

Middlesex Water Co (MSEX) NNM

GICS Sector: Utilities
Sub-Industry: Water Utilities

Summary: Based in Iselin, NJ, this company primarily provides regulated water utility service in parts of New Jersey and Delaware, as well as operates wastewater systems and conducts municipal contract operations.

Key Stock Statistics

Source S & P, company reports, Vickers

Price as of Oct 25, 2013 \$21.51
52-Wk Range \$22.46–17.48
Trailing 12-Month EPS \$1.03
Dividend Rate/Share \$0.76

Trailing 12-Month P/E 20.9
Tangible Book Val/Share \$11.54
\$10K Invested 5 Yrs Ago \$17,399
Beta 0.49

Yield (%) 3.53
Total Shares Outstg. (M) 15.8
Market Capitalization(B) \$0.341
Institutional Ownership (%) 41

Corporate Information

Investor Contact B. Sohler (732-638-7549)
Telephone 732-634-1500.
Email info@middlesexwater.com

Company Address 1500 Ronson Road, Iselin, NJ 08830.

Website http://www.middlesexwater.com

Revenue/Earnings Data

Revenue (Million \$)					
	1Q	2Q	3Q	4Q	Year
2013	27.04	29.10	--	--	--
2012	23.55	27.40	32.35	27.08	110.4
2011	24.00	26.10	28.67	23.30	102.1
2010	21.65	26.54	29.59	24.97	102.7
2009	20.58	23.08	25.50	22.08	91.24
2008	20.86	23.04	25.65	21.50	91.04

Earnings Per Share (\$)

	1Q	2Q	3Q	4Q	Year
2013	0.20	0.28	--	--	--
2012	0.11	0.23	0.39	0.17	0.90
2011	0.17	0.23	0.32	0.12	0.84
2010	0.11	0.31	0.36	0.16	0.96
2009	0.10	0.21	0.29	0.12	0.72
2008	0.15	0.26	0.35	0.13	0.89

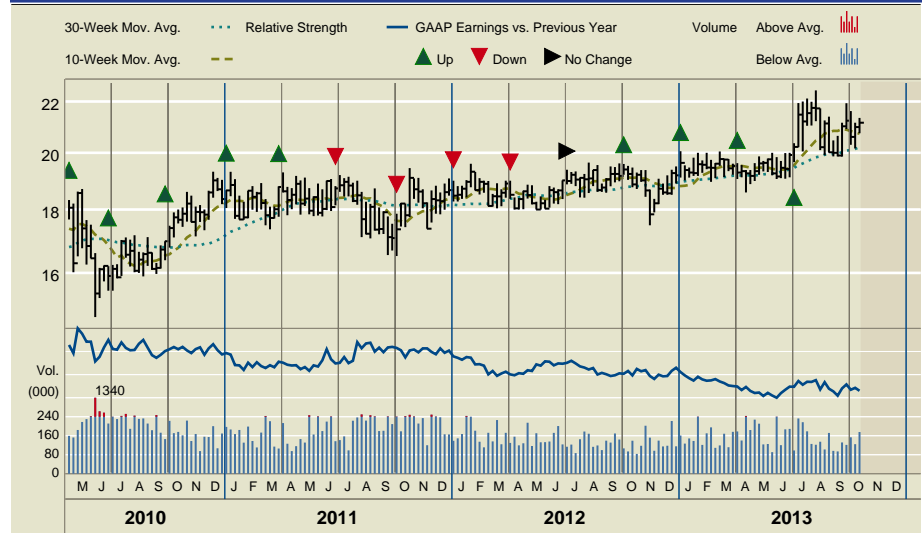
Fiscal year ended Dec. 31. Next earnings report expected: Late October

Dividend Data

Amount (\$)	Date Decl.	Ex-Div. Date	Stk. of Record	Payment Date
0.188	01/25	02/13	02/15	03/01/13
0.188	04/24	05/13	05/15	06/03/13
0.188	07/31	08/13	08/15	09/03/13
0.190	10/22	11/13	11/15	12/02/13

Dividends have been paid since 1912. Source: Company reports.

