
UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1
to
Form S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

MIDDLESEX WATER COMPANY

(Exact name of registrant as specified in its charter)

New Jersey
*(State or other jurisdiction of
incorporation or organization)*

22-1114430
*(I.R.S. Employer
Identification No.)*

1500 Ronson Road, Iselin, New Jersey 08830
(732) 634-1500
*(Address, including zip code, and telephone number,
including area code, of registrant's principal executive offices)*

A. BRUCE O'CONNOR
Vice President and Chief Financial Officer
Middlesex Water Company
1500 Ronson Road, Iselin, New Jersey 08830-3020
(732) 634-1500
*(Name, address, including zip code, and telephone number,
including area code, of agent for service)*

With Copies to:

PETER D. HUTCHEON, ESQ.
Norris, McLaughlin & Marcus, P.A.
721 Route 202-206, P.O. Box 1018
Somerville, New Jersey 08876-1018
(908) 722-0700

JUSTIN P. KLEIN, ESQ.
Ballard Spahr Andrews & Ingersoll, LLP
1735 Market Street, 51st Floor
Philadelphia, Pennsylvania 19103-7599
(215) 665-8500

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or reinvestment plans, 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, please 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(c) 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 registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

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 the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED OCTOBER 27, 2006.

PROSPECTUS

1,300,000 Shares



Common Stock

We are offering 1,300,000 shares of our common stock with this prospectus.

Our common stock is listed for trading on the NASDAQ Global Select Market under the symbol "MSEX". On October 26, 2006, the last reported sale price for our common stock was \$18.88 per share.

We have granted the underwriters an option, exercisable within 30 days after the date of this prospectus, to purchase up to 195,000 additional shares of common stock upon the same terms and conditions as the shares offered hereby to cover over-allotments, if any.

Investing in our common stock involves risk. See "Risk Factors" beginning on page 5 of this prospectus.

	<u>Per Share</u>	<u>Total</u>
Public offering price	\$	\$
Underwriting discounts and commissions	\$	\$
Proceeds to Middlesex Water Company	\$	\$

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Janney Montgomery Scott LLC, on behalf of the underwriters, expects to deliver the shares on or about _____, 2006.

JANNEY MONTGOMERY SCOTT LLC

A.G. EDWARDS

The date of this prospectus is _____, 2006.

Middlesex Water Company Service Areas

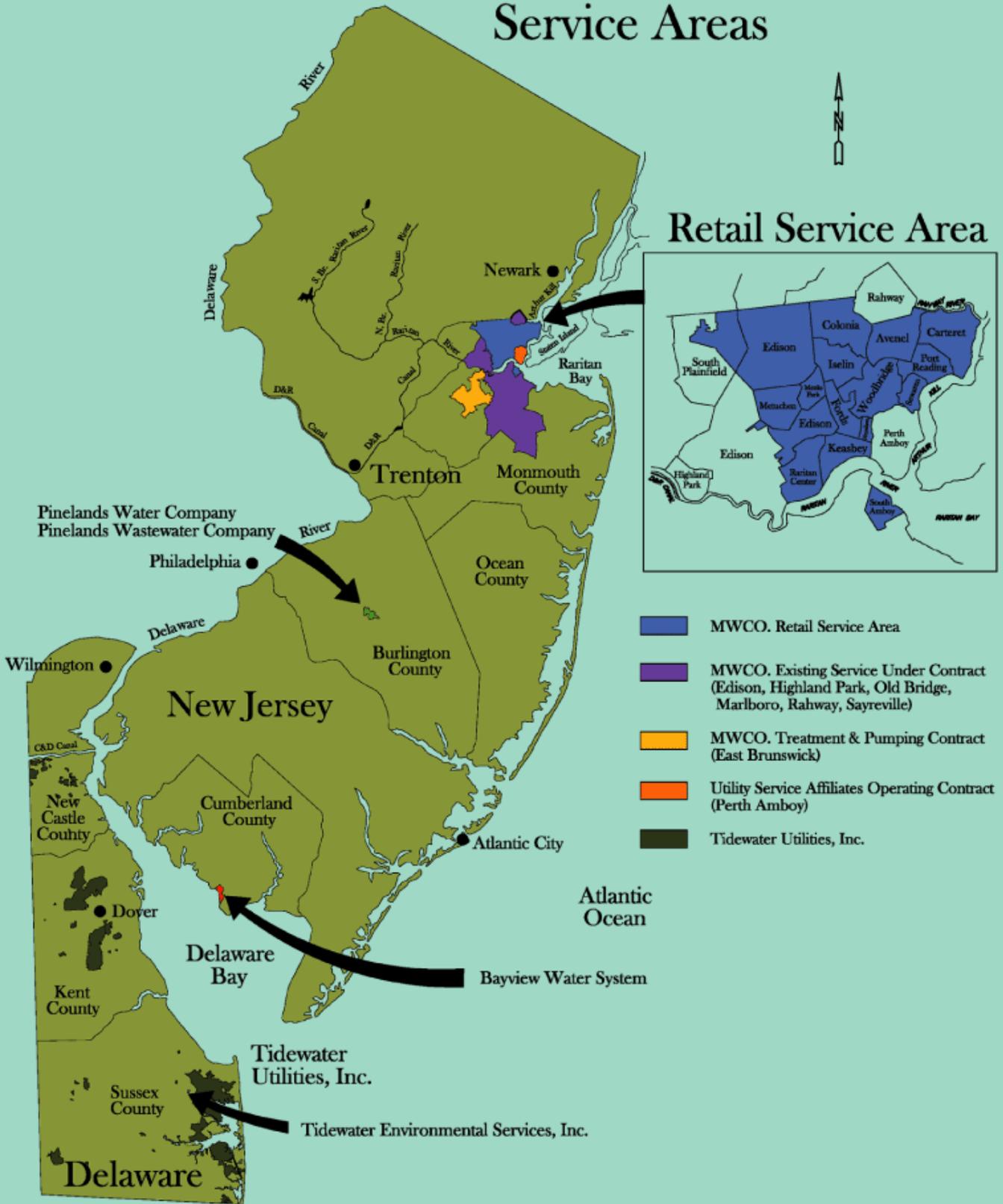


TABLE OF CONTENTS

	<u>Page</u>
Prospectus Summary	1
Risk Factors	5
Forward-Looking Statements	10
Use Of Proceeds	11
Capitalization	11
Common Stock Price Range And Dividends	12
Our Company	13
Management	19
Description Of Capital Stock	21
Dividend Reinvestment Plan	22
Underwriting	23
Legal Matters	25
Experts	25
Where You Can Find More Information	25
Incorporation Of Certain Documents By Reference	25
EX-1.1: FORM OF UNDERWRITING AGREEMENT	
EX-23.1: CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	

PROSPECTUS SUMMARY

This Prospectus Summary calls your attention to the most significant aspects of the offering covered by this document, but may not contain all the information that is important to you. Unless otherwise indicated, we have assumed in presenting information about outstanding shares of common stock, including per share information, that the underwriters' over-allotment option will not be exercised. The terms "Company," "we," "our," and "us" refer to Middlesex Water Company and its subsidiaries, including Tidewater Utilities, Inc. ("Tidewater") (and Tidewater's wholly-owned subsidiaries, Southern Shores Water Company, LLC ("Southern Shores") and White Marsh Environmental Systems, Inc. ("White Marsh")), Tidewater Environmental Services, Inc. ("TESI"), Pinelands Water Company ("Pinelands Water") and Pinelands Wastewater Company ("Pinelands Wastewater" and collectively with Pinelands Water, "Pinelands"), Utility Service Affiliates, Inc. ("USA"), and Utility Service Affiliates (Perth Amboy) Inc. ("USA-PA"). The term "you" refers to a prospective investor. The term "Middlesex System" refers to our central New Jersey water utility. To understand the offering fully and for a more complete description of the offering you should read this entire document carefully, including especially the "Risk Factors" section, as well as the documents to which we have referred you in the section entitled "Where You Can Find More Information."

Our Business

Middlesex Water Company has operated as a water utility in New Jersey since 1897, and in Delaware, through our wholly-owned subsidiary, Tidewater, since 1992. We are in the business of collecting, treating, distributing and selling water for domestic, commercial, municipal, industrial and fire protection purposes. We also operate a New Jersey municipal water and wastewater system under contract and provide wastewater services in New Jersey and Delaware through our subsidiaries. We are regulated as to the rates charged to customers for water and wastewater services, as to the quality of water service we provide and as to certain other matters. Only our USA, USA-PA and White Marsh subsidiaries are not regulated utilities.

Our Middlesex System provides water service to approximately 59,125 retail customers, primarily in central New Jersey. The Middlesex System also provides water service under contract to municipalities in central New Jersey with a total population of approximately 294,000. Through our subsidiary, USA-PA, we operate the water supply system and wastewater system for the City of Perth Amboy, New Jersey. Our other New Jersey subsidiaries, Pinelands Water and Pinelands Wastewater, provide water and wastewater services to residents in Southampton Township, New Jersey. Our USA subsidiary offers residential customers in New Jersey and Delaware a service line maintenance program called LineCareSM.

Our Delaware subsidiaries, Tidewater and Southern Shores, provide water services to approximately 29,700 retail customers in New Castle, Kent and Sussex Counties, Delaware. Our TESI subsidiary provides regulated wastewater service to approximately 80 residential retail customers in Delaware. Our White Marsh subsidiary serves an additional 5,000 customers under unregulated operating contracts with various owners of small water and wastewater systems in Kent and Sussex Counties. Our customer base in Delaware has the potential to grow substantially within the existing territories we currently serve. The developments we either serve or have entered into contracts to serve have obtained approvals to build additional housing units. If those additional housing units are built and sold, we project our customer base would grow to 41,000 without the acquisition of additional housing developments. Further, there is significant economic development and population growth within and near many of our Delaware service areas. For example, according to the United States Census Bureau, from 2000 to 2005, the population in Kent and Sussex Counties is estimated to have increased 13.6% and 12.7%, respectively.

Our Strategy

Our strategy is focused on four key areas:

- Serve as a trusted and continually-improving provider of safe, reliable and cost-effective water, wastewater and related services.
- Provide a comprehensive suite of water and wastewater solutions in the rapidly developing Delaware market that results in profitable growth.
- Pursue profitable, core growth in New Jersey.
- Invest in products, services and other viable opportunities that complement our core competencies.

Recent Developments

Earnings for Nine Months ended September 30, 2006

For the nine months ended September 30, 2006, our revenues were \$61.9 million, an increase of \$5.9 million from the same period in 2005. Base rate increases in New Jersey and Delaware combined to contribute \$3.9 million of the higher revenues. Water consumption and related fees from customer growth, primarily in Delaware, added \$0.8 million of the increase, while water sales to our existing customers grew by \$0.4 million. New unregulated wastewater contracts in Delaware provided \$0.4 million of additional revenues. All other sources contributed \$0.4 million. Operation and maintenance expenses increased to \$32.5 million, an increase of \$1.4 million over the same period in 2005. Water production and treatment costs for our Middlesex system increased by \$0.2 million, which was offset by \$0.2 million of reduced maintenance costs. The continuing growth of our Delaware systems resulted in higher costs of water treatment, additional employees and related benefit expenses of \$0.4 million. Costs related to providing services by our non-regulated wastewater operation in Delaware increased \$0.2 million. USA-PA expenses for subcontractor fees and labor increased by \$0.2 million. Business insurance increased \$0.2 million. All other operation costs increased by \$0.4 million.

We reported earnings applicable to common stock of \$8.0 million, or \$0.69 per basic share, for the nine months ended September 30, 2006, compared with \$6.2 million, or \$0.54 per basic share for the same period in 2005. We reported earnings applicable to common stock of \$3.3 million, or \$0.29 per basic share, for the quarter ended September 30, 2006, compared with \$3.0 million, or \$0.26 per basic share for the same period in 2005.

Tidewater Rate Request

In April 2006, Tidewater filed for a \$5.5 million, or 38.6%, base rate increase with the Delaware Public Service Commission (“PSC”). The request is intended to recover increased costs of operations, maintenance and taxes, as well as capital investment of approximately \$23.8 million since rates were last established in March 2005. We cannot predict whether the PSC will ultimately approve, deny, or reduce the amount of the request. Concurrent with the rate filing, Tidewater also submitted a request for a 15% interim rate increase subject to refund as allowed under PSC regulations. The interim rates went into effect on June 27, 2006. Evidentiary hearings are scheduled for mid-November 2006.

Corporate Information

Our executive offices are located at 1500 Ronson Road, Iselin, New Jersey 08830-3020. Our telephone number is (732) 634-1500 and our website is located at www.middlesexwater.com. The information on our website is not part of this prospectus.

The Offering

Common Stock offered no par value	1,300,000 shares
Common Stock to be outstanding after the offering	12,961,332 shares ⁽¹⁾
The NASDAQ Global Select Market symbol	MSEX
Common Stock 52-week price range (through October 26, 2006)	Low: \$16.50 per share High: \$21.90 per share
Annualized dividend rate	\$0.6825 per share
Use of proceeds	We expect to use the net proceeds to repay all of our outstanding short-term borrowings and to fund our ongoing construction program.
Risk Factors	Investing in our common stock involves risks. See “Risk Factors” beginning on page 5 for a description of the risks that you should consider before you decide to invest in shares of our common stock.

(1) The shares of our common stock to be outstanding after the offering is based on 11,661,332 shares outstanding as of October 26, 2006.

Summary Consolidated Financial Data

The following table sets forth summary consolidated financial data for the periods indicated. The summary consolidated financial data as of September 30, 2006 and 2005, and for the nine months ended September 30, 2006 and 2005, have been derived from our unaudited financial statements which have been incorporated by reference in this prospectus, and in the opinion of management, contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position as of September 30, 2006 and 2005, and the results of operations for the nine month periods ended September 30, 2006 and 2005. The summary consolidated financial data as of December 31, 2005 and 2004, and for the three years ended December 31, 2005, have been derived from our audited financial statements, which have been incorporated by reference in this prospectus. The summary consolidated financial data as of December 31, 2003, has been derived from audited financial statements not included or incorporated by reference herein. The information set forth below should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and our Consolidated Financial Statements and the accompanying Notes to Consolidated Financial Statements contained in our Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q that are incorporated by reference in this prospectus. Historical operating results are not necessarily indicative of results for any other period and operating results for the nine months ended September 30, 2006, are not necessarily indicative of operating results which may be expected for the full year.

	Nine Months Ended September 30,		Years Ended December 31,		
	2006	2005	2005	2004	2003
(In thousands, except per share data)					
Consolidated Income Statement Data:					
Operating Revenues	\$ 61,899	\$ 56,006	\$ 74,613	\$ 70,991	\$ 64,111
Operating Expenses	44,918	42,563	57,395	54,058	49,374
Net Income	8,157	6,350	8,476	8,446	6,631
Earnings Applicable to Common Stock	7,971	6,161	8,225	8,191	6,376
Earnings per Share of Common Stock:					
Basic	\$ 0.69	\$ 0.54	\$ 0.72	\$ 0.74	\$ 0.61
Diluted	\$ 0.68	\$ 0.54	\$ 0.71	\$ 0.73	\$ 0.61
Dividends Paid per Share of Common Stock	\$ 0.510	\$ 0.503	\$ 0.673	\$ 0.663	\$ 0.649
Average Number of Shares Outstanding:					
Basic	11,611	11,409	11,445	11,080	10,475
Diluted	11,943	11,751	11,784	11,423	10,818
	As of September 30,		As of December 31,		
	2006	2005	2005	2004	2003
(In thousands)					
Consolidated Balance Sheet Data:					
Total Assets	\$ 347,107	\$ 318,883	\$ 324,383	\$ 305,634	\$ 267,956
Utility Plant-Net	302,114	273,598	282,961	258,319	231,549
Common Equity	102,855	98,273	99,592	95,129	79,643
Long-Term Debt (excluding current portion)	126,338	127,901	128,175	115,281	97,377
Short-Term Debt	20,642	7,104	5,931	12,091	13,567
Total Debt	146,980	135,005	134,106	127,372	110,944

RISK FACTORS

We have described for you below risks involved in investing in the common stock offered under this prospectus. You should carefully consider each of the following factors and all of the information both in this prospectus and in the other documents we have filed with the Securities and Exchange Commission which are incorporated in this prospectus by reference.

Our revenue and earnings depend on the rates we charge our customers. We cannot raise utility rates in our regulated businesses without filing a petition with the appropriate governmental agency. If these agencies modify, delay, or deny our petition, our revenues will not increase and our earnings will decline unless we are able to reduce costs.

The New Jersey Board of Public Utilities (“BPU”) regulates our public utility companies in New Jersey with respect to rates and charges for service, classification of accounts, awards of new service territory, acquisitions, financings and other matters. That means, for example, that we cannot raise the utility rates we charge to our customers without first filing a petition with the BPU and going through a lengthy administrative process. In much the same way, the PSC regulates our public utility companies in Delaware. We cannot give assurance of when we will request approval for any such matter, nor can we predict whether the BPU or PSC will approve, deny or reduce the amount of such requests.

Certain costs of doing business are not completely within our control. The failure to obtain any rate increase would prevent us from increasing our revenues and, unless we are able to reduce costs, would result in reduced earnings.

We are subject to environmental and safety laws and regulations, including water quality and wastewater effluent quality regulations, as well as other state and local regulations. Compliance with these laws and regulations requires us to incur costs and we are subject to fines or other sanctions for non-compliance.

The United States Environmental Protection Agency (“EPA”) and New Jersey Department of Environmental Protection (“DEP”) regulate our operations in New Jersey with respect to water supply, treatment and distribution systems and the quality of the water. Our operations in Delaware are regulated by the EPA, Delaware Department of Natural Resources and Environmental Control (“DNREC”), Delaware Department of Health and Social Services-Division of Public Health (“DPH”), and Delaware River Basin Commission (“DRBC”) with respect to water supply, treatment and distribution systems and the quality of water. Federal, New Jersey and Delaware regulations relating to water quality require us to perform expanded types of testing to ensure that our water meets state and federal water quality requirements. We are subject to EPA regulations under the Federal Safe Drinking Water Act, which include the Lead and Copper Rule, the maximum contaminant levels established for various volatile organic compounds, the Federal Surface Water Treatment Rule and the Total Coliform Rule. There are also similar state regulations by the DEP in New Jersey. The DEP and DPH monitor our activities and review the results of water quality tests that we perform for adherence to applicable regulations. In addition, environmental regulatory agencies are continually reviewing regulations governing the limits of certain organic compounds found in water as byproducts of treatment.

We are also subject to regulations related to fire protection services. In Delaware, fire protection is regulated statewide by the Office of State Fire Marshal. In New Jersey there is no state-wide fire protection regulatory agency, but state regulations exist as to the size of piping required regarding the provision of fire protection services.

The cost of compliance with the water and wastewater effluent quality standards depends in part on the limits set in the regulations and on the method selected to implement them. If new or more restrictive standards are imposed, the cost of compliance could be very high and have an adverse impact on our revenues and results of operations if we cannot recover those costs through our rates that we charge our customers. The cost of compliance with fire protection requirements could also be high and make us less profitable if we cannot recover those costs through our rates charged to our customers.

Table of Contents

In addition, if we fail to comply with environmental or other laws and regulations to which our business is subject, we could be fined or subject to other sanctions, which could adversely impact our business or results of operations.

We are currently appealing a notice of violation and request for corrective action issued by the Delaware Fire Marshal regarding the alleged failure of one of the community water systems operated by Tidewater to meet Delaware fire protection requirements. If our appeal is unsuccessful, our operating results could be materially affected.

In July 2005, Tidewater received a notice of violation and request for corrective action issued by the Delaware Fire Marshal regarding the alleged failure of one of the community water systems operated by Tidewater to meet Delaware fire protection requirements. Tidewater appealed the Fire Marshal's decision with the Delaware State Fire Prevention Commission (the "SFPC") and, in November 2005, the SFPC denied Tidewater's appeal. In December 2005, Tidewater filed an appeal of the SFPC's decision with the Sussex County Superior Court in Delaware, which is still pending. There are approximately 67 of our other systems that may not meet the Delaware Fire Marshal's recent interpretation of the fire protection requirements. If the Delaware Fire Marshal's interpretation of the regulations is upheld upon appeal, we may be required to make corrections to the system at issue and the Delaware Fire Marshal could issue notices of violation and requests for corrective action for some or all of the approximately 67 other community systems. At this time, we cannot predict how many community water systems would ultimately require corrective action if our appeal is unsuccessful nor can we predict the timing and the cost of any required corrective actions. We will apply to the PSC to increase base rates to recover the costs of any such corrective actions. However, if corrective actions need to be taken at several community water systems, our costs could be significant, and to the extent the PSC does not approve rate increases to offset these costs, or if there is a significant delay in receiving approval for such rate increases, such costs could have a material adverse effect on our operating results.

We depend upon our ability to raise money in the capital markets to finance some of the costs of complying with laws and regulations, including environmental laws and regulations, or to pay for some of the costs of improvements to or expansion of our utility system assets. Our regulated utility companies cannot issue debt or equity securities without regulatory approval.

We require financing to fund our ongoing capital program for the improvement of our utility system assets and for planned expansion of those systems. We expect to spend between \$79 million and \$102 million for capital projects through 2008. We must obtain regulatory approval to sell debt or equity securities to raise money for these projects. If sufficient capital is not available, the cost of capital is too high, or if the regulatory authorities deny a petition of ours to sell debt or equity securities, we may not be able to meet the costs of complying with environmental laws and regulations or the costs of improving and expanding our utility system assets to the level we believe necessary. This might result in the imposition of fines or restrictions on our operations and may curtail our ability to improve upon and expand our utility system assets.

Weather conditions and overuse of underground aquifers may interfere with our sources of water, demand for water services and our ability to supply water to customers.

Our ability to meet the existing and future water demands of our customers depends on an adequate supply of water. Unexpected conditions may interfere with our water supply sources. Drought and overuse of underground aquifers may limit the availability of ground and/or surface water. Freezing weather may also contribute to water transmission interruptions caused by pipe and/or main breakage. Any interruption in our water supply could cause a reduction in our revenue and profitability. These factors might adversely affect our ability to supply water in sufficient quantities to our customers. Governmental drought restrictions might result in decreased use of water services and can adversely affect our revenue and earnings.

Our business is subject to seasonal fluctuations, which could affect demand for our water service and our revenues.

