

Amendment or Waiver of Merger Agreement Provisions (Page 42)

We may jointly amend the merger agreement, and we each may waive our respective right to require the other party to follow particular provisions of the merger agreement.

Rights of Gatherco Shareholders Following the Merger (Page 47)

The rights of Chesapeake Utilities stockholders are governed by Delaware law and by Chesapeake Utilities amended and restated certificate of incorporation and amended and restated bylaws, as amended. The rights of Gatherco shareholders are governed by Ohio law and by Gatherco's articles of incorporation and code of regulations. Upon our completion of the merger, the rights of both stockholder (or shareholder) groups will be governed by Delaware law and Chesapeake Utilities amended and restated certificate of incorporation and amended and restated bylaws, as amended.

Transaction, Integration and Merger-Related Costs

The transaction was valued at approximately \$59,200,000 (taking into account the amount of outstanding Gatherco debt) as of the date of its announcement. Chesapeake Utilities and Gatherco also expect to incur costs of approximately \$2,000,000 associated with combining the operations of the two companies, which include transaction, integration and merger-related costs (including filing and registration fees with the SEC and New York Stock Exchange (NYSE), printing and mailing costs associated with this proxy statement/prospectus, and legal, accounting, financial advisory, consulting and public relations fees). Certain of the transaction and merger-related costs will be deducted from the aggregate merger consideration payable for the Gatherco common shares at closing. Additional costs may be incurred in the integration of the Gatherco business into the Chesapeake Utilities family of businesses.

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Listing of Chesapeake Utilities Common Stock

The shares of Chesapeake Utilities common stock to be issued in the merger will be listed on the NYSE under the ticker symbol CPK.

Chesapeake Utilities Per Share Market Price and Dividend Information

Chesapeake Utilities common stock is listed on the NYSE under the ticker symbol CPK. The following table shows, for the calendar quarters indicated, based on published financial sources: (1) the high and low sale prices of shares of Chesapeake Utilities common stock as reported on the NYSE Composite Transaction Tape, as adjusted pursuant to Chesapeake Utilities three-for-two stock split effected in the form of a stock dividend that was effective September 9, 2014, and (2) the cash dividends declared per share of Chesapeake Utilities common stock.

High