Price Performance



S&P Financial Writer **Rob Conte**

Operational Review Sep 13, 2013

Income Statement Analysis & Financial Review

Revenues for the six months ended June 30, 2013 were \$56.1 million vs. \$50.9 million in the prior year, moving ahead 10% year over year. Operations & maintenance expenses were \$30.6 million, as opposed to \$29.1 million in 2012, increasing 5%, and operating income was \$14 million, vs. \$11.1 million for last year. Income before taxes was \$11.5 million vs. \$8.4 million, an increase of 38%. Income taxes were \$3.9 million, against \$2.9 million, and for the first two quarters of the Fiscal Year, net income was \$7.7 million (\$0.47 a share), vs. \$5.5 million (\$0.35 a share) in 2012.

In the second quarter, revenues were \$29.1 million vs. \$27.4 million in the prior year, advancing 6% year to year. Operations & maintenance expenses were \$15.1 million, as opposed to \$14.8 million for the same period in 2012, rising 3%, and operating income for the quarter was \$8.2 million, vs. \$7.2 million in the prior-year period. Income before taxes was \$6.7 million vs. \$5.7 million, increasing 18%. Income taxes were \$2.2 million, against \$2 million for last year, and net income was \$4.5 million (\$0.28 a share), vs. \$3.7 million (\$0.23 a share) in the second quarter of 2012.

Key Operating Information

At June 30, 2013, MSEX's cash and cash equivalents were \$3 million, net cash provided by operating activities was \$16.2 million, net cash used in investing activities was \$13.9 million, and net cash used in financing activities was \$2.4 million.

Recent Developments

In September 2013, MSEX announced it has partnered with Natural Systems Utilities (NSU) and its wholly-owned subsidiary, Applied Water Management (AWM), to design, construct and operate a new Leachate Pretreatment Facility for the Monmouth County Reclamation Center in Tinton Falls, New Jersey. In July 2013, MSEX declared a quarterly cash dividend of \$0.1875 per common share payable on September 3, 2013, for stockholders of record on August 15, 2013. The company has paid cash dividends in varying amounts continually since 1912 and has increased its dividend for 40 consecutive years.

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Business Summary September 13, 2013

Middlesex Water Company (MSEX) owns and operates regulated water utility and wastewater systems in New Jersey, Pennsylvania, and Delaware. The company also operates water and wastewater systems under contract on behalf of municipal and private clients in New Jersey and Delaware.

MSEX engages in collecting, treating, distributing, and selling water for domestic, commercial, municipal, industrial and fire protection purposes. MSEX also operates a New Jersey municipal water and wastewater system under contract and provides wastewater services in New Jersey and Delaware through its subsidiaries.

Middlesex Water's subsidiaries include Tidewater Utilities, Inc. (Tidewater), Pinelands Water Company (Pinelands Water), Pinelands Wastewater Company (Pinelands Wastewater), Utility Service Affiliates, Inc. (USA), Utility Service Affiliates (Perth Amboy) Inc., (USA-PA), Twin Lakes Utilities, Inc. (Twin Lakes), and Tidewater Environmental Services, Inc. (TESI). Tidewater's wholly-owned subsidiaries include Southern Shores Water Company, LLC (Southern Shores) and White Marsh Environmental Systems, Inc. (White Marsh).

The Middlesex System in New Jersey provides water services to about 60,000 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. The Middlesex System also provides water treatment and pumping services to the Township of East Brunswick under contract.

The Middlesex System's retail customers include a mix of residential customers, large industrial concerns, and commercial and light industrial facilities. These customers are located in generally well-developed areas of central New Jersey.

The contract customers of the Middlesex System comprise an area of about 146 square miles with a population of about 303,000. Contract sales to Edison, Sayreville, Old Bridge, Marlboro, and Rahway are supplemental to the existing water systems of these customers. The Middlesex System provides treated surface water under long-term agreements to East Brunswick, Marlboro, Old Bridge, and Sayreville. Middlesex provides water service to about 300 customers in Cumberland County, New Jersey.