Demand for our water during the warmer months is generally greater than during cooler months due primarily to additional consumption of water in connection with irrigation systems, swimming pools, cooling systems and other outside water use. Throughout the year, and particularly during typically warmer months, demand may vary with temperature and rainfall levels. In the event that temperatures during the typically warmer months are cooler than normal, or if there is more rainfall than normal, the demand for our water may decrease and adversely affect our revenues.

Our water sources may become contaminated by naturally-occurring or man-made compounds and events. This may cause disruption in services and impose costs to restore the water to required levels of quality.

Our sources of water may become contaminated by naturally-occurring or man-made compounds and events. In the event that our water supply is contaminated, we may have to interrupt the use of that water supply until we are able to install treatment equipment or substitute the flow of water from an uncontaminated water source through our transmission and distribution systems. We may also incur significant costs in treating the contaminated water through the use of our current treatment facilities, or development of new treatment methods. Our inability to substitute water supply from an uncontaminated water source, or to adequately treat the contaminated water source in a cost-effective manner, may reduce our revenues and make us less profitable.

We face competition from other water and wastewater utilities and service providers, which might hinder our growth and reduce our profitability.

We face risks of competition from other utilities authorized by federal, state or local agencies. Once a state utility regulator grants a franchise to a utility to serve a specific territory, that utility has an exclusive right to service that territory. Although a new franchise offers some protection against competitors, the pursuit of franchises is competitive, especially in Delaware where new franchises may be awarded to utilities based upon competitive negotiation. Competing utilities have challenged, and may in the future challenge, our applications for new franchises. Also, third parties entering into long-term agreements to operate municipal systems might adversely affect us and our long-term agreements to supply water on a contract basis to municipalities, which could adversely affect our operating results.

We have a long-term contractual obligation for water and wastewater system operation and maintenance under which we may incur costs in excess of payments received.

Middlesex Water Company and USA-PA operate and maintain the water and wastewater systems of the City of Perth Amboy, New Jersey under a 20-year contract expiring in 2018. This contract does not protect us against incurring costs in excess of revenues we earn pursuant to the contract. There can be no assurance that we will not experience losses resulting from this contract. Losses under this contract or our failure or inability to perform may have a material adverse effect on our financial condition and results of operations. Also, in connection with the contract, Perth Amboy, through the Middlesex County Improvement Authority, issued approximately \$68.0 million in three series of bonds. Middlesex guaranteed one of those series of bonds, designated the Series C Serial Bonds, in the principal amount of approximately \$26.3 million. As of September 30, 2006, approximately \$23.4 million of Perth Amboy's bonds we have guaranteed remain outstanding. If Perth Amboy defaults on its obligations to pay the bonds we have guaranteed, we would have to raise funds to meet our obligations under that guarantee.

An important element of our growth strategy is the acquisition of water and wastewater assets, operations, contracts or companies. Any pending or future acquisitions we decide to undertake may involve risks.

The acquisition and/or operation of water and wastewater systems is an important element in our growth strategy. This strategy depends on identifying suitable opportunities and reaching mutually agreeable terms with acquisition candidates or contract partners. These negotiations, as well as the integration of acquired

[Table of Contents](#)

businesses, could require us to incur significant costs and cause diversion of our management's time and resources. Further, acquisitions may result in dilution of our equity securities, incurrence of debt and contingent liabilities, fluctuations in quarterly results and other related expenses. In addition, the assets, operations, contracts or companies we acquire may not achieve the sales and profitability expected.

The current concentration of our business in central New Jersey and Delaware makes us susceptible to any adverse development in local regulatory, economic, demographic, competitive and weather conditions.

Our Middlesex System, which accounted for 69% of our 2005 revenue and 67% of our revenue during the first nine months of 2006, provides water services to retail customers who are located primarily in eastern Middlesex County, New Jersey and provides water under wholesale contracts to the Township of Edison, the Boroughs of Highland Park and Sayreville, and both the Old Bridge and the Marlboro Township Municipal Utilities Authorities, and the City of Rahway in Union County, New Jersey. Our Tidewater System provides water services to retail customers in the State of Delaware. Our revenues and operating results are therefore subject to local regulatory, economic, demographic, competitive and weather conditions in a relatively concentrated geographic area. A change in any of these conditions could make it more costly or difficult for us to conduct our business. In addition, any such change would have a disproportionate effect on us, compared to water utility companies that do not have such a geographic concentration.

The necessity for increased security has and may continue to result in increased operating costs.

Since the September 11, 2001 terrorist attacks and the continuing threats to the health and security of the United States of America, we have taken steps to increase security measures at our facilities and heighten employee awareness of threats to our water supply. We have tightened our security measures regarding the delivery and handling of certain chemicals used in our business. We are at risk for terrorist attacks and have incurred, and will continue to incur, increased costs for security precautions to protect our facilities, operations and supplies from such risks.

Our ability to achieve growth in Delaware is somewhat dependent on the residential building market in the territories we serve. If housing starts decline significantly, our rate of growth may not meet our expectations.

We expect our revenues to increase from customer growth in Delaware for our regulated water operations and, to a lesser degree, our regulated wastewater operations as a result of the anticipated construction and sale of new housing units in the territories we serve. Although the residential building market in Delaware has experienced growth in recent years, this growth may not continue in the future. If housing starts in the Delaware territories we serve decline significantly as a result of economic conditions or otherwise, our revenue growth may not meet our expectations and our financial results could be negatively impacted.

We have restrictions on our dividends. There can be no assurance that we will continue to pay dividends in the future or, if dividends are paid, that they will be in amounts similar to past dividends.

Our Restated Certificate of Incorporation and our Indenture of Mortgage dated as of April 1, 1927, as supplemented, impose conditions on our ability to pay dividends. We have paid dividends on our common stock each year since 1912 and have increased the amount of dividends paid each year since 1973.

Our earnings, financial condition, capital requirements, applicable regulations and other factors, including the timeliness and adequacy of rate increases, will determine both our ability to pay dividends on common stock and the amount of those dividends. There can be no assurance that we will continue to pay dividends in the future or, if dividends are paid, that they will be in amounts similar to past dividends.

If we are unable to pay the principal and interest on our indebtedness as it comes due or we default under certain other provisions of our loan documents, our indebtedness could be accelerated and our results of operations and financial condition could be adversely affected.

Our ability to pay the principal and interest on our indebtedness as it comes due will depend upon our current and future performance. Our performance is affected by many factors, some of which are beyond our

[Table of Contents](#)

control. We believe that our cash generated from operations, and, if necessary, borrowings under our existing credit facilities, will be sufficient to enable us to make our debt payments as they become due. If, however, we do not generate sufficient cash, we may be required to refinance our obligations or sell additional equity, which may be on terms that are not as favorable to us.

No assurance can be given that any refinancing or sale of equity will be possible when needed or that we will be able to negotiate acceptable terms. In addition, our failure to comply with certain provisions contained in our trust indentures and loan agreements relating to our outstanding indebtedness could lead to a default under these documents, which could result in an acceleration of our indebtedness.

There is a limited trading market for our common stock; you may not be able to resell your shares at or above the price you pay for them.

Although our common stock is listed for trading on the NASDAQ Global Select Market, the trading in our common stock has substantially less liquidity than many other companies listed on the NASDAQ Global Select Market. A public trading market having the desired characteristics of depth, liquidity and orderliness depends on the presence in the market of willing buyers and sellers of our common stock at any given time. This presence depends on the individual decisions of investors and general economic and market conditions over which we have no control. Because of the limited volume of trading in our common stock, a sale of a significant number of shares of our common stock in the open market could cause our stock price to decline. We cannot provide any assurance that this offering will increase the volume of trading in our common stock.

We depend significantly on the services of the members of our senior management team, and the departure of any of those persons could cause our operating results to suffer.

Our success depends significantly on the continued individual and collective contributions of our senior management team. If we lose the services of any member of our senior management or are unable to hire and retain experienced management personnel, it could affect our operating results.

We are subject to anti-takeover measures that may be used by existing management to discourage, delay or prevent changes of control that might benefit non-management shareholders.

Subsection 10A of the New Jersey Business Corporation Act, known as the Shareholders' Protection Act, applies to us. The Shareholders' Protection Act deters merger proposals, tender offers or other attempts to effect changes in our control that are not negotiated and approved by our Board of Directors. In addition, we have a classified Board of Directors, which means only one-third of the Directors are elected each year. A classified Board can make it harder for an acquirer to gain control by voting its candidates onto the Board of Directors and may also deter merger proposals and tender offers. Our Board of Directors also has the ability, subject to obtaining BPU approval, to issue one or more series of preferred stock having such number of shares, designation, preferences, voting rights, limitations and other rights as the Board of Directors may fix. This could be used by the Board of Directors to discourage, delay or prevent an acquisition that might benefit non-management shareholders.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this prospectus and in the documents incorporated by reference constitute “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934 and Section 27A of the Securities Act of 1933. The Company intends that these statements be covered by the safe harbors created under those laws. These statements include, but are not limited to:

- statements as to expected financial condition, cash flows, performance, prospects and earnings of the Company;
- statements regarding strategic plans for growth;
- statements regarding the amount and timing of rate increases and other regulatory matters;
- statements regarding expectations and events concerning capital expenditures;
- statements as to the Company’s expected liquidity needs during fiscal 2006 and beyond and statements as to the sources and availability of funds to meet its liquidity needs;
- statements as to expected rates, consumption volumes, service fees, revenues, margins, expenses and operating results;
- statements as to the Company’s compliance with environmental laws and regulations and estimations of the materiality of any related costs;
- statements as to the safety and reliability of the Company’s equipment, facilities and operations;
- statements as to financial projections;
- statements as to the ability of the Company to pay dividends;
- statements as to the Company’s plans to renew municipal franchises and consents in the territories it serves;
- expectations as to the amount of cash contributions to fund the Company’s retirement benefit plans, including statements as to anticipated discount rates and rates of return on plan assets;
- statements as to trends; and
- statements regarding the availability and quality of our water supply.

These forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by the forward-looking statements. Important factors that could cause actual results to differ materially from anticipated results and outcomes include, but are not limited to:

- the effects of general economic conditions;
- increases in competition in the markets served by the Company;
- the ability of the Company to control operating expenses and to achieve efficiencies in its operations;
- the availability of adequate supplies of water;
- actions taken by government regulators, including decisions on base rate increase requests;
- new or additional water quality standards;
- weather variations and other natural phenomena;
- the existence of attractive acquisition candidates and the risks involved in pursuing those acquisitions;
- acts of war or terrorism;
- significant changes in the housing starts in Delaware;
- the availability and cost of capital resources; and
- other factors discussed elsewhere in this prospectus.

Many of these factors are beyond the Company’s ability to control or predict. Given these uncertainties, readers are cautioned not to place undue reliance on any forward-looking statements, which only speak to the Company’s understanding as of the date of this prospectus. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this prospectus or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

For an additional discussion of factors that may affect the Company’s business and results of operations, see Risk Factors.

USE OF PROCEEDS

Based on an assumed offering price of \$19.00, the net proceeds from the sale of the common stock offered by this prospectus, after deducting the underwriters' commissions and estimated offering expenses, is estimated to be \$23.5 million (or \$27.4 million if the underwriters exercise their over-allotment option in full). We expect to use the net proceeds to finance our ongoing construction program and to repay all of our outstanding short-term borrowings, which, as of October 26, 2006, consist of borrowings from PNC Bank (\$1.0 million), Bank of America (\$11.5 million), and CoBank (\$4.9 million). These short-term borrowings were primarily incurred to finance costs associated with our capital program in Delaware, which amounted to \$19.6 million for the twelve months ended September 30, 2006.

CAPITALIZATION

The following table sets forth, as of September 30, 2006, our capitalization on an actual basis and on an adjusted basis to give effect to the sale of the shares of common stock in this offering at an assumed offering price of \$19.00 per share and the anticipated application of the net proceeds from this offering as described in "Use of Proceeds." This table should be read in conjunction with our Consolidated Financial Statements and the accompanying Notes to Consolidated Financial Statements in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 that is incorporated by reference herein.

	As of September 30, 2006			
	Actual	% of Capitalization	As Adjusted	% of Capitalization
Common Stock Equity	\$ 102,855	44.1%	\$ 126,324	49.2%
Preferred Stock:				
Convertible	2,856	1.2%	2,856	1.1%
Nonredeemable	1,102	0.5%	1,102	0.4%
Long-Term Debt(1)	126,338	54.2%	126,338	49.3%
Total Capitalization	<u>\$ 233,151</u>	<u>100.0%</u>	<u>\$ 256,620</u>	<u>100.0%</u>
Short-Term Debt(2)	<u>\$ 20,642</u>		<u>\$ 2,442</u>	

(1) Excludes current maturities.

(2) Includes current maturities of long-term debt.

COMMON STOCK PRICE RANGE AND DIVIDENDS

Our common stock is listed on the NASDAQ Global Select Market and trades under the symbol "MSEX." On October 26, 2006 we had 2,042 common shareholders of record.

The following table sets forth the range of sales prices of the common stock, as reported by the NASDAQ Global Select Market and dividends paid thereon for the periods indicated.

Period:	High	Low	Quarterly Cash Dividend per Share
2006:			
Fourth Quarter (through October 26, 2006)	\$ 19.50	\$ 18.25	\$ 0.1725*
Third Quarter	20.50	17.58	0.1700
Second Quarter	19.34	16.50	0.1700
First Quarter	19.72	17.03	0.1700
2005:			
Fourth Quarter	\$ 23.34	\$ 17.31	\$ 0.1700
Third Quarter	23.47	19.05	0.1675
Second Quarter	20.00	17.07	0.1675
First Quarter	19.16	17.64	0.1675
2004:			
Fourth Quarter	\$ 20.72	\$ 17.06	\$ 0.1675
Third Quarter	19.50	16.65	0.1650
Second Quarter	21.81	18.83	0.1650
First Quarter	21.32	19.38	0.1650

* Declared and payable on December 1, 2006 to shareholders of record as of November 15, 2006.

Cash dividends on our common stock have been paid each year since 1912, and the annual dividend has increased every year since 1973. The Board of Directors' policy has been to pay cash dividends on the common stock on a quarterly basis. Future cash dividends will be dependent upon our earnings, financial condition, capital demands and other factors, and will be determined in accordance with policies established by the Board of Directors.

OUR COMPANY

Overview

Middlesex Water Company was incorporated as a water utility company in 1897 and owns and operates regulated water and wastewater utility systems in New Jersey and in Delaware. We also operate water and wastewater systems on behalf of others in New Jersey and Delaware.

Middlesex System

The Middlesex System in New Jersey provides water services to approximately 59,125 retail customers, primarily in eastern Middlesex County, New Jersey and provides water under wholesale contracts to the City of Rahway, Township of Edison, the Boroughs of Highland Park and Sayreville, and both the Old Bridge and the Marlboro Township Municipal Utilities Authorities. The Middlesex System treats, stores and distributes water for residential, commercial, industrial and fire prevention purposes. Under a special contract, the Middlesex System also provides water treatment and pumping services to the Township of East Brunswick. The Middlesex System, through its retail and contract sales, accounted for approximately 69% of our 2005 revenue and 67% of revenue during the first nine months of 2006. Revenues for the Bayview System, with water services for approximately 300 customers in Cumberland County, New Jersey, are included in the revenue for the Middlesex System in 2006.

The Middlesex System's retail customers are located in an area of approximately 55 square miles in Woodbridge Township, the City of South Amboy, the Boroughs of Metuchen and Carteret, portions of Edison Township and the Borough of South Plainfield in Middlesex County and, to a minor extent, a portion of the City of Rahway and the Township of Clark in Union County. The retail customers include a mix of residential customers, large industrial concerns and commercial and light industrial facilities. These retail customers are located in generally well-developed areas of central New Jersey. The contract customers of the Middlesex System comprise an area of approximately 141 square miles with a population of approximately 294,000.

Tidewater System

Tidewater, together with its wholly-owned subsidiary, Southern Shores, provides water services to approximately 29,700 retail customers for domestic, commercial and fire protection purposes in over 271 separate community water systems in New Castle, Kent and Sussex Counties, Delaware (the "Tidewater System"). Tidewater has another wholly-owned subsidiary, White Marsh, which operates water and wastewater systems under contract for approximately 5,000 customers and also owns the office building that Tidewater uses as its business office. White Marsh's rates for water and wastewater operations are not regulated by the PSC. The Tidewater System accounted for approximately 18% of our total revenue in 2005 and 20% of revenue during the first nine months of 2006.

Utility Service Affiliates (Perth Amboy)

USA-PA operates the City of Perth Amboy's water and wastewater systems under a 20-year agreement, which expires in 2018. Perth Amboy has a population of approximately 40,000 and has approximately 9,600 customers, most of whom are served by both systems. The agreement was effected under New Jersey's Water Supply Public-Private Contracting Act and the New Jersey Wastewater Public/ Private Contracting Act and requires USA-PA to lease from Perth Amboy all of its employees who currently work on the Perth Amboy water and wastewater systems. Under the agreement, USA-PA receives both fixed and variable fees based on increased system billing. Fixed fee payments were \$7.4 million in 2005 and are to increase over the term of the 20-year contract to \$10.2 million. USA-PA accounted for approximately 10% of our total revenue in 2005 and 10% of revenue during the first nine months of 2006.

In connection with the agreement with Perth Amboy, we guaranteed a series of Perth Amboy's municipal bonds in the principal amount of approximately \$26.3 million, of which approximately \$23.4 million remains outstanding as of September 30, 2006. In connection with the agreement with Perth Amboy, USA-PA entered into a 20-year subcontract with a wastewater operating company for the operation and maintenance of the

[Table of Contents](#)

Perth Amboy wastewater system. The subcontract provides for the sharing of certain fixed and variable fees and operating expenses.

Pinelands System

Pinelands Water provides water services to approximately 2,400 residential customers in Burlington County, New Jersey. Pinelands Water accounted for less than 1% of our total revenue in 2005 and less than 1% of our revenue during the first nine months of 2006. Pinelands Wastewater provides wastewater services to approximately 2,400 primarily residential retail customers. Under contract, it also services one municipal wastewater system in Burlington County, New Jersey with about 200 residential customers. Pinelands Wastewater accounted for approximately 1% of our total revenue in 2005 and approximately 1% of revenue during the first nine months of 2006.

Bayview System

Our Bayview System provides water service to approximately 300 customers in Cumberland County, New Jersey. The Bayview System formerly was operated by our Bayview Water Company subsidiary, which we merged into Middlesex Water Company effective January 1, 2006. As a result, the revenues for the Bayview System are included within the Middlesex System for the first nine months of 2006.

Utility Service Affiliates, Inc.

USA provides residential customers in New Jersey and Delaware a service line maintenance program called LineCareSM. LineCareSM is an affordable maintenance program that covers all parts, material and labor required to repair or replace specific elements of the customer's water service line and customer shut-off valve in the event of a failure. USA accounted for less than 1% of our total revenue in 2005 and less than 1% of our revenue during the first nine months of 2006.

TESI System

TESI, which began in 2005, provides wastewater services to approximately 80 residential retail customers in Delaware. TESI contributed less than 1% of our total revenue in 2005 and less than 1% of our revenue for the first nine months of 2006.

Our Strategy

Our strategy is focused on four key areas:

- Serve as a trusted and continually-improving provider of safe, reliable and cost-effective water, wastewater and related services.
- Provide a comprehensive suite of water and wastewater solutions in the rapidly developing Delaware market that results in profitable growth.
- Pursue profitable, core growth in New Jersey.
- Invest in products, services and other viable opportunities that complement our core competencies.

Serve as a Trusted and Continually-Improving Provider of Safe, Reliable and Cost-effective Water, Wastewater and Related Services.

We regularly invest in our facilities to improve the reliability and security of our utility infrastructure. In 2005, we made capital investments towards meeting increasingly stringent federal and state water quality standards and addressing the water supply needs of new and existing customers. As part of this investment, a second raw water pipeline that stretches from the raw water pumping station on the Delaware & Raritan Canal in New Brunswick, New Jersey to our primary water treatment plant in Edison, New Jersey went into operation in early March 2005. The second pipeline is providing additional security and reliability and added capacity to our water distribution system.

[Table of Contents](#)

We also continue to improve our central New Jersey distribution system by cleaning and cement lining unlined pipe through our RENEW Program (“RENEW”). In 2006, we expect to clean and line five miles of water main in the Iselin and Colonia sections of Woodbridge Township, New Jersey. This program helps eliminate interior pipe restrictions and improves water quality and flow. In addition to rehabilitating the older water mains, RENEW provides for new valves, hydrants and service lines to be installed where necessary. Since establishing RENEW in 1995, we have rehabilitated approximately 60 miles of water main. Since 1999, the funding for this program has come from low-interest financing from the New Jersey Environmental Infrastructure Trust program.

In addition, solar power is helping us to address our energy needs. We believe in exploring alternative energy sources where these efforts make economic sense for the benefit of our customers. With the help of a grant from the New Jersey Board of Public Utilities Office of Clean Energy’s Renewable Energy Program, we installed a solar electric generation system at our primary water treatment plant in Edison, New Jersey. The system, which is a combination of fixed roof panels and a ground tracker system, is designed to produce approximately 4% of the power used at the plant annually.

Provide a Comprehensive Suite of Water and Wastewater Solutions in the Rapidly Developing Delaware Market that Results in Profitable Growth.

Since 1992, we have increased our retail customer base in Delaware from approximately 3,000 to approximately 29,700 through acquisitions and customer growth. Our customer base in Delaware has the potential to continue substantial growth within the existing territories we currently serve. The developments we either serve or have entered into contracts to serve have obtained approvals to build additional housing units. If those additional housing units are built and sold, we project our customer base would grow to 41,000 without the acquisition of additional contracts. Any slowdown in construction of new residential development in Delaware will delay that growth. Further, there is significant economic development and population growth within and near many of our Delaware service areas. For example, according to the United States Census Bureau, from 2000 - 2005, the population in Kent and Sussex Counties is estimated to have increased 13.6% and 12.7%, respectively.

Our strategy is to offer a suite of services to this expanding market relating to the design, building, operating and financing of water and wastewater systems, including systems inside and outside of our franchise areas and systems owned by others that we service under contracts. Our Tidewater and Southern Shores subsidiaries provide regulated water services.

TESI, formed in 2005, is a regulated wastewater utility in Delaware. We intend to grow this business by obtaining additional franchises and constructing wastewater collection and treatment systems to meet the needs of developers, municipalities and commercial entities.

White Marsh continues to seek to acquire contracts to operate non-regulated wastewater systems throughout Delaware. We believe our water and wastewater contract operations business provides us with additional tools to help grow our regulated water and wastewater businesses in Delaware.

