

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. 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.



NASDAQ
GLOBAL SELECT

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

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 Municipal 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 LineCareSM 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.

2008 Second Quarter Report



A Provider of Water,
Wastewater and Related
Products and Services

Named One of
America's Top 100 Most
Trustworthy Companies
(*Audit Integrity, Inc.*,
March 2008)

JUNE 30, 2008

www.middlesexwater.com

A Note from the President

To Our Shareholders,

In the second quarter, consolidated operating revenues and net income increased over the same period in 2007. Revenues for the quarter rose to \$23.0 million, or 5.9% compared to \$21.7 million for the same period in 2007. This was largely due to a 9.1% base rate increase implemented in our Middlesex system in New Jersey in October 2007, customer growth in our Tidewater systems in Delaware and rate relief in the form of a Distribution System Improvement Charge that went into effect at our Delaware subsidiary, Tidewater Utilities, at the beginning of 2008. Net income increased 7.6% to \$3.6 million from \$3.3 million for the same period in 2007. Earnings Applicable to Common Stock were \$3.5 million or \$0.26 per common share on a fully diluted basis, as compared to \$3.2 million or \$0.24 per share in the second quarter of 2007.

The slow pace of growth in the housing markets continues to impact the pace of new developer-projects in Delaware and other areas where we have identified further opportunities for growth. We are taking advantage of this period to work with developers in the planning and permitting of projects that are intended to move forward as economic conditions improve. In addition, we are devoting significant effort to examining our internal business processes and implementing technology to support those processes. These substantial management initiatives, along with efforts in the areas of training, safety and other areas, are all contributing to success in our ongoing pursuit of further operational excellence, customer satisfaction and shareholder value.

Operation and maintenance expenses for the quarter increased \$0.5 million or 4.9% with water production costs up \$0.1 million due to higher costs for water, electric power, chemicals and disposal of residuals (materials removed in the water treatment process) in New Jersey. Operating costs increased in Delaware due to the acquisition of the Milton, DE municipal wastewater system during 2007 and an increased number of wastewater treatment facilities in operation in Delaware.

Statement of Capital Stock and Long-term Debt and balance Sheet to be Restated

We have filed an amended Form 10-Q for the quarterly period ended March 31, 2008 in order to correct certain long-term debt information. As part of our financial reporting process review, we had determined to amend the filing. The restated Form 10-Q amended the Condensed Statement of Capital Stock and Long-term Debt and Condensed Consolidated Balance Sheet as of March 31, 2008, for the reclassification of \$15.0 million of long-term debt scheduled to mature in less than twelve months, namely February 1, 2009. While the restatement did not have an impact on reported earnings, cash flows from operating activities or cash balances for the periods affected, the condensed consolidated financial statements issued in the original filing should not be relied upon because of the restatements to those financial statements. The Company has discussed with Beard Miller Company LLP, independent accountant, the matters disclosed in this filing.

Board Declares Dividend

Middlesex Water declared a quarterly cash dividend of \$0.1750 per share, payable September 2, 2008, to common shareholders as of August 15, 2008. The Company has paid cash dividends in varying amounts continually since 1912. Our robust dividend yield, at 3.80%, remains one of the highest in our peer group.

Annual Meeting of Stockholders

At the annual meeting held on May 21, 2008, stockholders of the Company voted to re-elect Directors John R. Middleton, M.D., Jeffries Shein and J. Richard Tompkins to 3-year terms expiring in 2011. Each director received at least 9,098,808 votes or more than 83% of the total votes represented by shares outstanding or 83% of the total votes cast. Stockholders also voted on two other proposals. The proposal to approve the new 2008 Restricted Stock Plan, passed by a percentage of votes cast at 92%, and the proposal to approve the Outside Director Stock Compensation Plan passed by a percentage of votes cast at 91%.

Honors and Achievements

In June, Middlesex Water was added to the Russell 2000 Index. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes 2000 securities based on a combination of their market cap and current index membership. Inclusion in this well-respected Index is recognition of our achievements, growth and strengthened market position in our industry and provides further momentum for delivering value for our shareholders.

In August, Tidewater Utilities was honored with a "Best in The Business" designation by Workplace Dynamics LLC in Malvern, PA, a survey conducted by the Delaware News Journal. The "Best in The Business" list identifies leading workplaces in Delaware. This is the second time Tidewater has earned this prestigious honor.

As we said in our 2007 annual report to shareholders, we are excited about the broad range of technical and management capabilities that we have developed and can offer to municipalities and developers. Our ability to provide full-service solutions strongly positions us as a utility of choice for those seeking quality water and wastewater utility service expertise. We appreciate your continued support.



Dennis W. Doll
President and Chief Executive Officer
August 15, 2008



CONDENSED CONSOLIDATED STATEMENT OF INCOME

(Unaudited)

(In thousands except per share amounts)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|----------------------------|--------------------------------|----------|------------------------------|----------|
| | 2008 | 2007 | 2008 | 2007 |
| Operating Revenues | \$23,035 | \$21,745 | \$43,890 | \$40,732 |
| Operating Expenses: | | | | |
| Operations | 10,617 | 10,143 | 21,719 | 20,335 |
| Maintenance | 1,110 | 1,037 | 2,107 | 2,015 |
| Depreciation | 1,955 | 1,875 | 3,885 | 3,720 |
| Other Taxes | 2,528 | 2,411 | 5,008 | 4,662 |
| Total Operating Expenses | 16,210 | 15,466 | 32,719 | 30,732 |
| Operating Income | 6,825 | 6,279 | 11,171 | 10,000 |
| Other Income:(Expense) | | | | |
| Allowance for Funds Used | | | | |
| During Construction | 162 | 140 | 265 | 252 |
| Other Income | 277 | 282 | 518 | 508 |
| Other Expense | (113) | (8) | (158) | (12) |
| Total Other Income, net | 326 | 414 | 625 | 748 |
| Interest Charges | 1,806 | 1,698 | 3,323 | 3,081 |
| Income before Income Taxes | 5,345 | 4,995 | 8,473 | 7,667 |
| Income Taxes | 1,780 | 1,682 | 2,904 | 2,583 |
| Net Income | 3,565 | 3,313 | 5,569 | 5,084 |
| Preferred Stock | | | | |
| Dividend Requirements | 62 | 62 | 124 | 124 |
| Earnings Applicable to | | | | |
| Common Stock | \$ 3,503 | \$ 3,251 | \$ 5,445 | \$ 4,960 |
| Earnings per share of | | | | |
| Common Stock: | | | | |
| Basic | \$ 0.26 | \$ 0.25 | \$ 0.41 | \$ 0.38 |
| Diluted | \$ 0.26 | \$ 0.24 | \$ 0.41 | \$ 0.37 |
| Average Number of | | | | |
| Common Shares Outstanding: | | | | |
| Basic | 13,269 | 13,191 | 13,262 | 13,184 |
| Diluted | 13,600 | 13,522 | 13,593 | 13,515 |
| Cash Dividends Paid per | | | | |
| Common Share | \$0.1750 | \$0.1725 | \$0.3500 | \$0.3450 |

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