Tidewater, together with its wholly-owned subsidiary, Southern Shores, provides water services to about 37,000 retail customers for domestic, commercial, and fire protection purposes in over 300 separate community water systems in New Castle, Kent, and Sussex Counties, Delaware. An additional wholly-owned subsidiary, White Marsh, operates water and wastewater systems under contract for about 4,700 residential customers and also owns the office building that Tidewater uses as its business office.

Utility Service Affiliates-Perth Amboy (USA-PA) operates the City of Perth Amboy, New Jersey's water and wastewater systems. It serves about 11,000 customers.

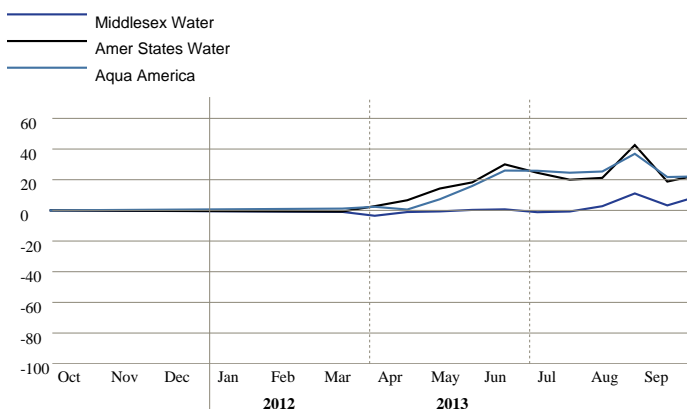
Pinelands Water provides water services to about 2,500 residential customers in Burlington County, New Jersey. Pinelands Wastewater provides wastewater services to about 2,400 primarily residential retail customers. Under contract, it also services one municipal wastewater system in Burlington County, New Jersey with about 200 residential customers.

Utility Service Affiliates, Inc. (USA) provides residential customers a service line maintenance program. The program, known as LineCare, is a 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.

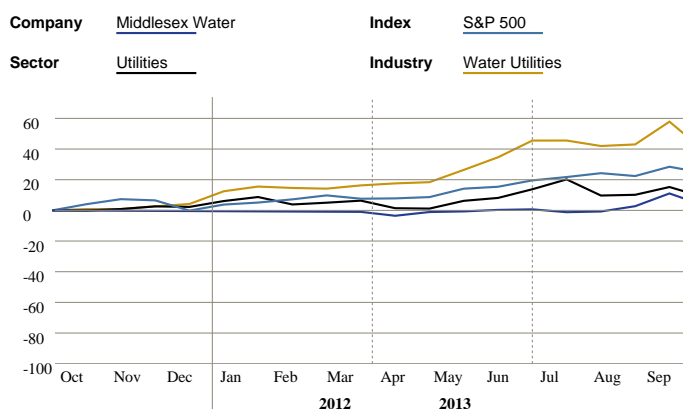
TESI System provides wastewater services to about 2,400 residential retail customers in Delaware. The TESI System owns and operates seven wastewater treatment systems in Southern Delaware. The treatment plants provide clarification, sedimentation, and disinfection.

Twin Lakes provides water services to about 110 residential customers in Shohola, Pennsylvania.

Peer Comparison Chart - 1 Year



Company vs Market Comparison Chart - 1 Year



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Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years	9 Years
Revenue	8.14	5.81	4.99	5.89
Net Income	5.50	10.43	4.55	8.03

Ratio Analysis (Annual Avg.)