Pursue Profitable, Core Growth in New Jersey.

We expect core growth in New Jersey to come from water and wastewater management services as well as through service line protection services.

We provide water and wastewater utility management services through our subsidiaries in New Jersey, including contract operations, maintenance and bulk water supply. We have significant operational expertise and are committed to working with municipalities, developers and industry to find solutions that meet their needs and to pursue opportunities for profitable growth.

USA is actively marketing its LineCareSM service line protection program to customers throughout our service territories. We are also marketing LineCareSM to homeowners in local municipalities outside of our existing service areas.

[Table of Contents](#)

Invest in Products, Services and Other Viable Opportunities that Complement our Core Competencies.

We have successfully grown through acquisitions in the past and will continue to seek such growth opportunities in the future. We intend to pursue acquisitions of municipally-owned and investor-owned water and wastewater systems and to engage in activities with respect to potential acquisitions, such as identifying suitable acquisition opportunities and attempting to negotiate mutually agreeable terms with acquisition candidates.

Since January 1, 1999, USA-PA has operated and maintained the City of Perth Amboy's water and wastewater systems. We continue to seek opportunities to enter into contracts with additional municipalities to operate their water and wastewater systems.

Recent Accounting Standard

In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans" ("SFAS 158"). SFAS 158 requires recognition of the overfunded or underfunded status of defined benefit pension and other postretirement plans as an asset or liability on the balance sheet and recognition of changes in that funded status in the year in which the changes occur through comprehensive income. For an underfunded plan, the incremental liability to be recorded would be equal to the difference between the projected benefit obligation and the fair value of plan assets. SFAS No. 87, "Employers' Accounting for Pensions" ("SFAS 87") and SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" ("SFAS 106") allowed for deferred recognition of this liability through amortization of this difference over time. Under SFAS 158, actuarial gains and losses and prior service costs and credits that arise during the period but, pursuant to SFAS 87 and SFAS 106 were not yet recognized as components of net periodic benefit cost, will be recognized as a component of Other Comprehensive Income (net of tax). SFAS 158 also requires an adjustment to the beginning balance of retained earnings (net of tax) for any transition obligation remaining from the initial application of SFAS 87 and SFAS 106. Such amounts subsequently will be amortized as a component of net periodic benefit cost. We will be required to adopt SFAS 158 as of December 31, 2006.

Because we are subject to regulation in the states in which we operate, we are required to maintain our accounts in accordance with the regulatory authority's rules and guidelines, which may differ from other authoritative accounting pronouncements. In those instances, we follow the guidance of SFAS No. 71, "Accounting for the Effects of Certain Types of Regulation" ("SFAS 71"). Based on prior regulatory practice, and in accordance with the guidance provided by SFAS 71, we will record approximately \$13.5 million of underfunded pension and postretirement obligations, which otherwise would be recognized as Other Comprehensive Income as of December 31, 2006 under SFAS 158, as a Regulatory Asset, and expect to recover those costs in our rates charged to customers. We do not anticipate that the adoption of this standard will have a material impact on our financial position, results of operations, and cash flows, except as described above.

Employees

As of September 30, 2006, we had a total of 149 employees in New Jersey, and a total of 91 employees in Delaware. In addition, we lease 19 employees under the USA-PA contract with the City of Perth Amboy, New Jersey. No employees are represented by a union except the leased employees who are subject to a collective bargaining agreement with the City of Perth Amboy. We believe our employee relations are good. Wages and benefits, other than for leased employees, are reviewed annually and are considered competitive within both the industry and the regions where we operate.

Competition

Our business in our franchised service area is substantially free from direct competition with other public utilities, municipalities and other entities. However, our ability to provide some contract water supply and wastewater services and operations and maintenance services is subject to competition from other public utilities, municipalities and other entities. Although Tidewater has been granted an exclusive franchise for each of its existing community water systems, its ability to expand service areas can be affected by the PSC awarding franchises to other regulated water utilities with whom we compete for such franchises.

Regulation

We are regulated as to rates charged to customers for water and wastewater services in New Jersey and Delaware, as to the quality of the services we provide and as to certain other matters. Only our USA, USA-PA and White Marsh subsidiaries are not regulated utilities. We are subject to environmental and water quality regulation by the EPA, and the DEP with respect to operations in New Jersey and DNREC, the DPH, and the DRBC with respect to operations in Delaware. We are also subject to certain regulations regarding fire protection services in the areas we serve. In addition, our issuances of securities are subject to the prior authorization of the BPU or the PSC.

Regulation of Rates and Services

New Jersey water and wastewater service operations (excluding the operations of USA-PA) are subject to regulation by the BPU. Similarly, our Delaware water and wastewater operations are subject to regulation by the PSC. These regulatory authorities have jurisdiction with respect to rates, service, accounting procedures, the issuance of securities and other matters of utility companies operating within the States of New Jersey and Delaware, respectively. For ratemaking purposes, we account separately for operations in New Jersey and Delaware to facilitate independent ratemaking by the BPU for New Jersey operations and the PSC for Delaware operations.

In determining our rates, the BPU and the PSC consider the income, expenses, rate base of property used and useful in providing service to the public and a fair rate of return on that property each within its separate jurisdiction. Rate determinations by the BPU do not guarantee particular rates of return to us for our New Jersey operations nor do rate determinations by the PSC guarantee particular rates of return for our Delaware operations. Thus, we may not achieve the rates of return permitted by the BPU or the PSC.

Water Quality and Environmental Regulations

Both the EPA and the DEP regulate our operations in New Jersey with respect to water supply, treatment and distribution systems and the quality of the water. The EPA, DNREC, DPH and DRBC regulate our operations in Delaware with respect to water supply, treatment and distribution systems and the quality of the water.

Federal, New Jersey and Delaware regulations adopted relating to water quality require us to perform expanded types of testing to ensure that our water meets state and federal water quality requirements. In addition, environmental regulatory agencies are reviewing current regulations governing the limits of certain organic compounds found in the water as byproducts of treatment. We participate in industry-related research to identify the various types of technology that might reduce the level of organic, inorganic and synthetic

[Table of Contents](#)

compounds found in the water. The cost to water companies of complying with the proposed water quality standards depends in part on the limits set in the regulations and on the method selected to implement such reduction. We believe the CJO Plant capabilities put us in a strong position to meet any such future standards with regard to our Middlesex System. We regularly test our water to determine compliance with existing federal, New Jersey and Delaware primary water quality standards.

Well water treatment in our Tidewater System is by chlorination and, in some cases, pH correction and filtration for nitrate and iron removal. Well water treatment in the Pinelands and Bayview Systems (chlorination only) is done at individual well sites.

The DEP and the DPH monitor our activities and review the results of water quality tests that are performed for adherence to applicable regulations. Other regulations applicable to us include the Lead and Copper Rule, the maximum contaminant levels established for various volatile organic compounds, the Federal Surface Water Treatment Rule and the Total Coliform Rule.

Fire Protection Standards

We are also subject to regulations related to fire protection services. In Delaware, fire protection is regulated by the Office of State Fire Marshal. In New Jersey there is no formal regulatory agency, but state regulations exist as to the size of piping required regarding the provision of fire protection services. Noncompliance with fire protection regulations and requirements could require capital expenditures by the Company to take corrective action.

MANAGEMENT

This table lists information concerning our senior management team:

<u>Name</u>	<u>Age</u>	<u>Position(s)</u>
Dennis W. Doll	47	President and Chief Executive Officer
A. Bruce O'Connor	48	Vice President and Chief Financial Officer
Ronald F. Williams	57	Vice President — Operations and Chief Operating Officer
Kenneth J. Quinn	58	Vice President, General Counsel, Secretary and Treasurer
James P. Garrett	59	Vice President — Human Resources
Richard M. Risoldi	50	Vice President — Subsidiary Operations
Gerard L. Esposito	55	President, Tidewater Utilities, Inc.

Dennis W. Doll — Mr. Doll, a Certified Public Accountant, joined the Company in November 2004 as Executive Vice President. He was elected President and Chief Executive Officer and became a Director of the Company effective January 1, 2006. Prior to joining the Company, Mr. Doll was employed by Elizabethtown Water Company since 1985, serving most recently as a member of the senior leadership team of the Northeast Region of American Water, which was comprised of Elizabethtown Water Company, New Jersey-American Water Company and Long Island Water Corporation and included other regulated and non-regulated subsidiaries. In this capacity, Mr. Doll served as Vice President — Finance & Controller and served previously, as Vice President — Merger Integration. Prior to 2001, Mr. Doll served as Vice President & Controller of Elizabethtown, Elizabethtown's parent company, E'town Corporation, and various other regulated and non-regulated subsidiaries, primarily engaged in the water and wastewater fields. Effective January 1, 2006, Mr. Doll assumed the subsidiary directorships previously held by the previous Chief Executive Officer, Dennis G. Sullivan. Mr. Doll became a director of the New Jersey Utilities Association and the National Association of Water Companies effective January 1, 2006.

A. Bruce O'Connor — Mr. O'Connor, a Certified Public Accountant, joined the Company in 1990 as Assistant Controller and was elected Controller in 1992 and Vice President in 1995. He was elected Vice President and Controller and Chief Financial Officer in 1996. In July 2004, his Controller responsibilities were assigned to the newly created Corporate Controller position. He is responsible for financial reporting, customer service, rate cases, cash management and financings. He is Treasurer and a Director of Tidewater Utilities, Inc., Tidewater Environmental Services, Inc., Utility Service Affiliates, Inc., and White Marsh Environmental Systems, Inc. He is Vice President, Treasurer and a Director of Utility Service Affiliates (Perth Amboy) Inc., Pinelands Water Company and Pinelands Wastewater Company.

Ronald F. Williams — Mr. Williams was hired in 1995 as Assistant Vice President — Operations, responsible for the Company's Engineering and Distribution Departments. He was elected Vice President — Operations in October 1995. Mr. Williams was elected to the additional posts of Assistant Secretary and Assistant Treasurer for the Company in 2004. He was formerly employed with the Garden State Water Company as President and Chief Executive Officer. He is a Director and President of Utility Service Affiliates (Perth Amboy) Inc.

Kenneth J. Quinn — Mr. Quinn joined the Company in 2002 as General Counsel and was elected Assistant Secretary in 2003. In 2004, Mr. Quinn was elected Vice President, Secretary and Treasurer for the Company and Secretary and Assistant Treasurer for all subsidiaries of Middlesex Water Company. He has been engaged in the practice of law for 32 years and prior to joining the Company he had been employed by the law firm of Schenck, Price, Smith and King in Morristown, New Jersey. Prior to that, Mr. Quinn spent 10 years as in-house counsel to two major banking institutions located in New Jersey. In May 2003, he was elected Assistant Secretary of Tidewater Utilities, Inc., Pinelands Water Company, Pinelands Wastewater Company, Utility Service Affiliates (Perth Amboy) Inc., and White Marsh Environmental Systems, Inc. He is a member of the New Jersey State Bar Association and is also a member of the Public Utility Law Section of the Bar.

Table of Contents

James P. Garrett — Mr. Garrett joined the Company in 2003 as Assistant Vice President — Human Resources. In May 2004, he was elected Vice President-Human Resources. Prior to his hire, Mr. Garrett was employed by Toys “R” Us, Inc. for 23 years, most recently as Director of Organizational Development. Mr. Garrett is responsible for all human resource programs and activities at Middlesex Water Company and its subsidiaries.

Richard M. Risoldi — Mr. Risoldi joined the Company in 1989 as Director of Production, responsible for the operation and maintenance of the Company’s treatment and pumping facilities. He was appointed Assistant Vice President of Operations in 2003. He was elected Vice President in May 2004, responsible for regulated subsidiary operations and business development. He is a Director and President of Pinelands Water Company, Pinelands Wastewater Company, and Utility Service Affiliates, Inc.

Gerard L. Esposito — Mr. Esposito joined Tidewater Utilities, Inc. in 1998 as Executive Vice President. He was elected President of Tidewater and White Marsh Environmental Systems, Inc. in 2003 and elected President of Tidewater Environmental Services, Inc. in January 2005. Prior to joining the Company he worked for 22 years in various executive positions for Delaware environmental protection and water quality governmental agencies. He is a Director of Tidewater Utilities, Inc., Tidewater Environmental Services, Inc., and White Marsh Environmental Systems, Inc.

DESCRIPTION OF CAPITAL STOCK

Our authorized capital stock consists of 20,000,000 shares of common stock, without par value, 139,497 shares of Cumulative Preferred Stock, without par value, and 100,000 shares of Cumulative Preference Stock, without par value. As of October 26, 2006, there were 11,661,332 shares of common stock outstanding, four series of Cumulative Preferred Stock representing a total of 36,898 shares outstanding and no shares of the Cumulative Preference Stock outstanding. The issuance of the common stock offered hereby has been authorized by the BPU.

The transfer agent for the common stock is Registrar and Transfer Company. Our outstanding common stock is traded on the NASDAQ Global Select Market System.

Certain New Jersey state laws and provisions in our Restated Certificate of Incorporation may deter or prevent a change in control of us and/or a change in management, even if desired by a majority of the shareholders.

The following is a brief summary of certain information relating to our common stock, Preferred Stock and Preference Stock. This summary does not purport to be complete and is intended to outline such information in general terms only.

Dividend Rights

Our Restated Certificate of Incorporation provides that whenever full dividends have been paid on the Preferred Stock and the Preference Stock outstanding for all past quarterly periods, the Board of Directors may declare and pay dividends on the common stock out of legally available funds.

The dividend rate for our varying classes of Preferred Stock is as follows: \$7.00 per share per annum for the \$7.00 Series Cumulative Preferred Stock, \$4.75 per share per annum for the \$4.75 Series Cumulative Preferred Stock, \$7.00 per share per annum for the \$7.00 Cumulative and Convertible Preferred Stock, and \$8.00 per share per annum for the \$8.00 Series Cumulative and Convertible Preferred Stock.

Voting Rights

Every holder of the common stock is entitled to one vote for each share held of record. Our Restated Certificate of Incorporation and By-laws provide for a Board of Directors divided into three classes of directors serving staggered three-year terms. A classified board has the effect of increasing the time required to effect a change in control of the Board of Directors. Our By-laws provide that nominations for directors must be (i) made in writing, (ii) received by the Secretary of the Company not less than 21 days prior to the date fixed for the meeting of shareholders and (iii) accompanied by the written consent of the nominee to serve as a director. In addition, the Restated Certificate of Incorporation provides that the By-laws may only be amended by shareholders if the holders of two-thirds or more of the issued and outstanding shares of common stock vote for the amendment. Our Restated Certificate of Incorporation also provides that shareholders may take action only at an annual or special meeting upon prior notice and pursuant to a vote.

No holder of Preferred Stock or Preference Stock (none of which Preference Stock has been issued) has any right to vote for the election of directors or, except as otherwise required by law, for any other purpose; provided, however, that if and whenever dividends on the outstanding Preferred Stock are in arrears in an amount equal to at least four quarterly dividends, the holders of the outstanding Preferred Stock of all series, voting as a class, are entitled, until all dividends in arrears are paid, to elect two members to the Board of Directors, which two members shall be in addition to the directors elected by the holders of the common stock. Whenever dividends on the outstanding Preference Stock are in arrears in an amount equal to at least four quarterly dividends, the holders of the outstanding Preference Stock of all series, voting as a class, are entitled, until all dividends in arrears are paid, to elect two members to the Board of Directors, which two members shall be in addition to the members elected by the holders of the common stock and by the holders of the Preferred Stock. In addition, unless certain tests set forth in our charter are met, the consent of the holders of a majority of the outstanding shares of Preferred Stock of all series, voting as a class, is required for issuance or sale of any additional series of Preferred Stock or any class of stock ranking prior to or on a parity

Table of Contents

with the Preferred Stock as to dividends or distributions. The consent of the holders of two-thirds in interest of the outstanding Preferred Stock of all series, voting as a class, is required to create or authorize any stock ranking prior to the Preference Stock as to dividends or in liquidation, or to create or authorize any obligation or security convertible into shares of any such stock, except that such consent is not required with respect to any increase in the number of shares of Preferred Stock which we are authorized to issue or with respect to the creation and establishment of any series of our Preferred Stock.

Convertibility

The conversion feature of the no par \$7.00 Series Cumulative and Convertible Preferred Stock allows the holders of such shares of preferred stock to exchange one convertible preferred share for twelve shares of our common stock. In addition, we may redeem up to 10% of the outstanding convertible stock in any calendar year at a price equal to the fair market value of twelve shares of our common stock for each share of convertible stock redeemed.

The conversion feature of the no par \$8.00 Series Cumulative and Convertible Preferred Stock allows the holders of such shares to exchange one convertible preferred share for 13.714 shares of our common stock. The preferred shares were convertible at the election of the security holder until 2004. Since that time, both we and the holders of the \$8.00 Series Cumulative and Convertible Preferred Stock have the right to convert the shares of preferred stock into our common stock.

Liquidation Rights

Holders of common stock are entitled to share on a pro-rata basis, subject to the rights of holders of our First Mortgage Bonds, Preferred Stock or Preference Stock, in our assets legally available for distribution to shareholders in the event of our liquidation, dissolution or winding up.

Restriction on Acquisitions

As a New Jersey corporation with its headquarters and principal operations in the state, we are a "resident domestic corporation" as defined in New Jersey's Shareholders' Protection Act (the "Act"). The Act bars any "business combination" as defined in that Act (generally, a merger or other acquisition transaction) with any person or affiliate of a person who owns 10% or more of the outstanding voting stock of a resident domestic corporation for a period of five years after such person first owns 10% or more of such stock, unless the "business combination" both is approved by the board of directors of the resident domestic corporation prior to the time that person acquires 10% or more of the resident domestic corporation's voting stock and meets certain other statutory criteria.

DIVIDEND REINVESTMENT PLAN

We have a Dividend Reinvestment and Common Stock Purchase Plan ("DRP") under which participating shareholders may have cash dividends on all or a portion of their shares of common stock or Cumulative Preferred Stock automatically reinvested in newly issued shares of common stock and may invest at the same time up to an additional \$25,000 per quarter in newly issued shares of common stock. Under the DRP, we may permit the purchase of shares of common stock at ninety-five percent (95%) of market value for specified periods as announced by us from time to time. We last authorized the purchase of shares of common stock at ninety-five percent (95%) of market value during the period of June 1, 2005 to December 1, 2005. As currently in effect, any purchase of shares under the DRP is at full market value. No commission or service charge is paid by participants in connection with any of their purchases under the DRP. The number of shares authorized under the DRP is 1,700,000 shares. The cumulative amount of shares issued under the DRP as of October 26, 2006 is 1,567,249.

UNDERWRITING

Subject to the terms and conditions of an underwriting agreement dated _____, 2006, the underwriters named below, for whom Janney Montgomery Scott LLC and A.G. Edwards & Sons, Inc. are serving as the representatives (the "Representatives"), have severally agreed to purchase, and we have agreed to sell to the underwriters, the aggregate number of shares of common stock set forth opposite their respective names below at the public offering price less the underwriting discount on the cover page of this prospectus.

Underwriters	Number of Shares
Janney Montgomery Scott LLC	
A.G. Edwards & Sons, Inc.	
Total	1,300,000

The underwriting agreement provides that obligations of the underwriters to purchase the shares and accept the delivery of the common stock that are being offered are subject to certain conditions precedent including the absence of any materially adverse change in our business, the receipt of certain certificates, opinions and letters from us, our attorneys and independent auditors. The offering is being made on a firm commitment basis and, thus, each underwriter is obligated to purchase all of the shares of the common stock being offered by this prospectus (other than shares of common stock covered by the over-allotment option described below) if it purchases any of the shares of common stock.

The underwriters propose to offer some of the shares of common stock to the public initially at the offering price per share shown on the cover page of this prospectus and may offer shares to certain dealers at such price less a concession not in excess of \$ _____ per share. The underwriters may allow, and such dealers may reallow, a concession not in excess of \$ _____ per share to certain other dealers. After the public offering of the common stock, the public offering price and the concessions may be changed by the underwriters.

The offering of common stock is made for delivery when, as and if accepted by the underwriters and subject to prior sale and to withdrawal, cancellation or modification of the offer without notice. The underwriters reserve the right to reject any order for the purchase of common stock in whole or in part.

The following table shows the per share and total underwriting discount to be paid to the underwriters by us. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase the over-allotment shares:

	Per Share		Total	
	Without Over-Allotment	With Over-Allotment	Without Over-Allotment	With Over-Allotment
Underwriter Discounts and Commissions to be paid by us	\$	\$	\$	\$

We estimate that our out-of-pocket expenses for this offering will be approximately \$245,000. We have also agreed to pay the underwriters a non-accountable expense allowance of \$50,000.

We have granted to the underwriters an option, exercisable for up to 30 days after the date of this prospectus, to purchase up to 195,000 additional shares of common stock, at the same price per share as the public offering price, less the underwriting discounts and commissions shown on the cover page of this prospectus. The underwriters may exercise such option only to cover over-allotments in the sale of the shares of common stock offered by this prospectus. To the extent the underwriters exercise this option, each of the underwriters has a firm commitment, subject to certain conditions, to purchase a number of the additional shares of common stock proportionate to such underwriter's initial commitment as indicated in the table above that lists the underwriters.

In connection with this offering and in compliance with applicable securities laws, the underwriters may over-allot (*i.e.*, sell more shares of common stock than is shown on the cover page of this prospectus) and may effect transactions that stabilize, maintain or otherwise affect the market price of the common stock at levels

Table of Contents

above those which might otherwise prevail in the open market. Such transactions may include placing bids for the common stock or effecting purchases of the common stock for the purpose of pegging, fixing or maintaining the price of the common stock or for the purpose of reducing a short position created in connection with the offering. The underwriters are not required to engage in any of these activities and any such activities, if commenced, may be discontinued at any time.

In connection with this offering, the underwriters may make short sales of our shares of common stock and may purchase those shares on the open market to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering. "Covered" short sales are sales made in an amount not greater than the underwriter's over-allotment option to purchase additional shares in the offering. The underwriters may close out any covered short position by either exercising their over-allotment option or purchasing shares on the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase on the open market as compared to the price at which they may purchase shares through the over-allotment option. "Naked" short sales are sales in excess of the over-allotment option. The underwriters may close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward price pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering. Similar to other purchase transactions, the underwriters' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of the our common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market.

