

## **Shareholder Services**

Inquiries about stock transfer, dividends, dividend reinvestment, missing or lost certificates, change of address notification and other account information should be directed to:

**Investor Relations Department,  
Middlesex Water Company  
P.O. Box 1500,  
Iselin, NJ 08830**

## **Dividend Reinvestment and Stock Purchase Plan**

The Company has a Dividend Reinvestment and Stock Purchase Plan through which its shareholders can automatically reinvest all or part of their dividends and/or make direct cash payments to acquire Middlesex Water Company Common Stock.

## **Direct Deposit of Dividends**

Middlesex Water offers direct deposit of dividends whereby dividend payments may be deposited into shareholders' checking, savings or money market accounts. For information call 1-800-368-5948.

## **Transfer Agent**

The Transfer Agent for the Common and Preferred Stocks is:

**Registrar and Transfer Company,  
10 Commerce Drive,  
Cranford, NJ 07016  
800-368-5948**

## **View Your Account Online!**

Shareholders can view their stockholder account information directly via the Internet. Registrar and Transfer Company (R&T) will issue and mail a password directly to you at your address of record. You may also apply for a password by visiting the R&T website, [www.rtc.com](http://www.rtc.com). Please note, you will need your account number to request Internet access. This number can be found on your distribution check or dividend reinvestment statement. The R&T web site also has other loadable forms and the ability to submit address changes and request the replacement of outstanding checks.



**1500 Ronson Road, Iselin, NJ 08830-3020**  
**732-634-1500 • Fax 732-638-7515**  
NASDAQ Global Select Market Stock Market Symbol: MSEX  
[www.middlesexwater.com](http://www.middlesexwater.com)

## **About Middlesex Water Company**

Middlesex Water Company was incorporated as a water utility company in 1897. The Company collects, treats, distributes and sells water for domestic, commercial, municipal, industrial and fire protection purposes.

### **New Jersey Companies**

**The Middlesex System** provides water services to approximately 59,200 retail customers, within a 55-square mile area encompassing Woodbridge Township, the City of South Amboy, the Boroughs of Metuchen and Carteret, portions of Edison Township and the Borough of South Plainfield. The Company also provides water under contract to the Township of Edison, the Boroughs of Highland Park and Sayreville, and both the Old Bridge and Marlboro Township Utilities Authorities. The Middlesex System also provides treatment and pumping services to the Township of East Brunswick under contract. The contract customers of the Middlesex System comprise an area of approximately 146 square miles with a population of about 303,000.

**Utility Service Affiliates (Perth Amboy) Inc.**, operates the City of Perth Amboy's water and wastewater systems and serves approximately 9,600 customers.

**Pinelands Water and Wastewater Companies** serve approximately 2,500 residential customers in Burlington County, New Jersey.

**Utility Service Affiliates, Inc.** provides contract operations services and water and sewer line maintenance through its LineCare<sup>SM</sup> Program.

### **Delaware Companies**

**Tridewater Utilities, Inc.**, (TUI), the Company's Delaware subsidiary along with its wholly-owned subsidiary, Southern Shores, provides water service to about 30,100 retail customers in over 271 separate community water systems in New Castle, Kent and Sussex Counties.

**White Marsh Environmental Systems, Inc.** operates water and wastewater systems in Delaware, under contract, and serves about 5,000 residential customers.

**Tidewater Environmental Services, Inc.** began providing wastewater services in Delaware in 2005.

# 2007 Second Quarter Report



A Provider of Water,  
Wastewater and Related  
Products and Services

**JUNE 30, 2007**

[www.middlesexwater.com](http://www.middlesexwater.com)

## A Note from the President

### To Our Shareholders,

Second quarter results were generally in line with our expectations and we achieved higher operating revenues and net income. Earnings Applicable to Common Stock were \$3.3 million or, \$0.24 per common share on a fully diluted basis, as compared to \$2.9 million or, \$0.25 per share in the second quarter of 2006. Diluted earnings per share decreased slightly due to a higher number of shares outstanding from the issuance of 1.5 million shares of new common stock in November 2006.

Consolidated operating revenues for the quarter rose to \$21.7 million, or 3.4% compared to \$21.0 million for the same period in 2006. This was largely due to customer growth and rate relief in our Delaware service territories.

Operation and maintenance expenses for the quarter increased \$0.4 million or 3.5% with labor costs up \$0.2 million due to wage increases and increased staffing to serve continued growth in our Delaware systems. Water production costs were \$0.2 million higher due to increased sales in Delaware and higher unit costs for water, power and treatment costs in New Jersey.