The underwriters may also impose a penalty bid. Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when the shares of the common stock originally sold by that syndicate member are purchased in a stabilizing transaction or syndicate covering transaction to cover syndicate short positions. The imposition of a penalty bid may have an effect on the price of the common stock to the extent that it may discourage resales of the common stock.

In connection with this offering, the underwriters, selling group members or their respective affiliates who are qualified market makers on the NASDAQ Global Select Market may engage in passive market making transactions in our common stock on the NASDAQ Global Select Market in accordance with Rule 103 of Regulation M under the Securities Exchange Act of 1934, as amended, during the five business days prior to the pricing of the offering before the commencement of offers and sales of the common stock. Passive market makers must comply with applicable volume and price limitations and must be identified as such. In general, a passive market maker must display its bid at a price not in excess of the highest independent bid for such security. If all independent bids are lowered below the passive market maker's bid, however, such bid must then be lowered when certain purchase limits are exceeded.

We and the underwriters make no representation or prediction as to the direction or magnitude of any effect that these transactions may have on the price of the common stock. In addition, we and the underwriters make no representation that the underwriters will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

Each underwriter does not intend to confirm sales of the common stock to any accounts over which it exercises discretionary authority.

Our directors, executive officers and certain of our other shareholders have agreed that they will not, without the Representatives' prior written consent for a period of 90 days after the effective date of the Registration Statement, sell, offer to sell, contract to sell, or otherwise dispose of, directly or indirectly, any shares of common stock of the Company or any securities convertible into, or exercisable or exchangeable for, common stock of the Company (other than shares issuable pursuant to a plan for employees in effect on the date of this prospectus).

Table of Contents

We have agreed to indemnify the underwriters against certain liabilities that may be incurred in connection with this offering, including liabilities under the Securities Act of 1933, as amended, and to contribute to payments the underwriters may be required to make in respect thereof.

LEGAL MATTERS

Certain legal matters in connection with the validity of the common stock offered hereby will be passed upon for us by Norris, McLaughlin & Marcus, P.A., Somerville, New Jersey. Walter G. Reinhard, Esq., a member of the firm of Norris, McLaughlin & Marcus, P.A., is one of our Directors and owns 1,936 of our shares as of October 26, 2006. Certain legal matters will be passed upon for the underwriters by Ballard Spahr Andrews & Ingersoll, LLP, Philadelphia, Pennsylvania.

EXPERTS

The consolidated financial statements and management's report on the effectiveness of internal control over financial reporting incorporated in this prospectus by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 2005 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference, and have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We are a reporting company and file annual, quarterly and current reports, proxy statements, and other information with the SEC. You may read and copy these reports, proxy statements, and other information at the SEC's public reference room located at 100 F Street N.E., Washington, DC 20549. You can request copies of these documents by writing to the SEC and paying a fee for the copying cost. Please call the SEC at 1-800-SEC-0330 for more information about the operation of the public reference rooms. Our SEC filings are also available at the SEC's web site at <http://www.sec.gov>. In addition, you can read and copy our SEC filings at the office of the National Association of Securities Dealers, Inc. at 1735 K Street, Washington, DC 20006.

This prospectus is a part of a registration statement on Form S-3 (which, together with all exhibits filed along with it, will be referred to as the "Registration Statement") which we filed with the Commission to register the securities we are offering. Certain information and details which may be important to specific investment decisions may be found in other parts of the Registration Statement, including its exhibits, but are left out of this prospectus in accordance with the rules and regulations of the Commission. To see more detail, you may wish to review the Registration Statement and its exhibits. Copies of the Registration Statement and its exhibits are on file at the offices of the Commission and may be obtained upon payment of the prescribed fee or may be examined without charge at the public reference facilities of the Commission described above.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Commission's rules allow us to "incorporate by reference" the information we file with the Commission, which means we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus. We incorporate by reference the documents listed below, which already have been filed with the Commission, and certain information we may file in the future will automatically update and take the place of information already filed. The following documents are incorporated by reference: (a) our Annual Report on Form 10-K filed on March 16, 2006 for the year ended December 31, 2005; (b) our Quarterly Reports on Form 10-Q filed on May 8, 2006, August 4, 2006 and October 27, 2006; and (c) our Current Reports on Form 8-K filed on January 3, 2006, March 16, 2006, April 5, 2006, April 28, 2006, May 1, 2006, May 8, 2006, August 4, 2006 and October 27, 2006; and (d) our Current Reports filed on Form 8-K/ A filed on March 6, 2006 and May 1, 2006. The Commission file number for the incorporated documents is 0-422.

[Table of Contents](#)

In addition to the documents already filed, all reports and other documents which we file in the future with the Commission pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, before this stock offering ends, shall also be incorporated by reference in this prospectus.

You may request a copy of any of these filings. Such requests should be directed to: Mr. Kenneth J. Quinn, Vice President, General Counsel, Secretary and Treasurer, Middlesex Water Company, 1500 Ronson Road, Iselin, New Jersey 08830, Phone No. (732) 634 -1500. You will not be charged for these copies unless you request exhibits, for which we will charge you a minimal fee. However, you will not be charged for exhibits in any case where the exhibit you request is specifically incorporated by reference into another document which is incorporated by this prospectus.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling the registrant pursuant to the foregoing provisions, the registrant has been informed that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

We have not authorized any dealer, salesperson or other person to give any information or represent anything not contained in this prospectus. You must not rely on any unauthorized information. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus does not offer to sell any shares in any jurisdiction where it is unlawful. The information in this prospectus is current as of the date shown on the cover page.



**1,300,000 Shares
Common Stock**

PROSPECTUS

JANNEY MONTGOMERY SCOTT LLC

A.G. EDWARDS

The date of this prospectus is _____, 2006.

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution

The costs and expenses, other than underwriting discounts and commissions, payable by the Company in connection with this Offering (all amounts are estimated except the registration fee) are as follows:

Item	To be Paid by the Company
Securities and Exchange Commission registration fee	\$ 3,075.00
National Association of Securities Dealers, Inc. fee	3,374.00
Nasdaq listing fee	14,950.00
Accounting fees and expenses	60,000.00
Legal fees and expenses	115,000.00
Printing	40,000.00
Transfer agent fees and expenses	1,000.00
Miscellaneous	57,601.00
Total	\$ 295,000.00

Item 15. Indemnification of Directors and Officers

Section 14A:3-5 of the New Jersey Business Corporation Act (the “NJBCA”) gives the Company power to indemnify each of its directors and officers against expenses and liabilities in connection with any proceeding involving him by reason of his being or having been a director or officer if (a) he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Company, and (b) with respect to any criminal proceeding, he had no reasonable cause to believe his conduct was unlawful. However, in a proceeding by or in the right of the Company, there shall be no indemnification in respect of any liabilities or expenses if the officer or director shall have been adjudged liable to the Company unless the Court in such proceeding determines he is entitled to indemnity for such liabilities and/or expenses. No indemnification shall be made to or on behalf of a director or officer if a judgment or other final adjudication adverse to such director or officer establishes that his acts or omissions (a) were in breach of his duty of loyalty to the Company and its shareholders, (b) were not in good faith or involved a knowing violation of law or (c) resulted in receipt by the director or officer of an improper personal benefit. The NJBCA defines an act or omission in breach of a person’s duty of loyalty as an act or omission which that person knows or believes to be contrary to the best interests of the Corporation or its shareholders in connection with a matter in which he has a material conflict of interest. If a director or officer is successful in a proceeding, the statute mandates that the Company indemnify him against expenses.

Article V of the Company’s By-laws provides:

“Any present or future director or officer of the Company and any present or future director or officer of any other corporation serving as such at the request of the Company because of the Company’s interest in such other corporation, or the legal representative of any such director or officer, shall be indemnified by the Company against reasonable costs, expenses (exclusive of any amount paid to the Company in settlement), and counsel fees paid or incurred in connection with any action, suit, or proceeding to which any such director or officer or his legal representative may be made a party by reason of his being or having been such director or officer, provided, (1) said action, suit, or proceeding shall be prosecuted against such director or officer or against his legal representative to final determination, and it shall not be finally adjudged in said action, suit, or proceeding that he had been derelict in the performance of his duties as such director or officer, or (2) said action, suit or proceeding shall be settled or otherwise terminated as against such director or officer or his legal representative without a final determination on the merits, and it shall be determined by the Board of Directors (or, at the option of the

Table of Contents

Board of Directors, by a disinterested person or persons selected by the Board of Directors to determine the matter) that said director or officer had not in any substantial way been derelict in the performance of his duties as charged in such action, suit, or proceeding. The right of indemnification provided by this By-law shall be in addition to and not in restriction or limitation of any other privilege or power which the Company may have with respect to the indemnification or reimbursement of directors, officers, or employees.”

The Company has in effect a \$20,000,000.00 policy of insurance indemnifying it against certain liabilities to directors and officers of the Company, and indemnifying directors and officers of the Company against certain of the liabilities which they may incur in acting in their capacities as such, all within specific limits. The insurance has a term expiring May 31, 2007.

Pursuant to Section 14A:2-7 of the NJBCA, the Company’s shareholders adopted an amendment to the Company’s Certificate of Incorporation which provides that a director or officer shall not be personally liable to the Company or its shareholders for damages for breach of any duty owed to the Company or its shareholders, except that such provision shall not relieve a director or officer from liability for any breach of duty based upon an act or omission (a) in breach of such person’s duty of loyalty to the Company or its shareholders, (b) not in good faith or involving a knowing violation of law or (e) resulting in receipt by such person of an improper personal benefit.

Item 16. Exhibits

Exhibit No.	Document Description
1.1*	Form of Underwriting Agreement.
4.1	Form of Common Stock Certificate, is incorporated by reference to Exhibit 2(a) filed with the Company’s Registration Statement No. 2-55058.
4.2	Articles 7A through 7F, 8, 9 and 10 of the Restated Certificate of Incorporation are incorporated herein by reference to Exhibit 3.1 to the Company’s Annual Report on Form 10-K for the Year ended December 31, 1998.
4.3	Certificate of Correction of Middlesex Water Company filed with the State of New Jersey on April 30, 1999, is incorporated herein by reference to Exhibit 3.3 to the Company’s Annual Report on Form 10-K/A-2 for the year ended December 31, 2003.
4.4	Certificate of Amendment to the Restated Certificate of Incorporation of Middlesex Water Company, filed with the State of New Jersey on February 17, 2000, is incorporated herein by reference to Exhibit 3.4 to the Company’s Annual Report on Form 10-K/A-2 for the year ended December 31, 2003.
4.5	Certificate of Amendment to the Restated Certificate of Incorporation of Middlesex Water Company, filed with the State of New Jersey on June 5, 2002, is incorporated herein by reference to Exhibit 3.5 to the Company’s Annual Report on Form 10-K/A-2 for the year ended December 31, 2003.
4.6	By-laws of Middlesex Water Company are incorporated herein by reference to Exhibit 3.2 to the Company’s Annual Report on Form 10-K for the year ended December 31, 2005.
5 **	Opinion of Counsel Re: Legality of Securities Registered.
23.1*	Consent of Independent Registered Public Accounting Firm.
23.2**	Consent of Counsel is included in its legal opinion filed as Exhibit 5.
24 **	Power of Attorney (is included as a part of the signature page of this registration statement).

* Filed herewith.

** Previously filed.

Item 17. *Undertakings*

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended (the “1933 Act”), may be available to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the 1933 Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer, or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the 1933 Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the 1933 Act, the information omitted from the form of prospectus filed as part of a registration statement in reliance upon Rule 430A and contained in the form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the 1933 Act shall be deemed to be part of the registration statement as of the time it was declared effective.

(2) For the purposes of determining any liability under the 1933 Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) For purposes of determining any liability under the 1933 Act, each filing of the Registrant’s annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan’s annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Exhibit Index

Exhibit No.	Document Description
1.1*	Form of Underwriting Agreement.
4.1	Form of Common Stock Certificate, is incorporated by reference to Exhibit 2(a) filed with the Company's Registration Statement No. 2-55058.
4.2	Articles 7A through 7F, 8, 9 and 10 of the Restated Certificate of Incorporation are incorporated herein by reference to Exhibit 3.1 to the Company's Annual Report on Form 10-K for the Year ended December 31, 1998.
4.3	Certificate of Correction of Middlesex Water Company filed with the State of New Jersey on April 30, 1999, is incorporated herein by reference to Exhibit 3.3 to the Company's Annual Report on Form 10-K/A-2 for the year ended December 31, 2003.
4.4	Certificate of Amendment to the Restated Certificate of Incorporation of Middlesex Water Company, filed with the State of New Jersey on February 17, 2000, is incorporated herein by reference to Exhibit 3.4 to the Company's Annual Report on Form 10-K/A-2 for the year ended December 31, 2003.
4.5	Certificate of Amendment to the Restated Certificate of Incorporation of Middlesex Water Company, filed with the State of New Jersey on June 5, 2002, is incorporated herein by reference to Exhibit 3.5 to the Company's Annual Report on Form 10-K/A-2 for the year ended December 31, 2003.
4.6	By-laws of Middlesex Water Company are incorporated herein by reference to Exhibit 3.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005.
5 **	Opinion of Counsel Re: Legality of Securities Registered.
23.1*	Consent of Independent Registered Public Accounting Firm.
23.2**	Consent of Counsel is included in its legal opinion filed as Exhibit 5.
24 **	Power of Attorney (is included as a part of the signature page of this registration statement).

* Filed herewith.

** Previously filed.

1,300,000 SHARES
MIDDLESEX WATER COMPANY
COMMON STOCK

UNDERWRITING AGREEMENT

Philadelphia, Pennsylvania
[•], 2006

JANNEY MONTGOMERY SCOTT LLC
A.G. EDWARDS & SONS, INC.

As Representatives of the Several Underwriters Named in Schedule I hereto
c/o Janney Montgomery Scott LLC
1801 Market Street
Philadelphia, PA 19103

Ladies and Gentlemen:

Middlesex Water Company, a New Jersey corporation (“Middlesex”), proposes, subject to the terms and conditions stated herein, to sell to the several Underwriters named in Schedule I hereto (the “Underwriters”), for whom Janney Montgomery Scott LLC and A.G. Edwards & Sons, Inc. are serving as Representatives (the “Representatives”), an aggregate of 1,300,000 shares of Middlesex’s Common Stock, with no par value (“Common Stock”). The 1,300,000 shares of Common Stock to be sold to the Underwriters by Middlesex are referred to herein as the “Firm Shares.” The respective amounts of the Firm Shares to be purchased by the several Underwriters are set forth opposite their names in Schedule I hereto. The Firm Shares shall be offered to the public at a public offering price of \$[•] per Firm Share (the “Offering Price”).

In order to cover over-allotments in the sale of the Firm Shares, the Underwriters may, at the Underwriters’ election and subject to the terms and conditions stated herein, purchase ratably in proportion to the amounts set forth opposite their respective names in Schedule I hereto, for the Underwriters’ own accounts up to 195,000 additional shares of Common Stock from Middlesex. Such 195,000 additional shares of Common Stock are referred to herein as the “Optional Shares.” If any Optional Shares are purchased, the Optional Shares shall be purchased

for offering to the public at the Offering Price and in accordance with the terms and conditions set forth herein. The Firm Shares and the Optional Shares are referred to collectively herein as the “Shares.”

In consideration of the mutual agreements contained herein, Middlesex and the Underwriters, intending to be legally bound, hereby confirm their agreement as follows:

1. Representations and Warranties of Middlesex. Middlesex represents and warrants to, and agrees with, the several Underwriters that:

(a) Middlesex has prepared and filed with the Securities and Exchange Commission (the “SEC”), in accordance with the provisions of the Securities Act of 1933, as amended (the “Act”), and the rules and regulations thereunder (the “Regulations”), a registration statement on Form S-3 (file no. 333-137893), including a prospectus, registering the Shares. The term “Registration Statement” as used herein means the registration statement (including all exhibits and information incorporated by reference therein) as amended at the time it becomes effective or, if the registration statement became effective prior to the execution and delivery of this Agreement, as supplemented or amended prior to the execution and delivery of this Agreement and includes information (if any) contained in the Prospectus (as defined below). If it is contemplated, at the time this Agreement is executed, that a post-effective amendment to the Registration Statement will be filed and must be declared effective before the offering of the Shares may commence, the term “Registration Statement” as used herein shall mean the Registration Statement as amended by such post-effective amendment. If Middlesex has filed or files on or after the date of this Agreement a registration statement to register additional shares of Common Stock pursuant to Rule 462(b) under the Act (the “Rule 462(b) Registration Statement”), then any reference herein to the term “Registration Statement” shall be deemed to include such Rule 462(b) Registration Statement. The term “Preliminary Prospectus” shall mean any preliminary prospectus included in the Registration Statement or filed with the SEC pursuant to Rule 424(a) of the Regulations. The term “Statutory Prospectus” shall mean any Preliminary Prospectus, as amended or supplemented, relating to the Shares that is included in the Registration Statement immediately prior to the Initial Sale Time (as defined below), including any document incorporated by reference therein. The term “Prospectus” shall mean the final prospectus relating to the Shares that is first filed pursuant to Rule 424(b) after the effective date of the Registration Statement (the “Effective Date”) or, if no filing pursuant to Rule 424(b) is required, shall mean the form of final prospectus relating to the Shares included in the Registration Statement at the Effective Date. The term “Issuer Free Writing Prospectus” shall have the meaning ascribed to it in Rule 433 of the Regulations relating to the Shares, in the form filed or required to be filed with the SEC or, if not required to be filed, in the form retained in Middlesex’s record pursuant to Rule 433(g) of the Regulations. The term “Disclosure Package” shall mean (i) the Statutory Prospectus, (ii) the Issuer Free Writing Prospectus, if any, identified in Schedule II hereto and (iii) any other free writing prospectus defined in Rule 405 of the Regulations that is required to be filed by Middlesex with the SEC or retained by Middlesex under Rule 433 of the Regulations and that all parties hereto expressly agree to treat as part of the Disclosure Package (the “Other Free Writing Prospectus”). For purposes of this Agreement, the “Initial Sale Time” shall mean 5:00 p.m. (Eastern time) on the date of this Agreement. All references in this Agreement to the Registration Statement, the Rule 462(b) Registration Statement, a Preliminary Prospectus, the Statutory Prospectus, the Prospectus, the Issuer Free

Writing Prospectus, the Other Free Writing Prospectus or any amendments or supplements to any of the foregoing, shall include any copy thereof filed with the SEC pursuant to its Electronic Data Gathering, Analysis and Retrieval System ("EDGAR").

(b) The Registration Statement has become effective under the Act, and the SEC has not issued any stop order suspending the effectiveness of the Registration Statement or preventing or suspending the use of the Statutory Prospectus or the Prospectus, nor has the SEC instituted or threatened to institute proceedings with respect to such an order. No stop order suspending the sale of the Shares in any jurisdiction designated by the Representatives as provided for in Section 5(f) of this Agreement has been issued, and no proceedings for that purpose have been instituted or threatened. Middlesex has complied in all material respects with all requests of the SEC, or requests of which Middlesex has been advised of any state or foreign securities commission in a state or foreign jurisdiction designated by the Representatives as provided for in Section 5(f) of this Agreement, for additional information to be included in the Registration Statement, the Disclosure Package or the Prospectus.

(c) (A) The Registration Statement, when it became effective, did not contain and, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (B) the Registration Statement, the Statutory Prospectus and the Prospectus comply and, as amended or supplemented, if applicable, will comply in all material respects with the Act and the Regulations, (C) the Statutory Prospectus and the Prospectus do not contain and, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that the representations and warranties set forth in this paragraph do not apply to omissions from or statements in the Registration Statement, the Statutory Prospectus or the Prospectus based upon and in conformity with written information furnished to Middlesex by any Underwriter specifically for use therein, and (D) the statistical and market-related data included in the Registration Statement, the Disclosure Package and the Prospectus are based on or derived from sources that Middlesex believes to be reliable and accurate. With respect to the exception set forth at sub-clause (C) above, Middlesex acknowledges that the only information furnished by any Underwriter for use in the Registration Statement, the Statutory Prospectus or the Prospectus is the information as set forth in Section 13 of this Agreement.

(d) As of the Initial Sale Time, the Disclosure Package complied in all material respects with the Act and the Regulations and, if filed by electronic transmission pursuant to EDGAR (except as may be permitted by Regulation S-T under the Act), was identical to the copy thereof delivered to the Underwriters for use in connection with the offer and sale of the Shares. The Disclosure Package, at the Initial Sale Time did not, and at the Closing Date (as defined below) will not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The preceding sentence does not apply to omissions from or statements in the Disclosure Package based upon and in conformity with written information furnished to Middlesex by any Underwriter through the Representatives specifically for use therein, it being understood and agreed that the only such

information furnished by any Underwriter for use in the Disclosure Package is the information as set forth in Section 13 of this Agreement.

(e) Middlesex (including its agents and representatives, other than the Underwriters in their capacity as such) has not used, authorized, approved or referred to and will not use, authorize, approve or refer to any Issuer Free Writing Prospectus other than the documents listed on Schedule II hereto. Each such Issuer Free Writing Prospectus complied in all material respects with the Act and has been filed in accordance with the Act (to the extent required thereby). Each Issuer Free Writing Prospectus, as of its issue date and at all subsequent times through the completion of the public offer and sale of the Shares or until any earlier date of which Middlesex notified or notifies the Representatives as described in the next sentence, did not, does not and will not include any information that conflicted, conflicts or will conflict with the information contained in the Registration Statement. If at any time following issuance of an Issuer Free Writing Prospectus, there occurred or occurs an event or development as a result of which such Issuer Free Writing Prospectus conflicted or would conflict with the information then contained in the Registration Statement or included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances prevailing at that subsequent time, not misleading, (i) Middlesex has promptly notified or will promptly notify the Representatives and (ii) Middlesex has promptly amended or will promptly amend or supplement such Issuer Free Writing Prospectus to eliminate or correct such conflict, untrue statement or omission. The foregoing sentences do not apply to omissions from or statements in any Issuer Free Writing Prospectus based upon and in conformity with written information furnished to Middlesex by any Underwriter through the Representatives specifically for use therein, it being understood and agreed that the only such information furnished by any Underwriter for use in any Issuer Free Writing Prospectus is the information as set forth in Section 13 of this Agreement.

(f) Middlesex has not distributed and will not distribute, prior to the later of the last Option Closing Date (as defined below) and the completion of the Underwriters' distribution of the Shares, any offering material in connection with the offering and sale of the Shares other than the Registration Statement, the Disclosure Package or the Prospectus.

(g) Any documents incorporated by reference into the Prospectus pursuant to Item 12 of Form S-3 under the Act, at the time they were filed with the SEC, complied in all material respects with the requirements of the Securities Exchange Act of 1934, as amended ("Exchange Act") and with the rules and regulations promulgated under or pursuant to the Exchange Act, and did not contain any untrue statement of material fact or omit to state a material fact required to be stated therein, or necessary to make the statements therein, not misleading.

(h) There are no legal or governmental proceedings pending or, to the knowledge of Middlesex, threatened to which Middlesex or any of its Subsidiaries is a party or to which any of the properties of Middlesex or any Subsidiary are subject that are required to be described in the Registration Statement, the Disclosure Package or the Prospectus and are not so described or any statutes, regulations, contracts or other documents that are required to be described in the Registration Statement, Disclosure Package or the Prospectus or to be filed as exhibits to the Registration Statement that are not described or filed as required.

(i) Middlesex is a corporation duly organized, validly existing and in good standing under the laws of the State of New Jersey, with all necessary power and authority, corporate and otherwise, and all required licenses, permits, certifications, registrations, approvals, consents and franchises to own or lease and operate its properties and to conduct its current business as described in the Registration Statement, the Disclosure Package and the Prospectus, and to execute, deliver and perform this Agreement. Each of Tidewater Utilities, Inc., a Delaware corporation (“Tidewater”), Tidewater Environmental Services, Inc., a Delaware corporation, Pinelands Water Company, a New Jersey corporation, Pinelands Wastewater Company, a New Jersey corporation, Utility Services Affiliates, Inc, a New Jersey corporation and Utility Services Affiliates (Perth Amboy), Inc., a New Jersey corporation is a wholly owned subsidiary of Middlesex and together with each of Southern Shores Water Company, LLC, a Maryland limited liability company and wholly owned subsidiary of Tidewater (“Southern Shores”) and White Marsh Environmental Systems, Inc., a Delaware corporation (“White Marsh”) and wholly owned subsidiary of Tidewater, collectively, shall herein be referred to as the “Subsidiaries.” Each Subsidiary has been duly incorporated or formed and is a validly existing corporation or limited liability company, as the case may be, in good standing under the laws of the jurisdiction of its incorporation or formation, with all necessary power and authority, corporate and otherwise, and all required licenses, permits, certifications, registrations, approvals, consents and franchises to own or lease and operate its properties and to conduct its current business. Middlesex and the Subsidiaries are duly qualified to do business as foreign entities, and are in good standing, in all jurisdictions in which such qualification is required, except where the failure to so qualify would not have a material adverse effect on the general affairs, properties, assets, operations, condition (financial or otherwise), results of operations, stockholders’ equity, business or prospects of the business (collectively, the “Business Conditions”) of Middlesex and the Subsidiaries taken as a whole. References to materiality as applicable to any of the Subsidiaries shall mean material to the Business Conditions of Middlesex and the Subsidiaries taken as a whole.

(j) All of the outstanding shares of capital stock of each of the Subsidiaries have been duly authorized and validly issued, are fully paid and non-assessable and are owned, directly or indirectly, by Middlesex, free and clear of all liens, encumbrances and security interests; and no options, warrants or other rights to purchase, agreements or other obligations to issue, or other rights to convert any obligations into shares of capital stock or ownership interests in each of the Subsidiaries or securities convertible into or exchangeable for capital stock of, or other ownership interests in any of the Subsidiaries are outstanding except as disclosed in the Registration Statement, the Disclosure Package or the Prospectus. Except for 6,327 shares of Class B common stock of Artesian Resources Corporation and 2,364 shares of common stock of Nationwide Financial Services, Inc., neither Middlesex nor the Subsidiaries owns any stock or other interest whatsoever, whether equity or debt, in any corporation, partnership or other entity other than Middlesex’s direct or indirect ownership of the Subsidiaries.

(k) This Agreement has been duly authorized, executed and delivered by Middlesex and constitutes its legal, valid and binding obligation, enforceable against Middlesex in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors’ rights generally and subject to applicability of general principles of equity and except, as to this Agreement, as rights to

indemnity and contribution may be limited by federal and state securities laws or principles of public policy.

(l) The execution, delivery and performance of this Agreement and the transactions contemplated herein, do not and will not, with or without the giving of notice or the lapse of time, or both, (i) conflict with any term or provision of Middlesex's or the Subsidiaries' charter documents, or Bylaws; (ii) result in a breach of, constitute a default under, result in the termination or modification of, result in the creation or imposition of any lien, security interest, charge or encumbrance upon any of the properties of Middlesex or the Subsidiaries or require any payment by Middlesex or any of the Subsidiaries or impose any liability on Middlesex or any of the Subsidiaries pursuant to, any contract, indenture, mortgage, deed of trust, commitment or other agreement or instrument to which Middlesex or any of the Subsidiaries is a party or by which any of their properties are bound or affected other than this Agreement; (iii) assuming compliance with Blue Sky laws and the rules of the National Association of Securities Dealers, Inc. (the "NASD") applicable to the offer and sale of the Shares, violate any law, rule, regulation, judgment, order or decree of any government or governmental agency, instrumentality or court, domestic or foreign, having jurisdiction over Middlesex or the Subsidiaries or any of their respective properties or businesses; or (iv) result in a breach, termination or lapse of Middlesex's or the Subsidiaries' corporate power and authority to own or lease and operate their respective properties and conduct their respective businesses.

(m) At the date or dates indicated in the Registration Statement, the Disclosure Package or the Prospectus, Middlesex had the capitalization set forth in the Registration Statement, the Disclosure Package or the Prospectus under the caption "Capitalization" and will have, as of the issuance of the Firm Shares on the Closing Date, the as-adjusted capitalization set forth therein as of the date indicated in the Registration Statement, the Disclosure Package and the Prospectus. On the Effective Date, the Closing Date and any Option Closing Date, there will be no options or warrants or other outstanding rights to purchase, agreements or obligations to issue or agreements or other rights to convert or exchange any obligation or security into, capital stock of Middlesex or securities convertible into or exchangeable for capital stock of Middlesex, except as described in the Registration Statement, the Disclosure Package or the Prospectus or the grant of options after the date of the Registration Statement, the Disclosure Package or the Prospectus under option plans of Middlesex. The information in the Registration Statement, the Disclosure Package and the Prospectus insofar as it relates to all outstanding rights to acquire securities of Middlesex as of the dates referred to in the Registration Statement, the Disclosure Package or the Prospectus is true and correct in all material respects.

(n) The currently outstanding shares of Middlesex capital stock have been duly authorized and are validly issued, fully paid and non-assessable, and none of such outstanding shares of Middlesex capital stock has been issued in violation of any preemptive rights or similar rights of any security holder of Middlesex. The holders of the outstanding shares of Middlesex capital stock are not subject to personal liability solely by reason of being such holders. All previous offers and sales of the outstanding shares of Middlesex capital stock, whether described in the Registration Statement, the Disclosure Package or the Prospectus, were made in conformity with applicable federal, state and foreign securities laws. The authorized capital stock of Middlesex, including, without limitation, the outstanding Common Stock and the Shares being issued, conform in all material respects with the descriptions thereof in the

Registration Statement, the Disclosure Package and the Prospectus, and such descriptions conform in all material respects with the instruments defining the same. The description of Middlesex's stock plans or arrangements, and the rights granted thereunder, set forth in the Registration Statement, the Disclosure Package and the Prospectus accurately and fairly presents, in all material respects, the information required to be shown with respect to such plans, arrangements and rights.

(o) There are no contracts, agreements or understandings between Middlesex or any of its Subsidiaries and any person granting such person the right to require Middlesex to file a registration statement under the Act with respect to any securities of Middlesex owned or to be owned by such person or to require Middlesex to include such securities in the securities registered pursuant to the Registration Statement or in any securities being registered pursuant to any other registration statement filed by Middlesex under the Act.

(p) The Shares have been duly authorized, and when issued and delivered against payment therefor as contemplated by this Agreement, the Shares will be validly issued, fully paid and non-assessable, and the holders thereof will not be subject to personal liability solely by reason of being such holders. The certificates representing the Shares are in proper legal form under, and conform in all respects to the requirements of, the New Jersey Business Corporation Act, as amended (the "NJBCA"). Neither the filing of the Registration Statement or the Prospectus nor the offering or sale of Shares as contemplated by this Agreement gives any security holder of Middlesex any rights for or relating to the registration of any Common Stock or any other capital stock of Middlesex or any rights to convert or have redeemed or otherwise receive anything of value with respect to any other security of Middlesex.

(q) No consent, approval, authorization, order, registration, license or permit of, or filing or registration with, any court, government, governmental agency, instrumentality or other regulatory body or official is required for the valid and legal execution, delivery and performance by Middlesex of this Agreement and the consummation of the transactions contemplated hereby, except (i) approval by the New Jersey Board of Public Utilities, which has been obtained, and (ii) such as may be required for the registration of the Shares under the Act, the Exchange Act and for compliance with the applicable state securities or Blue Sky laws or the Bylaws, rules and other pronouncements of the NASD.

(r) The Common Stock (including the Shares) is registered pursuant to Section 12(b) of the Exchange Act. The issued and outstanding shares of Common Stock are listed on The Nasdaq Global Select Market. Neither Middlesex nor, to Middlesex's knowledge, any other person has taken any action designed to cause, or likely to result in, the termination of the registration of the Common Stock under the Exchange Act. Middlesex has not received any notification that the SEC or the NASD is contemplating terminating such registration or inclusion.

(s) The statements in the Registration Statement, the Disclosure Package and the Prospectus, insofar as they are descriptions of or references to contracts, agreements or other documents, are accurate in all material respects and present or summarize fairly, in all material respects, the information required to be disclosed under the Act or the Regulations, and there are no contracts, agreements or other documents, instruments or transactions of any character

required to be described or referred to in the Registration Statement, the Disclosure Package or the Prospectus or to be filed as exhibits to the Registration Statement that have not been so described, referred to or filed, as required.

(t) Each contract or other instrument (however characterized or described) to which Middlesex or any of the Subsidiaries is a party or by which any of their respective properties or businesses is bound or affected and which is material to the conduct of Middlesex's, or the Subsidiaries' business has been duly and validly executed by Middlesex or the Subsidiaries, as applicable, and, to the knowledge of Middlesex, has been duly and validly executed by the other parties thereto. Each such contract or other instrument is in full force and effect and to Middlesex's knowledge, is enforceable against the parties thereto in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally and subject to applicability of general principles of equity, and neither Middlesex nor any of the Subsidiaries is, and to the knowledge of Middlesex, no other party is, in default thereunder and no event has occurred that, with the lapse of time or the giving of notice, or both, would constitute a default under any such contract or other instrument. All necessary consents under such contracts or other instruments to the disclosure in the Registration Statement, the Disclosure Package or the Prospectus with respect thereto have been obtained.

(u) The consolidated financial statements of Middlesex (including the notes thereto) filed as part of the Registration Statement, the Disclosure Package and the Prospectus present fairly, in all material respects, the financial position of Middlesex as of the respective dates thereof, and the results of operations and cash flows of Middlesex for the periods indicated therein, all in conformity with generally accepted accounting principles. The supporting notes included in the Registration Statement, the Disclosure Package and the Prospectus fairly state in all material respects the information required to be stated therein in relation to the financial statements taken as a whole. The financial information included in the Registration Statement, the Disclosure Package or Prospectus under the captions "Prospectus Summary — Summary Consolidated Financial Data," "Use of Proceeds" and "Capitalization" presents fairly the information shown therein and has been compiled on a basis consistent with that of the financial statements included in the Registration Statement, the Disclosure Package and the Prospectus. The unaudited pro forma adjustments to financial information in the Registration Statement, the Disclosure Package and the Prospectus have been properly applied to the historical amounts in the compilation of that information to reflect the sale by Middlesex of 1,300,000 shares of Common Stock offered thereby at an assumed offering or actual price set forth in the Disclosure Package or the Prospectus, as the case may be, and the application of the estimated net proceeds therefrom.

(v) Since the respective dates as of which information is given in the Registration Statement, the Disclosure Package and the Prospectus, except as otherwise stated therein, there has not been (i) any material adverse change (including, whether or not insured against, any material loss or damage to any material assets), or development involving a prospective material adverse change, in the Business Conditions of Middlesex; (ii) any material adverse change, loss, reduction, termination or non-renewal of any material contract to which Middlesex or any of the Subsidiaries is a party; (iii) any transaction entered into by Middlesex or any of the Subsidiaries not in the ordinary course of its business that is material to Middlesex or

any of the Subsidiaries; (iv) any dividend or distribution of any kind declared, paid or made by Middlesex on its capital stock, except for and to the extent described in the Prospectus; (v) any liabilities or obligations, direct or indirect, incurred by Middlesex or any of the Subsidiaries that are material to Middlesex or any of the Subsidiaries; (vi) except for purchases of Common Stock by the Middlesex Dividend Reinvestment Plan, any change in the capitalization of Middlesex or any of the Subsidiaries; or (vii) any change in the indebtedness of Middlesex or any of the Subsidiaries that is material to Middlesex or the Subsidiaries. Neither Middlesex nor the Subsidiaries has any contingent liabilities or obligations that are material and that are not expressly disclosed in the Registration Statement, the Disclosure Package and the Prospectus.

(w) Neither Middlesex nor any of its officers, directors or affiliates has (i) taken, nor shall Middlesex or such persons take, directly or indirectly, any action designed to, or that might be reasonably expected to, cause or result in stabilization or manipulation of the price of the Common Stock, or (ii) since the filing of the Registration Statement (A) sold, bid for, purchased or paid anyone any compensation for soliciting purchases of, the Shares or (B) paid or agreed to pay to any person any compensation for soliciting another to purchase any other securities of Middlesex.

(x) Middlesex and the Subsidiaries have filed with the appropriate federal, state and local governmental agencies, and all foreign countries and political subdivisions thereof, all tax returns that are required to be filed or have duly obtained extensions of time for the filing thereof and have paid all taxes shown on such returns or otherwise due and all material assessments received by them to the extent that the same have become due. Neither Middlesex nor any of the Subsidiaries has executed or filed with any taxing authority, foreign or domestic, any agreement extending the period for assessment or collection of any income or other tax and neither of them is a party to any pending action or proceeding by any foreign or domestic governmental agency for the assessment or collection of taxes, and no claims for assessment or collection of taxes have been asserted against Middlesex or any of the Subsidiaries that might materially adversely affect the Business Conditions of Middlesex or any of the Subsidiaries.

(y) Deloitte & Touche LLP, which has given its report on certain financial statements included as part of the Registration Statement, the Disclosure Package and the Prospectus is a firm of independent certified public accountants as required by the Act and the Regulations with respect to Middlesex and Beard Miller Company LLP, which performed, in accordance with Statement of Auditing Standard No. 100, a review of certain interim financial statements as part of the Registration Statement, the Disclosure Package and the Prospectus, is a firm of independent certified public accountants as required by the Act and the Regulations with respect to Middlesex.

(z) Neither Middlesex nor any of the Subsidiaries is in violation of, or in default under, any of the terms or provisions of (i) its charter documents or Bylaws or similar governing instruments, (ii) any indenture, mortgage, deed of trust, contract, commitment or other agreement or instrument to which it is a party or by which it or any of its assets or properties is bound or affected, (iii) any law, rule, regulation, judgment, order or decree of any government or governmental agency, instrumentality or court, domestic or foreign, having jurisdiction over it or any of its properties or business, or (iv) any license, permit, certification, registration, approval, consent or franchise, except with respect to clause (ii), (iii) or (iv) above, where any such default

would be reasonably expected to have a material adverse effect on the Business Conditions of Middlesex or any of the Subsidiaries.

(aa) Except as expressly disclosed in the Registration Statement, the Disclosure Package and the Prospectus, there are no claims, actions, suits, protests, proceedings, arbitrations, investigations or inquiries pending before, or, to Middlesex's knowledge, threatened or contemplated by, any governmental agency, instrumentality, court or tribunal, domestic or foreign, or before any private arbitration tribunal to which Middlesex or any of the Subsidiaries is or may be made a party that could reasonably be expected to affect the validity of any of the outstanding Common Stock, or that, if determined adversely to Middlesex or any of the Subsidiaries would, in any case or in the aggregate, result in any material adverse change in the Business Conditions of Middlesex or any of the Subsidiaries, nor to Middlesex's knowledge is there any reasonable basis for any such claim, action, suit, protest, proceeding, arbitration, investigation or inquiry. Except as expressly disclosed in the Registration Statement, the Disclosure Package and the Prospectus, there are no outstanding orders, judgments or decrees of any court, governmental agency, instrumentality or other tribunal enjoining Middlesex or any of the Subsidiaries from, or requiring Middlesex or any of the Subsidiaries to take or refrain from taking, any action, or to which Middlesex or any of the Subsidiaries or their properties, assets or businesses are bound or subject.

(bb) Each of Middlesex and the Subsidiaries owns, or possesses adequate rights to use, all patents, patent applications, trademarks, trademark registrations, applications for trademark registration, trade names, service marks, licenses, inventions, copyrights, know-how (including any unpatented and/or unpatentable proprietary or confidential technology, information, systems, design methodologies and devices or procedures developed or derived from or for Middlesex's or the Subsidiaries' business), trade secrets, confidential information, processes and formulations and other proprietary information necessary for, used in, or proposed to be used in, the conduct of the business of Middlesex and the Subsidiaries as described in the Registration Statement, the Disclosure Package and the Prospectus (collectively, the "Intellectual Property"). To Middlesex's knowledge, neither Middlesex nor any of the Subsidiaries has infringed, is infringing nor have received any notice of conflict with, the asserted rights of others with respect to the Intellectual Property that, individually or in the aggregate, if the subject of an unfavorable decision, ruling or finding, could materially adversely affect the Business Conditions of Middlesex and the Subsidiaries, taken as a whole. To the knowledge of Middlesex, no other parties have infringed upon or are in conflict with any Intellectual Property owned by Middlesex or its Subsidiaries. Neither Middlesex nor any of the Subsidiaries is a party to, or bound by, any agreement pursuant to which royalties, honorariums or fees are payable by Middlesex or any of the Subsidiaries to any person by reason of the ownership or use of any Intellectual Property, except for such royalties, honorariums or fees associated with commercially available software and computer applications.

(cc) Each of Middlesex and the Subsidiaries has good and marketable title to all property described in the Registration Statement, the Disclosure Package and the Prospectus as being owned by it, free and clear of all liens, security interests, charges or encumbrances and the like, except such as are expressly described or referred to in the Registration Statement, the Disclosure Package and the Prospectus or such as do not materially adversely affect the Business Conditions or the conduct of the business of Middlesex and the Subsidiaries as described in the

Registration Statement, the Disclosure Package and the Prospectus. Each of Middlesex and the Subsidiaries has insured its property against loss or damage by fire or other casualty, in amounts reasonably believed by Middlesex to be adequate, and maintains insurance against such other risks as management of Middlesex deems appropriate. All real and personal property leased by Middlesex and the Subsidiaries as described or referred to in the Registration Statement, the Disclosure Package and the Prospectus, is held by Middlesex and the Subsidiaries as applicable, under valid leases. The executive offices and facilities of Middlesex and the Subsidiaries (the "Premises"), and all operations presently or formerly conducted thereon by Middlesex or the Subsidiaries or any predecessors thereof, are now and, since Middlesex or the Subsidiaries began to use such Premises, always have been and, to the knowledge of Middlesex prior to when Middlesex or the Subsidiaries began to use such Premises, always had been, in compliance in with all federal, state and local statutes, ordinances, regulations, rules, standards and requirements of common law concerning or relating to industrial hygiene and the protection of health and the environment (collectively, the "Environmental laws"), except to the extent that any failure in such compliance would not materially adversely affect the Business Conditions of Middlesex or the Subsidiaries. To the knowledge of Middlesex, the facilities of Middlesex and the Subsidiaries produce water of sufficient quality and quantity to supply the current and planned customers and service areas served by Middlesex and the Subsidiaries, and are not subject to any restriction on groundwater withdrawal under any federal, state or local law, regulation, rule, order or permit, except as expressly described in the Registration Statement, the Disclosure Package and the Prospectus or as provided in State of Delaware allocation permits and such as do not materially adversely affect the Business Conditions or the conduct of the business of Middlesex and the Subsidiaries as described in the Registration Statement, the Disclosure Package and the Prospectus. To the knowledge of Middlesex, there are no conditions on, about, beneath or arising from the Premises, in close proximity to the Premises or at any other location that (i) might give rise to liability, the imposition of a statutory lien upon Middlesex or the Subsidiaries, (ii) require a "Response," "Removal" or "Remedial Action," as defined herein, under any of the Environmental laws by Middlesex or any of the Subsidiaries, or (iii) affect the quality of the groundwater withdrawn by Middlesex or the Subsidiaries, and that in any such case described in (i), (ii) or (iii) would materially adversely affect the Business Conditions of Middlesex, except as described in the Registration Statement, the Disclosure Package and the Prospectus. Except as expressly disclosed in the Registration Statement, the Disclosure Package and the Prospectus, or which will not materially adversely affect the Business Conditions of Middlesex (i) neither Middlesex nor the Subsidiaries has received notice or has knowledge of any claim, demand, investigation, regulatory action, suit or other action instituted or threatened against Middlesex or the Subsidiaries or any portion of the Premises or any parcel in close proximity to the Premises relating to any of the Environmental laws and (ii) neither Middlesex nor the Subsidiaries has received any notice of material violation, citation, complaint, order, directive, request for information or response thereto, notice letter, demand letter or compliance schedule to or from any governmental or regulatory agency arising out of or in connection with "hazardous substances" (as defined by applicable Environmental laws) on, about, beneath, arising from or generated at the Premises, near the Premises or at any other location. As used in this subsection, the terms "Response," "Removal" and "Remedial Action" shall have the respective meanings assigned to such terms under Sections 101(23)-101(25) of the Comprehensive Environmental Response, Compensation and Liability Act, as amended by the Superfund Amendments and Reauthorization Act, 42 U.S.C. 9601(23)-9601(25).

(dd) Each of Middlesex and the Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurances that:

(i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary in order to permit preparation of financial statements in accordance with generally accepted accounting principles and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(ee) Middlesex is in compliance in all material respects with all currently effective provisions of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated thereunder that are applicable, or will be applicable as of the Closing Date, to Middlesex.