### Rate Proceedings

In April, we filed for an \$8.9 million or 16.5% increase for our Middlesex system in New Jersey. We expect a decision in this matter by the first quarter of 2008. We continue to focus on controlling operating costs and generating further efficiencies. To that end, in the second quarter, we consolidated our finance and accounting functions into a single location and sold an office building that had not been part of our core utility business, for a gain of \$0.2 million.

### Acquisition Update

We are making progress in growing our regulated water and wastewater utility businesses as well as our non-regulated services. In the second quarter, we completed the acquisition of the wastewater collection and treatment system of the Town of Milton, DE that we had first announced last quarter. This system is being operated by our Delaware wastewater utility, Tidewater Environmental Services, Inc. and is serving about 1,140 customers. This system is intended to expand over the next several years to accommodate growth in the surrounding areas.

We are committed to implementing a number of operations initiatives that will further drive financial and company-wide performance, increase efficiency and enhance customer service. These include business process improvements, additional technology and establishing remote payment options for our customers.

### Board Declares Dividend

Middlesex Water declared a quarterly cash dividend of \$0.1725 per share, payable September 4, 2007, to common shareholders as of August 15, 2007. The Company has paid cash dividends in varying amounts continually since 1912. Middlesex Water has a Dividend Reinvestment Plan under which dividends and optional cash payments can be used to purchase additional shares of Common stock.

### Annual Meeting of Stockholders

At the annual meeting held on May 23, 2007, stockholders of the Company voted to re-elect Directors Annette Catino and Walter G. Reinhard to 3-year terms expiring in 2010. Each director received at least 10,660,977 votes or 94% of the total votes cast. Stockholders also voted on a proposal related to the Amendment of the Restated Certificate of Incorporation to increase the authorized common stock from 20 million to 40 million shares. The proposal passed by a percentage of votes cast at 94.2%, more than the required two-thirds of shares voted. I congratulate these Directors on their re-election and thank all the members of your Board for their active involvement, diligence and leadership.

As we said in our 2006 annual report, these are exciting times for our industry and for our company. We are enthusiastic about our prospects for growth and are strategically implementing the framework to further drive results. We appreciate your continued support.



Dennis W. Doll  
President and Chief Executive Officer  
August 28, 2007



## CONDENSED CONSOLIDATED STATEMENT OF INCOME

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Operating Revenues	\$21,744,615	\$21,037,055	\$40,732,188	\$39,267,201
Operating Expenses:				
Operations	10,143,070	10,011,895	20,335,222	19,658,026
Maintenance	1,036,689	794,248	2,014,508	1,533,232
Depreciation	1,874,539	1,712,740	3,719,919	3,381,133
Other Taxes	2,411,198	2,369,072	4,662,273	4,572,525
Total Operating Expenses	15,465,496	14,887,955	30,731,922	29,144,916
Operating Income	6,279,119	6,149,100	10,000,266	10,122,285
Other Income:				
Allowance for Funds Used				
During Construction	140,364	115,388	252,592	228,025
Other Income	282,051	40,840	508,196	98,778
Other Expense	(7,899)	(12,519)	(12,498)	(14,258)
Total Other Income, net	414,516	143,709	748,290	312,545
Interest Charges	1,697,523	1,808,118	3,081,230	3,323,116
Income before Income Taxes	4,996,112	4,484,691	7,667,326	7,111,714
Income Taxes	1,681,586	1,516,855	2,583,271	2,331,514
Net Income	3,314,526	2,967,836	5,084,055	4,780,200
Preferred Stock Dividend Requirements	61,946	61,946	123,893	123,893
Earnings Applicable to Common Stock	\$ 3,252,580	\$2,905,890	\$ 4,960,162	\$ 4,656,307
Earnings per share of Common Stock:				
Basic	\$ 0.25	\$ 0.25	\$ 0.38	\$ 0.40
Diluted	\$ 0.24	\$ 0.25	\$ 0.37	\$ 0.40
Average Number of Common Shares Outstanding:				
Basic	13,191,257	11,610,579	13,183,536	11,602,149
Diluted	13,522,397	11,941,719	13,514,676	11,933,289
Cash Dividends Paid per Common Share	\$ 0.1725	\$ 0.1700	\$ 0.3450	\$ 0.3400

### Visit Our Investor Relations Website:

To learn more about developments at Middlesex Water Company and to register for periodic e-mail updates, please visit the Investor Relations Section of our website at [www.middlesexwater.com](http://www.middlesexwater.com)