(ff) Middlesex, the Subsidiaries and any Related Employer (which for purposes of this Paragraph means any entity that with Middlesex or the Subsidiaries is a member of a controlled group of corporations within the meaning of Section 414(b) of the Internal Revenue Code of 1986 as amended (the "Code"), is, individually or collectively, a trade or business under common control within the meaning of Section 414(c) of the Code, or is a member of the same affiliated service group within the meaning of Section 414(m) of the Code) have established, maintain, contribute to, are required to contribute to, are a party to, or are bound by certain pension, retirement, profit-sharing plans, deferred compensation, bonus, or other incentive plans, or medical, vision, dental, or other health plans, or life insurance or disability plans, or any other employee benefit plans, programs, arrangements, agreements, or understandings, some of which are subject to the Employee Retirement Income Security Act of 1974 as amended ("ERISA") and the rules and regulations thereunder ("Plans"). Any disclosure regarding the Plans required under the Act or the Exchange Act has been made in the Registration Statement, the Disclosure Package and the Prospectus. All Plans that are subject to ERISA are in compliance with ERISA, in all material respects, and, to the extent a Plan is intended to be tax-qualified within the meaning of Section 401(a) of the Code, such Plan is in compliance with the Code in all material respects and is the subject of a current favorable determination letter from the Internal Revenue Service as to its tax qualification. No Plan is an employee pension benefit plan that is subject to Part 3 of Subtitle B of Title I of ERISA, a defined benefit plan subject to Title IV of ERISA, or a multiemployer plan. None of Middlesex, the Subsidiaries or any Related Employer maintains or has maintained retiree life or retiree health insurance plans that are employee welfare benefit plans providing for continuing benefit or coverage for any employee or any beneficiary of any employee after such employee's termination of employment, except as required by Section 4980B of the Code and except as disclosed in the Registration Statement, the Disclosure Package and the Prospectus. No fiduciary or other party in interest with respect to any of the Plans has caused any of such Plans to engage in a prohibited transaction as defined in Section 406 of ERISA and Section 4975 of the Code. As used in this subsection, the terms "defined benefit plan," "employee benefit plan," "employee pension benefit plan," "employee welfare benefit plan," "fiduciary" and "multiemployer plan" shall have the respective meanings assigned to such terms in Section 3 of ERISA.

(gg) No labor dispute exists with Middlesex's or the Subsidiaries' employees, and to Middlesex's knowledge, no such labor dispute is threatened. Middlesex has no knowledge of any existing or threatened labor disturbance by the employees of any of the principal suppliers, contractors or customers of Middlesex or any of the Subsidiaries that would materially adversely affect the Business Conditions of Middlesex or any of the Subsidiaries. None of Middlesex's or the Subsidiaries' employees is covered by a collective bargaining agreement and no union organizing activity exists with respect to any of such employees.

(hh) Neither the Company nor the Subsidiaries is a party to any contract, agreement or understanding with any person (other than this Agreement) that would give rise to a valid claim against the Company or any of the Subsidiaries or any Underwriter for a brokerage commission, finder's fee or like payment in connection with the offering and sale of the Shares.

(ii) Middlesex is not, and after giving effect to the offering and sale of the Shares and the application of the proceeds therefor described in the Registration Statement, Disclosure Package and the Prospectus will not be, an "investment company" or an entity "controlled" by an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended. None of the Subsidiaries is an "investment company" as defined in the Investment Company Act of 1940, as amended.

(jj) Middlesex and its Subsidiaries have received all permits, licenses, franchises, authorizations, registrations, qualifications and approvals (collectively, "Permits") of governmental or regulatory authorities as may be required of them to own their properties and conduct their businesses in the manner described in the Registration Statement, the Disclosure Package and the Prospectus, subject to such qualifications as may be set forth in the Registration Statement, the Disclosure Package and the Prospectus; and Middlesex and its Subsidiaries have fulfilled and performed all of their material obligations with respect to such Permits, and no event has occurred which allows or, after notice or lapse of time or both, would allow revocation or termination thereof or result in any other material impairment of the rights of the holder of any such Permit, subject in each case to such qualifications as may be set forth in the Registration Statement, the Disclosure Package and the Prospectus; and, except as described in the Registration Statement, the Disclosure Package and the Prospectus, such Permits contain no restrictions that materially affect the ability of Middlesex and its Subsidiaries to conduct their businesses.

(kk) No statement, representation, warranty or covenant made by Middlesex or any of the Subsidiaries in this Agreement or in any certificate or document required by this Agreement to be delivered to the Representatives is, or as of the Closing Date or any Option Closing Date will be, inaccurate, untrue or incorrect in any material respect. No transaction has occurred or is proposed between or among Middlesex or any of the Subsidiaries and any of their respective officers, directors or stockholders or any affiliate of the foregoing, or any affiliate of the foregoing that is required to be described in and is not described in the Registration Statement, the Disclosure Package and the Prospectus.

(ll) None of Middlesex, the Subsidiaries or any officer, director, employee, partner, agent or other person acting on behalf of Middlesex or the Subsidiaries has, directly or indirectly, given or agreed to give any money, property or similar benefit or consideration to any

customer or supplier (including any employee or agent of any customer or supplier) or official or employee of any agency or instrumentality of any government (foreign or domestic) or political party or candidate for office (foreign or domestic) or any other person who was, is or in the future may be in a position to affect the Business Conditions of Middlesex or any of the Subsidiaries or any actual or proposed business transaction of Middlesex or any of the Subsidiaries that (i) could subject Middlesex or any of the Subsidiaries to any liability (including, but not limited to, the payment of monetary damages) or penalty in any civil, criminal or governmental action or proceeding that would have a material adverse effect on the Business Conditions of Middlesex or any of the Subsidiaries or (ii) with respect to Middlesex, the Subsidiaries, or any officer or director thereof, violates any law, rule or regulation to which Middlesex or any of the Subsidiaries is subject.

(mm) Middlesex's board of directors has validly appointed an audit committee whose composition satisfies the requirements of the Exchange Act, the rules and regulations of the SEC adopted thereunder and Rules 4200 and 4350 of the NASD that are applicable as of the Closing Date. Middlesex's audit committee has adopted a charter that satisfies the Exchange Act, the rules and regulations of the SEC adopted thereunder and Rules 4200 and 4350 of the NASD that are applicable as of the Closing Date.

(nn) At the time of filing the Registration Statement and as of the date of the execution and delivery of this Agreement (with such date being used as the determination date for purposes hereof), Middlesex was not and is not an Ineligible Issuer (as defined in Rule 405 of the Act), without taking account of any determination by the SEC pursuant to Rule 405 of the Act that it is not necessary that Middlesex be considered an Ineligible Issuer.

(oo) Any certificate signed by any officer of Middlesex or any of the Subsidiaries in such capacity and delivered to the Representatives or to counsel for the Underwriters pursuant to this Agreement shall be deemed a representation and warranty by Middlesex or the Subsidiaries as the case may be, to the several Underwriters as to the matters covered thereby.

2. Purchase and Sale of Firm Shares. On the basis of the representations, warranties, covenants and agreements contained herein, but subject to the terms and conditions set forth herein, Middlesex shall sell the Firm Shares to the several Underwriters at the Offering Price less the Underwriting Discounts and Commissions shown on the cover page of the Prospectus, and the Underwriters, severally and not jointly, shall purchase from Middlesex on a firm commitment basis, at the Offering Price less the Underwriting Discounts and Commissions shown on the cover page of the Prospectus, the respective amounts of the Firm Shares set forth opposite their names on Schedule I hereto. In making this Agreement, each Underwriter is contracting severally and not jointly, and except as provided in Sections 4 and 12 hereof, the agreement of each Underwriter is to purchase only that number of Shares specified with respect to that Underwriter in Schedule I hereto. The Underwriters shall offer the Shares to the public as set forth in the Prospectus.

3. Payment and Delivery. The Firm Shares shall be issued in the form of one or more fully registered global securities (the "Global Securities") in book-entry form in such denominations and registered in the name of the nominee of The Depository Trust Company

("DTC") or in such names as the Representatives may request upon at least 48 hours' prior notice to Middlesex, and shall be delivered by or on behalf of Middlesex to the Representatives for the account of such Underwriter, against payment by such Underwriter on its behalf of the purchase price therefor by wire transfer of immediately available funds to such accounts as Middlesex shall designate in writing (with all costs and expenses incurred by the Underwriters in connection with such settlement in immediately available funds, including, but not limited to, interest or cost of funds and expenses, to be borne by Middlesex). The closing of the sale and purchase of the Firm Shares shall be held at the offices of Ballard Spahr Andrews & Ingersoll, LLP, 1735 Market Street, Philadelphia, Pennsylvania for the respective accounts of the Underwriters. Such payment and delivery will be made at 10:00 a.m., Philadelphia, Pennsylvania time, on the third business day after the date of this Agreement, or at such other time on the same or such other date, not later than seven business days thereafter as shall be designated in writing by the Representatives. Such time and date are referred to herein as the "Closing Date." Middlesex shall make the Global Securities representing the Firm Shares available for examination by the Representatives and counsel for the Underwriters at the Philadelphia correspondent office of Middlesex's transfer agent not less than one full business day prior to the Closing Date.

4. Option to Purchase Optional Shares.

(a) For the purposes of covering any over-allotments in connection with the distribution and sale of the Firm Shares as contemplated by the Prospectus, subject to the terms and conditions herein set forth, the several Underwriters are hereby granted an option by Middlesex to purchase all or any part of the Optional Shares (the "Over-allotment Option"). The purchase price to be paid for the Optional Shares shall be the Offering Price less the Underwriting Discounts and Commissions shown on the cover page of the Prospectus. The Over-allotment Option granted hereby may be exercised by the Representatives on behalf of the several Underwriters as to all or any part of the Optional Shares at any time and from time to time within 30 days after the date of the Prospectus. No Underwriter shall be under any obligation to purchase any Optional Shares prior to an exercise of the Over-allotment Option.

(b) The Over-allotment Option granted hereby may be exercised by the Representatives on behalf of the several Underwriters by giving notice to Middlesex by a letter sent by registered or certified mail, postage prepaid, telex, telegraph, telegram or facsimile (such notice to be effective when received), addressed as provided in Section 12 hereof, setting forth the number of Optional Shares to be purchased, the date and time for delivery of and payment for the Optional Shares and stating that the Optional Shares referred to therein are to be used for the purpose of covering over-allotments in connection with the distribution and sale of the Firm Shares. If such notice is given at least two full business days prior to the Closing Date, the date set forth therein for such delivery and payment shall be not earlier than the Closing Date. If such notice is given after two full business days prior to the Closing Date, the date set forth therein for such delivery and payment shall be a date selected by the Representatives not later than five full business days after the exercise of the Over-allotment Option. The date and time set forth in such a notice is referred to herein as an "Option Closing Date," and a closing held pursuant to such a notice is referred to herein as an "Option Closing." Upon each exercise of the Over-allotment Option, and on the basis of the representations, warranties, covenants and agreements herein contained, and subject to the terms and conditions herein set forth, the several

Underwriters shall become severally, but not jointly, obligated to purchase from Middlesex the number of Optional Shares specified in each notice of exercise of the Over-allotment Option (allocated among them in accordance with Section 4(c) hereof).

(c) The number of Optional Shares to be purchased by each Underwriter pursuant to each exercise of the Over-allotment Option shall be the number that bears the same ratio to the aggregate number of Optional Shares being purchased through such Over-allotment Option exercise as the number of Firm Shares opposite the name of such Underwriter in Schedule I hereto bears to the total number of all Firm Shares. Notwithstanding the foregoing, the number of Optional Shares purchased and sold pursuant to each exercise of the Over-allotment Option shall be subject to such adjustment as the Representatives may approve to eliminate fractional shares and subject to the provisions for the allocation of Optional Shares purchased for the purpose of covering over-allotments set forth in the agreement entered into by and among the Underwriters in connection herewith (the "Agreement Among Underwriters").

(d) The Optional Shares shall be issued in the form of one or more Global Securities in book-entry form in such denominations and registered in the name of the nominee of DTC or in such names as the Representatives may request upon at least 48 hours' prior notice to Middlesex, and shall be delivered by or on behalf of Middlesex to the Representatives for the account of such Underwriter, against payment by such Underwriter on its behalf of the purchase price therefor by wire transfer of immediately available funds to such accounts as Middlesex shall designate in writing (with all costs and expenses incurred by the Underwriters in connection with such settlement in immediately available funds, including, but not limited to, interest or cost of funds and expenses, to be borne by Middlesex). The closing of the sale and purchase of the Optional Shares shall be held at the offices of Ballard Spahr Andrews & Ingersoll, LLP, 1735 Market Street, Philadelphia, Pennsylvania for the respective accounts of the Underwriters. Such payment and delivery will be made at 10:00 a.m., Philadelphia, Pennsylvania time, on the Option Closing Date. Middlesex shall make the Global Securities representing the Optional Shares available for examination by the Representatives and counsel for the Underwriters at the Philadelphia correspondent office of Middlesex's transfer agent not less than one full business day prior to each Option Closing Date.

5. Certain Covenants and Agreements of Middlesex. Middlesex covenants and agrees with the several Underwriters as follows:

(a) If Rule 430A of the Regulations is employed, Middlesex will timely file the Prospectus pursuant to and in compliance with Rule 424(b) of the Regulations and will advise the Representatives of the time and manner of such filing.

(b) Middlesex will not file with the SEC, the Prospectus, any amendment or supplement to the Prospectus or any amendment to the Registration Statement or the Disclosure Package and will not use, authorize, refer to or file any Issuer Free Writing Prospectus, unless the Representatives have received a reasonable period of time to review any such proposed amendment, supplement or Issuer Free Writing Prospectus and consented to the filings thereof and will use its best efforts to cause any such amendment to the Registration Statement to be declared effective as promptly as possible. Upon reasonable request of the Representatives or counsel for the Underwriters, Middlesex will promptly prepare and file with the SEC, in

accordance with the Regulations of the SEC, any amendments to the Registration Statement or amendments or supplements to the Prospectus or the Disclosure Package that may be necessary or advisable in connection with the distribution of the Shares by the several Underwriters and will use its best efforts to cause any such amendment to the Registration Statement to be declared effective as promptly as possible. If required, Middlesex will file any amendment or supplement to the Prospectus or the Disclosure Package with the SEC in the manner and within the time period required by Rule 424(b) or Rule 433 under the Act. Middlesex will advise the Representatives, promptly after receiving notice thereof, of the time when the Registration Statement or any amendment thereof has been filed or declared effective or the Prospectus or the Disclosure Package or any amendment or supplement thereto has been filed and will provide evidence to the Representatives of each filing or effectiveness.

(c) Middlesex will advise the Representatives immediately, and confirm such advice in writing, (i) when any post-effective amendment to the Registration Statement is filed with the SEC under Rule 462(c) under the Act or otherwise, (ii) when any Rule 462(b) Registration Statement is filed, (iii) of the receipt of any comments from the SEC concerning the Registration Statement, (iv) when any post-effective amendment to the Registration Statement becomes effective, or when any supplement to the Prospectus or the Disclosure Package or any amended Prospectus or Disclosure Package has been filed, (v) of any request of the SEC for amendment or supplementation of the Registration Statement, the Disclosure Package or the Prospectus or for additional information, (vi) during the period when a prospectus is required to be delivered under the Act and Regulations (the "Prospectus Delivery Period"), of the happening of any event as a result of which any Prospectus would include an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein not misleading, (vii) during the Prospectus Delivery Period, of the need to amend the Registration Statement or supplement the Prospectus to comply with the Act, (viii) of the issuance by the SEC of any stop order suspending the effectiveness of the Registration Statement or of any order preventing or suspending the use of any Preliminary Prospectus or the Prospectus, and (ix) of the suspension of the approval of the Shares for listing on The Nasdaq Global Select Market or the qualification of any of the Shares for offering or sale in any jurisdiction in which the Underwriters intend to make such offers or sales, or the initiation or threatening of any proceedings for any of such purposes known to Middlesex. Middlesex will use its best efforts to prevent the issuance of any such stop order or of any order preventing or suspending such use, and if any such order is issued, to obtain as soon as possible the lifting thereof.

(d) Middlesex has delivered to the Representatives, without charge, as many copies of each Preliminary Prospectus as the Representatives have reasonably requested. Middlesex will deliver, without charge, to the Representatives the Registration Statement, the Disclosure Package and the Prospectus, and any supplements and amendments thereto, from time to time during the Prospectus Delivery Period, such number of copies of the Prospectus (as supplemented or amended) as the Representatives may reasonably request. Middlesex hereby consents to the use of such copies of the Disclosure Package and the Prospectus for purposes permitted by the Act, the Regulations and the securities or Blue Sky laws of the states or foreign jurisdictions in which the Shares are offered by the several Underwriters and by all dealers to whom Shares may be sold, both in connection with the offering and sale of the Shares and during the Prospectus Delivery Period. Middlesex has furnished or will furnish to the Representatives at least one original signed copy of the Registration Statement as originally filed and of all

amendments and supplements thereto, whether filed before or after the Effective Date, at least one copy of all exhibits filed therewith and of all consents and certificates of experts, and will deliver to the Representatives such number of conformed copies of the Registration Statement, including financial statements and exhibits, and all amendments thereto, as the Representatives may reasonably request.

(e) Middlesex will comply with the Act, the Regulations, the Exchange Act and the rules and regulations thereunder so as to permit the continuation of sales of and dealings in the Shares for as long as may be necessary to complete the distribution of the Shares as contemplated hereby.

(f) Middlesex will furnish such information and pay such filing fees and other expenses as may be required, including its counsel's reasonable legal fees, and otherwise cooperate in the registration or qualification of the Shares, or exemption therefrom, for offering and sale by the several Underwriters and by dealers under the securities or Blue Sky laws of such jurisdictions in which the Representatives determine to offer the Shares, after consultation with Middlesex, and will file such consents to service of process or other documents necessary or appropriate in order to effect such registration or qualification; provided, however, that no such qualification shall be required in any jurisdiction where, solely as a result thereof, Middlesex would be subject to taxation or qualification as a foreign corporation doing business in such jurisdiction where it is not now so qualified or to take any action which would subject it to service of process in suits, other than those arising out of the offering or sale of the Shares, in any jurisdiction where it is not now so subject. Middlesex will, from time to time, prepare and file such statements and reports as are or may be required to continue such qualification in effect for so long a period as is required under the laws of such jurisdictions for such offering and sale. Middlesex will furnish such information and pay such filing fees and other expenses as may be required, and otherwise cooperate in the listing of the Shares on The Nasdaq Global Select Market. Middlesex will, from time to time, prepare and file such statements and reports as are or may be required to continue such qualification in effect for a period of three years from the Effective Date.

(g) Subject to Section 5(b) hereof, in case of any event (occurring at any time within the Prospectus Delivery Period, as a result of which the Disclosure Package or the Prospectus, as then amended or supplemented, would contain, in the opinion of counsel for the Underwriters, an untrue statement of a material fact, or omit to state any material fact necessary in order to make the statements therein not misleading, or, if it is necessary at any time to amend the Disclosure Package or the Prospectus to comply with the Act or the Regulations or any applicable securities or Blue Sky laws, Middlesex promptly will prepare and file with the SEC, and any applicable state and foreign securities commission, an amendment, supplement or document that will correct such statement or omission or effect such compliance and will furnish to the several Underwriters such number of copies of such amendments, supplements or documents (in form and substance satisfactory to the Representatives and counsel for the Underwriters) as the Representatives may reasonably request. For purposes of this Section 5(g), Middlesex will provide such information to the Representatives, the Underwriters' counsel and counsel to Middlesex as shall be necessary to enable such persons to consult with Middlesex with respect to the need to amend or supplement the Registration Statement, the Disclosure Package or the Prospectus or to file any document, and shall furnish to the Representatives and

the Underwriters' counsel such further information as each may from time to time reasonably request.

(h) Middlesex agrees that, unless it obtains the prior written consent of the Representatives, it will not make any offer relating to the Shares that would constitute an Issuer Free Writing Prospectus or that would otherwise constitute a "free writing prospectus" (as defined in Rule 405 of the Act) required to be filed by Middlesex with the SEC or retained by Middlesex under Rule 433 of the Act; provided that the prior written consent of the Representatives hereto shall be deemed to have been given in respect of the free writing prospectuses included in Schedule II hereto. Any such free writing prospectus consented to by the Representatives is hereinafter referred to as a "Permitted Free Writing Prospectus." Middlesex agrees that (i) it has treated and will treat, as the case may be, each Permitted Free Writing Prospectus as an Issuer Free Writing Prospectus, and (ii) has complied and will comply, as the case may be, with the requirements of Rules 164 and 433 of the Act applicable to any Permitted Free Writing Prospectus, including in respect of timely filing with the SEC, legending and record keeping.

(i) Middlesex will make generally available to its security holders not later than 45 days after the end of the fiscal quarter first occurring after the first anniversary of the Effective Date, an earnings statement of Middlesex (which need not be audited unless required by the Act or the Regulations) that shall comply with Section 11(a) of the Act and Rule 158 thereunder and cover a period of at least 12 consecutive months beginning not later than the first day of Middlesex's fiscal quarter next following the Effective Date (or, if later, the effective date of the Rule 462(b) Registration Statement).

(j) Prior to the Closing Date, Middlesex will issue no press release or other communications directly or indirectly and hold no press conference with respect to Middlesex or its Subsidiaries, the condition, financial or otherwise, or the earnings, business, operations or prospects of any of them, or the offering of the Shares without the prior written consent of the Representatives unless in the judgment of Middlesex and its counsel, and after notification to the Representatives such press release or communication is required by law.

(k) For a period of three years from the Effective Date, Middlesex will deliver to the Representatives and, upon request, to each of the Underwriters: (i) a copy of each report or document, including, without limitation, reports on Forms 8-K, 10-K and 10-Q (or such similar forms as may be designated by the SEC), registration statements and any exhibits thereto, filed or furnished to the SEC or any securities exchange or the NASD, on the date each such report or document is so filed or furnished; (ii) as soon as practicable, copies of any reports or communications (financial or other) of Middlesex mailed to its security holders; and (iii) every material press release in respect of Middlesex or its affairs that is released or prepared by Middlesex.

(l) During the course of the distribution of the Shares, Middlesex and its Subsidiaries will not and Middlesex shall cause its officers and directors not to, (i) take, directly or indirectly, any action designed to, or that could reasonably be expected to, cause or result in stabilization or manipulation of the price of the Common Stock or (ii) sell, bid for, purchase or pay anyone any compensation for soliciting purchases of, the Shares.

(m) Middlesex has caused each person listed on Schedule III hereto to execute an agreement (a “Lock-up Agreement”) in form set forth as Exhibit B hereto. Middlesex has delivered such agreements to the Representatives prior to the date of this Agreement. Appropriate stop transfer instructions will be issued by Middlesex to the transfer agent for the Common Stock and a copy of such instructions will be delivered to the Representatives.

(n) During the period commencing on the date hereof and ending on the 90th day following the date of the Prospectus, Middlesex will not, without the prior written consent of the Representatives (which consent may be withheld at the sole discretion of the Representatives), directly or indirectly, sell, offer, contract or grant any option to sell, pledge, transfer or establish an open “put equivalent position” or liquidate or decrease a “call equivalent position” within the meaning of Rule 16a-1(h) under the Exchange Act, or otherwise dispose of or transfer (or enter into any transaction which is designed to, or would reasonably be expected to, result in the disposition of), or announce the offering of, or file any registration statement under the Act in respect of, any shares of Common Stock, options or warrants to acquire shares of Common Stock or securities exchangeable or exercisable for or convertible into shares of Common Stock (other than as contemplated by this Agreement with respect to the Shares); provided, however, that Middlesex may (i) issue shares of Common Stock under Middlesex’s Dividend Reinvestment Plan and 401(k) Plan and (ii) issue shares of Common Stock under Middlesex’s Restricted Stock Plan. Notwithstanding the foregoing, if (x) during the last 17 days of the 90-day restricted period Middlesex issues an earnings release or material news or a material event relating to Middlesex occurs, or (y) prior to the expiration of the 90-day restricted period, Middlesex announces that it will release earnings results during the 16-day period beginning on the last day of the 90-day period, the restrictions imposed in this clause shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event. Middlesex will provide the Representatives with prior notice of any announcement described in clause (y) of the preceding sentence that gives rise to an extension of the restricted period.

(o) For a period of three years from the Effective Date, Middlesex will use all reasonable efforts to maintain the listing of the Common Stock (including, without limitation, the Shares) on The Nasdaq Global Select Market or on a national securities exchange.

(p) Middlesex shall, at its sole cost and expense, supply and deliver to the Representatives and the Underwriters’ counsel, within a reasonable period from the Closing Date, transaction binders in such number and in such form and content as the Representatives reasonably request.

(q) Middlesex will use the net proceeds from the sale of the Shares to be sold by it hereunder substantially in accordance with the description set forth in the Prospectus.

6. Certain Covenants and Agreement of Underwriters. The Underwriters agree that, unless the Representatives obtain the prior written consent of Middlesex, they will not make any offer relating to the Shares that would constitute a “free writing prospectus” (as defined in Rule 405 of the Act) required to be filed by Middlesex with the SEC or retained by Middlesex under Rule 433 of the Act; provided that the prior written consent of Middlesex shall be deemed to have been given in respect of the free writing prospectuses included in Schedule II hereto.

Any such free writing prospectus consented to by Middlesex is hereinafter deemed to be a Permitted Free Writing Prospectus.

7. Payment of Fees and Expenses.

(a) Whether or not the transactions contemplated by this Agreement are consummated and regardless of the reason this Agreement is terminated, Middlesex will pay or cause to be paid, and bear or cause to be borne, all costs and expenses incident to the performance of the obligations of Middlesex under this Agreement, including: (i) the fees and expenses of the accountants and counsel for Middlesex incurred in the preparation of the Registration Statement and any post-effective amendments thereto (including financial statements and exhibits), the Disclosure Package, any Preliminary Prospectuses and the Prospectus and any amendments or supplements thereto; (ii) printing and mailing expenses associated with the Registration Statement and any post-effective amendments thereto, the Disclosure Package, any Preliminary Prospectus, the Prospectus, this Agreement, the Agreement Among Underwriters, the Underwriters' Questionnaire, the power of attorney executed by each of the Underwriters, the Selected Dealer Agreement and related documents and any Blue Sky memorandum (and any supplement thereto); (iii) the costs and expenses (other than fees and expenses of the Underwriters' counsel, except such fees incurred in connection with Blue Sky and NASD filings or exemptions as provided herein) incident to the authentication, issuance, sale and delivery of the Shares to the Underwriters; (iv) the fees, expenses and all other costs of qualifying the Shares for sale under the securities or Blue Sky laws of those states or foreign jurisdictions in which the Shares are to be offered or sold, including the reasonable fees and expenses of Underwriters' counsel and such local counsel as may have been reasonably required and retained for such purpose, which together with the fees, expenses and other costs described in clause (v) below, shall not exceed \$20,000 in the aggregate; (v) the fees, expenses and other costs of, or incident to, securing any review or approvals by or from the NASD, including the reasonable fees and expenses of the Underwriters' counsel, subject to the limitation on fees set forth in clause (iv) above; (vi) the filing fees of the SEC; (vii) the cost of furnishing to the Underwriters copies of the Registration Statement, the Disclosure Package, any Preliminary Prospectuses and Prospectuses as herein provided; (viii) Middlesex's travel expenses in connection with meetings with the brokerage community and institutional investors; (ix) the costs and expenses associated with settlement in same day funds (including, but not limited to, interest or cost of funds expenses), if desired by Middlesex; (x) any fees or costs payable to The Nasdaq Global Select Market as a result of the offering; (xi) the cost of preparing, issuing and delivery to the Underwriters of any certificates evidencing the Shares; (xii) the costs and charges of any transfer agent; (xiii) the reasonable costs of advertising the offering provided the same are approved in advance by Middlesex; (xiv) all taxes, if any, on the issuance, delivery and transfer of the Shares sold by Middlesex; and (xv) all other costs and expenses reasonably incident to the performance of Middlesex's obligations hereunder that are not otherwise specifically provided for in this Section 7(a); provided, however, that, except as specifically set forth in Section 7(c) hereof, the Underwriters shall be responsible for their out-of-pocket expenses, including those associated with meetings with the brokerage community and institutional investors, other than Middlesex's travel expenses, and the fees and expenses of their counsel for other than with respect to Blue Sky and NASD matters.

(b) On the Closing Date, Middlesex shall pay the Representatives a non-accountable expense allowance in the amount of \$50,000.

(c) If (i) the Underwriters are willing to proceed with the offering, and the transactions contemplated by this Agreement are not consummated because Middlesex elects not to proceed with the offering for any reason or (ii) the Representatives terminate this Agreement pursuant to Section 11(b)(i) hereof, then Middlesex will reimburse the Underwriters for their incurred reasonable out-of-pocket expenses relating to the Offering (including, but not limited to the reasonable fees and disbursements to its counsel), which reimbursement shall not exceed \$150,000. The Representatives shall present a reasonable accounting of all expenses for which reimbursement is claimed hereunder.

8. Conditions of Underwriters' Obligations. The obligation of each Underwriter to purchase and pay for the Firm Shares that it has agreed to purchase hereunder on the Closing Date, and to purchase and pay for any Optional Shares as to which it exercises its right to purchase under Section 4 on an Option Closing Date, is subject at the date hereof, the Closing Date and any Option Closing Date to the continuing accuracy and fulfillment of the representations and warranties of Middlesex, to the performance by Middlesex of its covenants and obligations hereunder, and to the following additional conditions:

(a) If required by the Regulations, the Prospectus shall have been filed with the SEC pursuant to Rule 424(b) of the Regulations within the applicable time period prescribed for such filing by the Regulations, or Middlesex shall have filed a post-effective amendment to the Registration Statement containing the information required by such Rule 430A, and such post-effective amendment shall have become effective. Middlesex shall have filed any material required to be filed by Middlesex with the SEC in the manner and within the time period required by Rule 433 of the Regulations, including the Issuer Free Writing Prospectus and the Other Free Writing Prospectus.

(b) If Middlesex elects to rely upon Rule 462(b), Middlesex shall file a Rule 462(b) Registration Statement with the SEC in compliance with Rule 462(b) by 10:00 P.M., Washington, D.C. time, on the date of this Agreement, and Middlesex shall at the time of filing either pay to the SEC the filing fee for the Rule 462(b) Registration Statement or give irrevocable instructions for the payment of such fee pursuant to Rule 111(b) under the Act.

(c) On or prior to the Closing Date or any Option Closing Date, as the case may be, no stop order or other order preventing or suspending the effectiveness of the Registration Statement (including any document incorporated by reference therein), the 462(b) Registration Statement or any post-effective amendment to the Registration Statement or the sale of any of the Shares shall have been issued under the Act or any state or foreign securities law, and no proceedings for that purpose shall have been initiated or shall be pending or, to the Representatives' knowledge or the knowledge of Middlesex, shall be contemplated by the SEC or by any authority in any jurisdiction designated by the Representatives pursuant to Section 5(f) hereof. Any request on the part of the SEC or any state or foreign securities authority for additional information shall have been complied with to the reasonable satisfaction of counsel for the Underwriters.

(d) All corporate proceedings and other matters incident to the authorization, form and validity of this Agreement, the Shares and the form of the Registration Statement, the Disclosure Package and the Prospectus, and all other legal matters relating to this Agreement and the transactions contemplated hereby shall be satisfactory in all material respects to counsel for the Underwriters. Middlesex shall have furnished to such counsel all documents and information that they may have reasonably requested to enable them to pass upon such matters. The Representatives shall have received from the Underwriters' counsel, Ballard Spahr Andrews & Ingersoll, LLP an opinion, dated as of the Closing Date and any Option Closing Date, as the case may be, and addressed to the Representatives individually and as representatives of the several Underwriters, which opinion shall be satisfactory in all respects to the Representatives.

(e) The Representatives shall have received a copy of an executed Lock-up Agreement from Middlesex and each of the persons listed on Schedule III hereto.

(f) On the Closing Date and any Option Closing Date, there shall have been delivered to the Representatives a signed opinion of Norris, McLaughlin & Marcus, P.A., counsel for Middlesex, dated as of each such date and addressed to the Representatives individually and as representatives of the several Underwriters to the effect set forth in Exhibit A hereto or to such effect as is otherwise reasonably satisfactory to the Representatives.

(g) At the Closing Date and any Option Closing Date: (i) the Registration Statement and any post-effective amendment thereto and the Disclosure Package and the Prospectus and any amendments or supplements thereto shall contain all statements that are required to be stated therein in accordance with the Act and the Regulations and in all material respects shall conform to the requirements of the Act and the Regulations, and neither the Registration Statement nor any post-effective amendment thereto nor the Prospectus and any amendments or supplements thereto shall contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading; (ii) since the respective dates as of which information is given in the Registration Statement and any post-effective amendment thereto and the Disclosure Package and the Prospectus and any amendments or supplements thereto, except as otherwise stated therein, there shall have been no material adverse change in the Business Conditions of Middlesex from that set forth therein, whether or not arising in the ordinary course of business; (iii) since the respective dates as of which information is given in the Registration Statement, the Disclosure Package and the Prospectus or any amendment or supplement thereto, there shall have been no event or transaction, contract or agreement entered into by Middlesex or any of the Subsidiaries other than in the ordinary course of business and as set forth in the Registration Statement, the Disclosure Package or the Prospectus, that has not been, but would be required to be, set forth in the Registration Statement, the Disclosure Package or Prospectus; (iv) since the respective dates as of which information is given in the Registration Statement and any post-effective amendment thereto and the Disclosure Package and the Prospectus and any amendments or supplements thereto, there shall have been no material adverse change, loss, reduction, termination or non-renewal of any contract to which Middlesex or any of the Subsidiaries is a party, that has not been, but would be required to be set forth in the Registration Statement, the Disclosure Package or the Prospectus; and (v) no action, suit or proceeding at law or in equity shall be pending or threatened against Middlesex or any of the Subsidiaries that would be required to be set forth in the Disclosure Package or the Prospectus, other than as set forth therein, and no proceedings

(other than rate cases filed by Middlesex or its Subsidiaries) shall be pending or threatened against or directly affecting Middlesex or any of the Subsidiaries before or by any federal, state or other commission, board or administrative agency wherein an unfavorable decision, ruling or finding would materially adversely affect the Business Conditions of Middlesex.

(h) The Representatives shall have received at the Closing Date and any Option Closing Date certificates of the Chief Executive Officer and the Chief Financial Officer of Middlesex dated as of the date of the Closing Date or Option Closing Date, as the case may be, and addressed to the Representatives, individually and as representatives of the several Underwriters, to the effect that (i) the representations and warranties of Middlesex in this Agreement are true and correct, as if made at and as of the Closing Date or the Option Closing Date, as the case may be, and that Middlesex has complied with all the agreements, fulfilled all the covenants and satisfied all the conditions on its part to be performed, fulfilled or satisfied at or prior to the Closing Date or the Option Closing Date, as the case may be, and (ii) the signers of the certificate have carefully examined the Registration Statement, the Disclosure Package and the Prospectus and any amendments or supplements thereto, and the conditions set forth in Section 7 hereof have been satisfied.

(i) At the time this Agreement is executed and at the Closing Date and any Option Closing Date, the Representatives shall have received a letter, dated the date of delivery thereof, from each of Deloitte & Touche LLP and Beard Miller Company LLP with respect to the financial statements and certain financial information of Middlesex and the Subsidiaries set forth in or incorporated by reference in the Registration Statement, the Disclosure Package and the Prospectus, each such letter addressed to the Representatives, individually and as representatives of the several Underwriters, containing statements and information of the type ordinarily included in accountants' "comfort letters" and in form and substance satisfactory to the Representatives in all respects; provided, that each such letter shall use a "cut-off" date no more than five business days prior to the date of such letter.

(j) All corporate and other proceedings and other matters incident to the authorization, form and validity of this Agreement and the form of the Registration Statement and Prospectus and all other legal matters related to this Agreement and the transactions contemplated hereby shall be reasonably satisfactory in all respects to counsel to the Underwriters. Middlesex shall have furnished to such counsel all documents and information that they shall have reasonably requested to enable them to pass upon such matters.

(k) The NASD shall have confirmed that it has not raised any objection with respect to the fairness and reasonableness of the underwriting terms and arrangements.

(l) The Shares shall have been listed on The Nasdaq Global Select Market.

(m) At the Closing Date and any Option Closing Date, the Representatives shall have been furnished such additional documents, information and certificates as they shall have reasonably requested.

All such opinions, certificates, letters and documents shall be in compliance with the provisions hereof only if they are reasonably satisfactory in form and substance to the

Representatives and the Underwriters' counsel. Middlesex shall furnish the Representatives with such conformed copies of such opinions, certificates, letters and other documents as they shall reasonably request. If any condition to the Underwriters' obligations hereunder to be fulfilled prior to or at the Closing Date or any Option Closing Date, as the case may be, is not fulfilled, the Representatives may on behalf of the several Underwriters, terminate this Agreement with respect to the Closing Date or such Option Closing Date, as applicable, or, if they so elect, waive any such conditions which have not been fulfilled or extend the time for their fulfillment. Any such termination shall be without liability of the Underwriters to Middlesex, except that Section 7 and Section 9 shall at all times be effective and shall survive such termination.

9. Indemnification and Contribution.

(a) Middlesex shall indemnify and hold harmless each Underwriter, and each person, if any, who controls each Underwriter within the meaning of the Act and the Exchange Act, against any and all loss, liability, claim, damage and expense whatsoever, including, but not limited to, any and all reasonable expenses incurred in investigating, preparing or defending against any litigation, commenced or threatened, or any claim whatsoever or in connection with any investigation or inquiry of, or action or proceeding that may be brought against, the respective indemnified parties, arising out of or based upon any breach of Middlesex' representations and warranties made in this Agreement or any untrue statements or alleged untrue statements of material fact contained in the Registration Statement, any Preliminary Prospectus, the Disclosure Package or the Prospectus, any application or other document filed in any jurisdiction in order to qualify all or any part of the Shares under the securities laws thereof or filed with the SEC or the NASD (in this Section 9 collectively called "application"), or the omission or alleged omission from any of the foregoing of a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that the foregoing indemnity shall not apply in respect of any statement or omission made in reliance upon and in conformity with written information furnished to Middlesex by any Underwriter through the Representatives expressly for use in any Preliminary Prospectus, the Disclosure Package, the Registration Statement or Prospectus, or any amendment or supplement thereto, or in any application or in any communication to the SEC, as the case may be. The obligations of Middlesex under this Section 9(a) will be in addition to any liability Middlesex may otherwise have.

(b) Each Underwriter severally and not jointly shall indemnify and hold harmless Middlesex, each of the directors of Middlesex, each of the officers of Middlesex who shall have signed the Registration Statement, and each other person, if any, who controls Middlesex within the meaning of the Act to the same extent as the foregoing indemnities from Middlesex to the several Underwriters, but only with respect to any and all loss, liability, claim, damage or expense resulting from statements or omissions, or alleged statements or omissions, if any, made in any Preliminary Prospectus, the Disclosure Package, the Registration Statement or the Prospectus or any amendment or supplement thereof or any application or in any communication to the SEC in reliance upon, and in conformity with written information furnished to Middlesex by any Underwriter through the Representatives expressly for use in any Preliminary Prospectus, the Disclosure Package, the Registration Statement or the Prospectus or any amendment or supplement thereof, or any application or in any communication to the SEC,

as the case may be. The obligations of each Underwriter under this Section 9(b) will be in addition to any liability which such Underwriter may otherwise have.

(c) If any action, inquiry, investigation or proceeding is brought against any person in respect of which indemnification may be sought pursuant to Section 9(a) or (b) or Section 9 hereof, such person (hereinafter called the "indemnified party") shall, promptly after notification of, or receipt of service of process for, such action, inquiry, investigation or proceeding, notify in writing the party or parties against whom indemnification is to be sought (hereinafter called the "indemnifying party") of the institution of such action, inquiry, investigation or proceeding. The indemnifying party, upon the request of the indemnified party, shall assume the defense of such action, inquiry, investigation or proceeding, including, without limitation, the employment of counsel (reasonably satisfactory to such indemnified party) and payment of expenses. No indemnification provided for in this Section 9 shall be available to any indemnified party who shall fail to give such notice if the indemnifying party does not have knowledge of such action, inquiry, investigation or proceeding to the extent that such indemnifying party has been materially prejudiced by the failure to give such notice, but the omission to so notify the indemnifying party shall not relieve the indemnifying party otherwise than under this Section 9. Such indemnified party shall have the right to employ its or their own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless the employment of such counsel shall have been authorized in writing by the indemnifying party in connection with the defense of such action or if the indemnifying party shall not have employed counsel reasonably satisfactory to the indemnified party or if such indemnified party or parties shall have been advised by counsel that there may be a conflict between the positions of the indemnifying party or parties and of the indemnified party or parties or that there may be legal defenses available to such indemnified party or parties different from or in addition to those available to the indemnifying party or parties, in any of which events the indemnified party or parties shall be entitled to select counsel to conduct the defense to the extent determined by such counsel to be necessary to protect the interests of the indemnified party or parties, and the reasonable fees and expenses of such counsel shall be borne by the indemnifying party. The indemnifying party shall be responsible for the fees and disbursements of only one such counsel so engaged by the indemnified party or parties. Expenses covered by the indemnification in this Section 9 shall be paid by the indemnifying party as they are incurred by the indemnified party. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened action in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party unless such settlement includes an unconditional release of such indemnified party from all liability on any claims that are the subject matter of such action. Anything in this Section 9 to the contrary notwithstanding an indemnifying party shall not be liable for any settlement of a claim effected without its written consent, which consent shall not be unreasonably withheld.

(d) If the indemnification provided for in this Section 9 is unavailable or insufficient to hold harmless an indemnified party under Section 9(a) or (b) hereof in respect of any losses, liabilities, claims, damages or expenses (or actions, inquiries, investigations or proceedings in respect thereof) referred to therein, except by reason of the failure to give notice as required in Section 9(c) hereof (provided that the indemnifying party does not have knowledge of the action, inquiry, investigation or proceeding and to the extent such party has

been materially prejudiced by the failure to give such notice), then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, liabilities, claims, damages or expenses (or actions, inquiries, investigations or proceedings in respect thereof in such proportion as is appropriate to reflect the relative benefits received by Middlesex on the one hand and the Underwriters on the other from the offering of the Shares. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of Middlesex on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, liabilities, claims or expenses (or actions, inquiries, investigations or proceedings in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by Middlesex on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by Middlesex bears to the total underwriting discount and commissions received by the Underwriters, in each case as set forth in the table on the cover page of the Prospectus. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by Middlesex on the one hand or the Underwriters on the other hand and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

Middlesex and the Underwriters agree that it would not be just and equitable if contributions to this Section 9(d) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to above in this Section 9(d). The amount paid or payable by an indemnified party as a result of the losses, liabilities, claims, damages or expenses (or actions, inquiries, investigations or proceedings in respect thereof) referred to above in this Section 9(d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 9(d), (i) the provisions of the Agreement Among Underwriters shall govern contribution among Underwriters, (ii) no Underwriter (except as provided in the Agreement Among Underwriters) shall be required to contribute any amount in excess of the underwriting discounts and commissions applicable to the Shares purchased by such Underwriter, and (iii) no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this Section 9(d) to contribute are several in proportion to their individual underwriting obligations and not joint.

10. Representations and Agreements to Survive Delivery. Except as the context otherwise requires, all representations, warranties and agreements contained in this Agreement shall be deemed to be representations, warranties and agreements at the Closing Date and any Option Closing Date. All such representations, warranties and agreements of the Underwriters and Middlesex, including, without limitation, the indemnity and contribution agreements contained in Section 9 hereof and the agreements contained in Sections 7, 11 and 12 hereof, shall remain operative and in full force and effect regardless of any investigation made by or on behalf of any Underwriter or any controlling person, and shall survive delivery of the Shares and

termination of this Agreement, whether before or after the Closing Date or any Option Closing Date.

11. Effective Date of This Agreement and Termination Hereof.

(a) This Agreement shall become effective at 10:00 a.m., Philadelphia, Pennsylvania time, on the first business day following the Effective Date or at the time of the public offering by the Underwriters of the Shares, whichever is earlier, except that the provisions of Sections 7, 9, 10 and 11 hereof shall be effective upon execution hereof. The time of the public offering, for the purpose of this Section 11, shall mean the time when any of the Shares are first released by the Underwriters for offering by dealers. The Representatives and Middlesex may prevent the provisions of this Agreement (other than those contained in Sections 7, 9, 10 and 11) hereof from becoming effective without liability of any party to any other party, except as noted below, by giving the notice indicated in Section 11(c) hereof before the time the other provisions of this Agreement become effective.

(b) The Representatives shall have the right to terminate this Agreement at any time prior to the Closing Date or any Option Closing Date as provided in Sections 8 and 12 hereof or if any of the following have occurred: (i) since the respective dates as of which information is given in the Registration Statement and the Prospectus, any material adverse change or any development involving a prospective material adverse change in or affecting the Business Conditions of Middlesex or any of the Subsidiaries, whether or not arising in the ordinary course of business, that would, in the Representatives' opinion, make the offering or delivery of the Shares impracticable; (ii) any outbreak of hostilities or other national or international calamity or crisis or change in economic, political or financial market conditions if the effect on the financial markets of the United States of such outbreak, calamity, crisis or change would, in the Representatives' opinion, make the offering or delivery of the Shares impracticable; (iii) any suspension or limitation of trading generally in securities on the New York Stock Exchange, the American Stock Exchange, The Nasdaq Global Select Market or the over-the-counter market or any setting of minimum prices for trading or the promulgation of any federal or state statute, regulation, rule or order of any court or other governmental authority that in the Representatives' opinion materially and adversely affects trading on such exchange or the over-the-counter market; (iv) the enactment, publication, decree or other promulgation of any federal or state statute, regulation, rule or order of any court or other governmental authority which in the Representatives' opinion materially and adversely affects or will materially or adversely affect the business or operations of Middlesex; (v) declaration of a banking moratorium by the United States, New York or Pennsylvania authorities; (vi) the taking of any action by any federal, state or local government or agency in respect of its monetary or fiscal affairs that in the Representatives' opinion has a material adverse effect on the securities markets in the United States; or (vii) trading in any securities of Middlesex shall have been suspended or halted by NASD or the SEC.

(c) If the Representatives elect to prevent this Agreement from becoming effective or to terminate this Agreement as provided in this Section 11, the Representatives shall notify Middlesex hereof promptly by telephone, telex, telegraph, telegram or facsimile, confirmed by letter.

12. Default by an Underwriter.

(a) If any Underwriter or Underwriters shall default in its or their obligation to purchase Firm Shares or Optional Shares hereunder, and if the Firm Shares or Optional Shares with respect to which such default relates do not exceed in the aggregate 10% of the number of Firm Shares or Optional Shares, as the case may be, that all Underwriters have agreed to purchase on the relevant Closing Date or Option Closing Date, then the Representatives may make arrangements satisfactory to Middlesex for the purchase of such Firm Shares by other persons, including any of the Underwriters, but if no such arrangements are made by the relevant Closing Date or Option Closing Date, such Firm Shares or Optional Shares to which the default relates shall be purchased severally by the non-defaulting Underwriters in proportion to their respective commitments hereunder.

(b) If such default relates to more than 10% of the Firm Shares or Optional Shares, as the case may be, the Representatives may in their discretion arrange for another party or parties (including a non-defaulting Underwriter) to purchase such Firm Shares or Optional Shares to which such default relates, on the terms contained herein. In the event that the Representatives do not arrange for the purchase of the Firm Shares or Optional Shares to which a default relates as provided in this Section 12, this Agreement may be terminated by the Representatives or by Middlesex without liability on the part of the non-defaulting several Underwriters (except as provided in Section 9 hereof) or Middlesex (except as provided in Sections 7 and 9 hereof); provided that if such default occurs with respect to Optional Shares after the Closing Date, this Agreement will not terminate as to the Firm Shares or any Optional Shares purchased prior to such termination. Nothing herein shall relieve a defaulting Underwriter of its liability, if any, to the other several Underwriters and to Middlesex for damages occasioned by its default hereunder.

(c) If the Firm Shares or Optional Shares to which the default relates are to be purchased by the non-defaulting Underwriters, or are to be purchased by another party or parties, the Representatives or Middlesex shall have the right to postpone the Closing Date or any Option Closing Date, as the case may be, for a reasonable period but not in any event exceeding seven days, in order to effect whatever changes may thereby be made necessary in the Registration Statement or the Prospectus or in any other documents and arrangements, and Middlesex agrees to file promptly any amendment to the Registration Statement or supplement to the Prospectus that in the opinion of counsel for the Underwriters may thereby be made necessary. The terms "Underwriters" and "Underwriter" as used in this Agreement shall include any party substituted under this Section 12 with like effect as if it had originally been a party to this Agreement with respect to such Firm Shares and/or Optional Shares.

13. Information Furnished by Underwriters. The statement set forth on the last paragraph at the bottom of the cover page of the Prospectus regarding the terms of the Offering by the Underwriters, the identity of the Underwriters set forth in the first paragraph under the heading "Underwriting," the concession and reallowance figures appearing in the third paragraph under the heading "Underwriting," the representations with respect to stabilization activities in the ninth paragraph under the heading "Underwriting," the eleventh paragraph under the heading "Underwriting" regarding passive market making and discretionary authority in the thirteenth

paragraph under the heading “Underwriting” constitute the only written information furnished by reference or on behalf of any Underwriter referred to in Sections 1(c), 1(d) and 1(e) and 9 hereof.

14. Notice. All communications hereunder, except as herein otherwise specifically provided, shall be in writing and, if sent to any Underwriter, shall be mailed, delivered, telexed, telegraphed or telecopied and confirmed to such Underwriter, c/o Janney Montgomery Scott LLC, 1801 Market Street, Philadelphia, Pennsylvania 19103, Attention: Mr. Joseph D. Culley Jr., facsimile number (215) 665-6197, with a copy to Ballard Spahr Andrews & Ingersoll, LLP, 1735 Market Street, Philadelphia, Pennsylvania 19103, Attention: Justin P. Klein, Esquire, facsimile number (215) 864-8999; and if sent to Middlesex, shall be mailed, delivered, telexed, telegraphed or telecopied and confirmed to Middlesex Water Company, 1500 Ronson Road, Iselin, New Jersey, 08830, Attention: A. Bruce O’Connor, facsimile number (732) 638-7515, with a copy to Norris, McLaughlin & Marcus, P.A., 721 Route 202-206, Bridgewater, New Jersey 08807, Attention: Peter D. Hutcheon, Esquire, facsimile number (908) 722-0755.

15. Parties. This Agreement shall inure solely to the benefit of, and shall be binding upon, the several Underwriters, Middlesex and the controlling persons, directors and officers thereof, and their respective successors, assigns, heirs and legal representatives, and no other person shall have or be construed to have any legal or equitable right, remedy or claim under or in respect of or by virtue of this Agreement or any provision herein contained. The terms “successors” and “assigns” shall not include any purchaser of the Shares merely because of such purchase.

16. Definition of Business Day. For purposes of this Agreement, “business day” means any day on which The Nasdaq Global Select Market is opened for trading.

17. Counterparts. This Agreement may be executed in one or more counterparts (including by means of any standard form of communication) and all such counterparts will constitute one and the same instrument.

18. Construction. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania applicable to agreements made and performed entirely within such Commonwealth.

19. Amendments or Waivers. No amendment or waiver of any provision of this Agreement, and no consent or approval to any departure therefrom, shall in any event be effective unless the same shall be in writing and signed by the parties thereto.

20. Partial Unenforceability. The invalidity or unenforceability of any Section, paragraph or provision of this Agreement shall not affect the validity or enforceability of any other Section, paragraph or provision hereof. If any Section, paragraph or provision of this Agreement is for any reason determined to be invalid or unenforceable, there shall be deemed to be made such minor changes (and only such minor changes) as are necessary to make it valid and enforceable.

21. Entire Agreement. This Agreement constitutes the entire agreement of the parties to this Agreement and supersedes all prior written or oral and all contemporaneous oral agreements, understandings and negotiations with respect to the subject matter hereof.

22. Sophisticated Parties; No Fiduciary Relationship. Each of the parties hereto acknowledges that it is a sophisticated business person who was adequately represented by counsel during negotiations regarding the provisions hereof, including, without limitation, the indemnification and contribution provisions of Section 9, and is fully informed regarding said provisions. Each of the parties hereto further acknowledges that the provisions of Section 9 hereto fairly allocate the risks in light of the ability of the parties to investigate Middlesex, its affairs and its business in order to assure that adequate disclosure has been made in the Registration Statement, the Disclosure Package and the Prospectus (and any amendments and supplements thereto), as required by the Act and the Exchange Act. Middlesex acknowledges and agrees that in connection with all aspects of each transaction contemplated by this Agreement, Middlesex, on the one hand, and the Underwriters, on the other hand, have an arms-length business relationship that creates no fiduciary duty on the part of any Underwriter and each expressly disclaims any fiduciary relationship.

If the foregoing correctly sets forth your understanding of our agreement, please sign and return to Middlesex the enclosed duplicate hereof, whereupon it will become a binding agreement in accordance with its terms.

Very truly yours,

MIDDLESEX WATER COMPANY

By: _____
A. Bruce O'Connor
Vice President, Chief Financial Officer
and Controller

The foregoing Agreement is hereby confirmed and accepted as of the date first above written.

JANNEY MONTGOMERY SCOTT LLC

A.G. EDWARDS & SONS, INC.

By: _____
Name:
Title:
On behalf of each of the Underwriters named in Schedule I
hereto

By: _____
Name:
Title:
On behalf of each of the Underwriters named in Schedule I
hereto

SCHEDULE I
Schedule of Underwriters

<u>Underwriter</u>	<u>Number of Firm Shares to be Purchased</u>
Janney Montgomery Scott LLC	
A.G. Edwards & Sons, Inc.	<u> </u>
Total	<u><u>1,300,000</u></u>

SCHEDULE II
Issuer Free Writing Prospectus

SCHEDULE III

Persons Who Are to Deliver Lock-Up Agreements

Lock-Up Agreements are to be delivered by the following persons and entities immediately prior to the time the SEC declares the Registration Statement effective:

Middlesex Water Company

Dennis W. Doll

A. Bruce O'Connor

Ronald F. Williams

Kenneth J. Quinn

James P. Garrett

Richard M. Risoldi

Gerard L. Esposito

J. Richard Tompkins

Annette Catino

John C. Cutting

John R. Middleton

John P. Mulkerin

Walter G. Reinhard

Jeffries Shein

EXHIBIT A

Matters to be Covered in the Opinion of Norris, McLaughlin & Marcus, P.A. Counsel for Middlesex

1. Middlesex is a corporation duly incorporated and validly existing in good standing under the laws of the State of New Jersey, with full corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Registration Statement, the Disclosure Package and the Prospectus.

2. Each of the Subsidiaries is a corporation duly incorporated or limited liability company duly formed and validly existing in good standing under the laws of the state of its incorporation or formation with full power and authority as a corporation or limited liability company, as the case may be, to own, lease and operate its properties and to conduct its business as described in the Registration Statement, the Disclosure Package and the Prospectus. All of the outstanding shares of capital stock of each of the Subsidiaries that are corporations have been duly authorized and validly issued, and are fully paid and nonassessable, and are owned by Middlesex directly, or indirectly through another Subsidiary of Middlesex, free and clear of any liens or other security interests. Middlesex, either directly or indirectly through another Subsidiary of Middlesex, is the sole member of each Subsidiary that is a limited liability company, and it owns its interest therein free and clear of any liens or other security interests. No provision of the operating agreement of any LLC Subsidiary or of the statutes pursuant to which they are formed requires the payment of additional capital to such LLC Subsidiary by the members thereof.

3. The Shares conform in all material respects to the description of the Common Stock in the Registration Statement, the Disclosure Package and the Prospectus.

4. All shares of capital stock of Middlesex outstanding prior to the issuance of the Shares to be issued and sold by Middlesex hereunder are free of (a) any preemptive rights arising under Middlesex's Certificate of Incorporation, as amended, or by the New Jersey Business Corporation Act or (b) to counsel's knowledge, similar rights that entitle or will entitle any person to acquire any shares upon the issuance thereof by Middlesex.

5. Neither the execution, delivery or performance of the Underwriting Agreement, by Middlesex, compliance by Middlesex with the provisions of the Underwriting Agreement nor consummation by Middlesex of the transactions contemplated by the Underwriting Agreement (a) violates the provisions of the Certificate of Incorporation, as amended, or Bylaws of Middlesex, (b) violates the New Jersey Business Corporation Act or any present statute, rule or regulation promulgated by the United States that is applicable to Middlesex and to transactions of the type contemplated by the Underwriting Agreement, or (c) constitutes or will constitute a material breach of, or a default under, any material agreement or instrument known to counsel to which Middlesex or any Subsidiary is a party or by which Middlesex or any Subsidiary may be bound or which is filed as an exhibit to the Registration Statement.

6. The descriptions in the Registration Statement, the Disclosure Package and the Prospectus of contracts and other documents are accurate in all material respects and fairly present the information required by the Act and the Regulations to be disclosed, and we do not know of any contracts or documents of a character required by the Act and the Regulations to be described in the Registration Statement, the Disclosure Package or Prospectus or to be filed as exhibits to the Registration Statement that are not described and filed as required.

7. No consent, approval, authorization or other order of, or registration or filing with, any court, regulatory body, administrative agency or other governmental body, agency, or official is required on the part of Middlesex other than: (i) such as may be required under the Act and the Securities Exchange Act of 1934, as amended, (ii) such as may be required by the NASD or under state securities or Blue Sky laws of any jurisdiction applicable to the purchase and distribution of the Shares, as to which counsel need not express an opinion; and (iii) approval by the New Jersey Board of Public Utilities: for the valid issuance and sale of the Shares to the Underwriters as contemplated by the Underwriting Agreement.

8. The Registration Statement, the Disclosure Package and the Prospectus, including the documents incorporated by reference therein, and each amendment or supplement to the Registration Statement and the Prospectus, as of their respective effective or issue dates (other than the financial statements and the notes thereto and schedules and other financial found in or derived from the internal accounting and other financial records of Middlesex and its subsidiaries which is included therein or incorporated by reference or in exhibits to the Registration Statement, or which should have been included in the Registration Statement or exhibits thereto, as to which counsel need not express an opinion) comply as to form in all material respects with the requirements of the Act and the regulations thereunder. The eligibility requirements for the use of Form S-3 set forth in the General Instructions thereto have been satisfied.

9. Middlesex has the corporate power and authority to enter into the Underwriting Agreement and to perform its obligations thereunder. Middlesex has taken all corporate action necessary to authorize the execution, delivery and performance of the Underwriting Agreement. The Underwriting Agreement has been duly executed and delivered on behalf of Middlesex and constitutes the legal valid and binding obligation of Middlesex, enforceable against Middlesex in accordance with its terms, except to the extent enforceability may be limited by (i) the application of bankruptcy, reorganization, insolvency or other laws affecting creditors' rights generally and (ii) equitable principles being applied at the discretion of a court before which any proceeding may be brought, and except as rights to indemnity and contribution thereunder may be limited by or unenforceable under federal or state securities laws.

10. The Shares to be issued and sold to the Underwriters by Middlesex pursuant to the Underwriting Agreement have been duly authorized and, when issued and delivered to the Underwriters against payment in full therefor in accordance with the terms thereof, such Shares will be validly issued, fully paid and nonassessable. The Shares are free of (a) any preemptive rights arising under Middlesex's Certificate of Incorporation, as amended, or the New Jersey Business Corporation Act, or (b) to counsel's knowledge similar rights that entitled or will entitle any person to acquire any of the Shares upon the sale of the Shares by Middlesex.

11. The descriptions in the Disclosure Package and the Prospectus of statutes, regulations or legal or governmental proceedings, insofar as they purport to summarize certain of the provisions thereof, are accurate in all material respects and fairly present the information required to be presented by the Act and the rules and regulations thereunder.

12. Middlesex is not an “investment company” as defined in the Investment Company Act of 1940, as amended, and will not become an investment company as a result of the issuance and sale of the Shares, assuming that the net proceeds of the Shares are applied by Middlesex as disclosed in the Disclosure Package and the Prospectus.

13. The statements in the Disclosure Package and the Prospectus under the caption “Description of Capital Stock,” insofar as such statements constitute a summary of documents referred to therein or matters of law fairly summarize, in all material respects, the information required by the Act and the regulations thereunder with respect to such documents and matters.

14. To counsel’s knowledge, no material legal or governmental proceedings are pending or threatened against Middlesex or any of the Subsidiaries, or to which Middlesex or the Subsidiaries or any of their respective properties is subject, which are required to be described in the Registration Statement, the Disclosure Package or the Prospectus that are not described as required.

15. Based upon communications with representatives of the Commission (i) the Registration Statement has become effective under the Act, (ii) no stop order suspending the effectiveness of the Registration Statement has been issued, and (iii) no proceedings for that purpose are pending before or contemplated by the Commission.

In rendering such opinion, counsel may rely, to the extent they deem such reliance proper, as to matters of fact upon certificates of officers of Middlesex and of government officials, provided that counsel shall state their belief that they and you are justified in relying thereon. Copies of all such certificates shall be furnished to you and your counsel on the Closing Date and the Option Closing Date, as the case may be. As to matters of law of all jurisdictions other than New Jersey, counsel may rely on the opinion of a firm licensed to practice law in such other jurisdiction reasonably acceptable to the Representatives.

In addition to the matters set forth above, although such counsel has not undertaken, except as otherwise indicated in this opinion, to determine independently, and does not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement, the Disclosure Package or the Prospectus, such counsel has participated in the preparation of the Registration Statement, the Disclosure Package and the Prospectus, including review and discussion of the contents thereof, and nothing has come to the attention of such counsel that would cause such counsel to have reason to believe that (a) the Registration Statement or any post-effective amendment thereto on the date it became effective, contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein not misleading, (b) the Prospectus on the Effective Date, on the date it was filed pursuant to Rule 424(b) and on the Closing Date or Option Closing Date, as the case may be, contains any untrue statement of material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were

made, not misleading, or (c) the Disclosure Package at the Initial Sale Time and on the Closing Date or Option Closing Date, as the case may be, contains any untrue statement of material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; except that with respect to clauses (a), (b) and (c) above such counsel need express no opinion with respect to the financial statements and notes thereto, financial schedules and financial information included in the Registration Statement, the Disclosure Package or the Prospectus.

EXHIBIT B
Form of Lock-Up Agreement

Janney Montgomery Scott LLC
A. G. Edwards & Sons, Inc.
c/o Janney Montgomery Scott LLC, as Sole Book-Running Manager
1801 Market Street
Philadelphia, PA 19103

Ladies and Gentlemen:

Reference is made to a Registration Statement on Form S-3 of Middlesex Water Company, (the “Company”) (as the same may be hereafter amended, the “Registration Statement”) pursuant to which shares of the Company’s Common Stock, without par value (the “Common Stock”), will be registered under the Securities Act of 1933, as amended (the “Act”), for public sale underwritten by Janney Montgomery Scott LLC (“Janney”), as Sole Book-Running Manager, and A. G. Edwards & Sons, Inc. (collectively, the “Underwriters”). The undersigned is a director or officer of the Company and holds shares of Common Stock.

As an inducement to underwrite the above-mentioned public sale of the Common Stock, the undersigned hereby agrees that from the date hereof and for a period of ninety (90) days (the “Lock-up Period”) from the effective date of the Registration Statement (the “Effective Date”) not to, directly or indirectly, sell, offer to sell, contract to sell, pledge, grant any option for sale or purchase of, agree to sell or otherwise dispose of (collectively, “Disposition”), any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock, beneficially owned by the undersigned now or on the Effective Date, or with respect to which the undersigned now or on the Effective Date has the power of Disposition, or enter into a transaction which would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of Common Stock, whether any such aforementioned transaction is to be settled by delivery of Common Stock or such other securities, in cash or otherwise, or publicly disclose the intention to make any such Disposition, or to enter into any such transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of Janney, on behalf of the Underwriters; provided, however, that if (i) during the last 17 days of the Lock-up Period, (A) the Company releases earnings results or (B) material news or a material event relating to the Company occurs, or (ii) prior to the expiration of the Lock-up Period, the Company announces that it will release earnings results during the 16-day period following the last day of the Lock-up Period, then in each case the Lock-up Period will be extended until the expiration of the 18-day period beginning on the date of the release of the earnings results or the occurrence of material news or a material event relating to the Company, as the case may be, unless Janney, on behalf of the Underwriters, waives, in writing, such extension.

In addition, the undersigned agrees that, without the prior written consent of Janney, on behalf of the Underwriters, it will not, during the Lock-up Period or any extension thereof, make any demand for or exercise any right with respect to, the registration of any Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock.

The foregoing agreement and the representation shall not apply to ((i) bona fide gifts of securities or (ii) transfers of securities to “affiliates” of the transferor if the transfers do not involve a public distribution or public offering; provided, that the recipient of any gift described in clause (i) or the transferee of any transfer in clause (ii) agrees in writing as a condition precedent to such transfer to be bound by the terms hereof. The term “affiliate” shall have the meaning given such term in Rule 144 under the Act. The transferor shall notify the Underwriters in writing prior to any transfer permitted hereunder, and there shall be no further transfer of Common Stock or securities convertible into or exercisable for Common Stock except in accordance with this letter agreement.

In furtherance of the foregoing, the Company and its transfer agent are hereby authorized to decline to make any transfer of securities if such transfer would constitute a violation or breach of this letter agreement. The undersigned also agrees and consents to the entry of stop transfer instructions with the Company’s transfer agent against the transfer of any shares of Common Stock or securities convertible into or exercisable or exchangeable for Common Stock.

This letter agreement shall be binding on the undersigned and the successors, heirs, personal representatives and assigns of the undersigned.

This letter agreement shall automatically terminate and become null and void upon the earliest to occur, if any, of (a) either the Company, on the one hand, or the Underwriters, on the other hand, notifying the other in writing, prior to the execution of the Underwriting Agreement relating to the Offering (the “Underwriting Agreement”), that it does not intend to proceed with the Offering, (b) March 31, 2007, if the Underwriting Agreement is not executed prior to such date, or (c) termination of the Underwriting Agreement (other than the provisions thereof which survive termination) prior to payment for and delivery of the Common Stock to be sold thereunder to the underwriters.

Very truly yours,

_____, 2006

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Amendment No. 1 to Registration Statement No. 333-137893 on Form S-3 of our reports dated March 16, 2006, relating to the consolidated financial statements of Middlesex Water Company (the "Company") and to management's report on the effectiveness of internal control over financial reporting appearing in the Annual Report on Form 10-K of the Company for the year ended December 31, 2005, and to the reference to us under the heading "Experts" in the Prospectus, which is part of such Registration Statement.

/s/ Deloitte & Touche LLP
Parsippany, New Jersey

October 27, 2006