Net Margin (%)	12.86	13.33	12.86	12.64
% LT Debt to Capitalization	41.50	42.30	43.82	47.40

Expanded Ratio Analysis

	2012	2011	2010	2009
Price/Sales	2.83	2.90	2.66	2.65
Price/Tangible Book Value	1.70	1.65	1.65	1.71
Price/Pretax Income	14.36	14.84	12.96	15.96
P/E Ratio	22.05	22.03	19.10	24.22
Avg. Diluted Shares Outstg (M)	16.0	15.9	14.9	13.7

Figures based on calendar year-end price

Company Financials Fiscal Year Ended Dec. 31

Per Share Data (\$)	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Tangible Book Value	11.50	11.29	11.13	10.33	10.28	10.05	9.52	10.48	9.56	9.05
Earnings	0.90	0.84	0.96	0.72	0.89	0.87	0.82	0.71	0.73	0.61
Dividends	0.74	0.73	0.72	0.71	0.70	0.69	0.68	0.67	0.66	0.65
Payout Ratio	82%	87%	75%	99%	79%	79%	83%	95%	91%	106%
Prices:High	19.64	19.44	19.31	17.91	19.83	20.24	20.50	23.47	21.81	21.23
Prices:Low	17.48	16.51	14.74	11.64	12.05	16.93	16.50	17.07	16.65	15.77
P/E Ratio:High	22	23	20	25	22	23	25	33	30	35
P/E Ratio:Low	19	20	15	16	14	19	20	24	23	26
Income Statement Analysis (M \$)										
Revenue	110	102	103	91.2	91.0	86.1	81.1	74.6	71.0	64.1
Depreciation	11.2	10.4	9.96	9.22	8.53	7.54	7.76	6.46	5.85	5.36
Maintenance	NA	NA	NA	4.58	4.15	4.12	3.55	3.52	3.46	3.53
Fixed Charges Coverage	4.11	4.00	3.93	3.15	3.48	3.52	3.10	2.68	2.99	2.70
Construction Credits	0.48	0.82	0.97	1.00	0.67	0.54	0.63	0.55	0.61	0.32
Effective Tax Rate	33.9%	32.7%	32.1%	34.1%	33.2%	32.6%	33.4%	27.6%	31.1%	32.8%
Net Income	14.2	13.5	14.3	9.98	12.2	11.8	10.0	8.48	8.45	6.63
Bal Sheet & Other Financial Data (M \$)										
Gross Property	536	515	483	454	430	399	371	338	308	278
Capital Expenditures	21.6	23.6	29.6	20.1	28.4	21.9	30.4	25.3	29.9	19.6
Net Property	435	422	399	377	360	334	311	283	256	231
Capitalization:Long Term Debt	131	132	134	125	118	132	131	128	115	97.4
Capitalization:% Long Term Debt	41.5	42.3	43.1	46.6	45.6	48.9	49.5	55.3	53.8	53.8
Capitalization:Preferred	3.35	3.35	3.36	3.37	3.38	3.96	3.96	3.96	4.06	4.06
Capitalization:% Preferred	1.10	1.10	1.10	1.30	1.30	1.50	1.50	1.71	1.89	2.24
Capitalization:Common	182	177	173	140	138	133	129	99.6	95.1	79.6
Capitalization:% Common	57.4	56.6	55.8	52.1	53.1	49.6	49.0	43.0	44.4	44.0
Total Capital	328	317	315	272	283	288	280	248	231	197
% Operating Ratio	81.6	82.7	80.7	83.6	80.3	80.3	89.5	81.3	81.5	82.1
% Earned on Net Property	6.4	5.9	6.9	5.5	6.9	7.0	12.9	6.4	5.4	5.1
% Return on Revenue	12.9	13.2	14.0	10.9	13.4	13.8	12.4	11.4	11.9	10.3
% Return on Invested Capital	6.6	6.3	7.2	6.1	6.8	6.5	6.5	6.2	6.5	6.3
% Return on Common Equity	7.9	7.6	9.0	7.2	8.8	8.8	8.8	8.4	9.4	8.2

Data as orig reptd.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

Quantitative Evaluations

Relative Strength Rank 56/MODERATE



Volatility Low



Technical Evaluation BULLISH

Since October, 2013, the technical indicators for MSEX have been BULLISH.

S&P Quality Ranking A-



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Corporate Information

List of Officers

B. Sohler Investor Contact
 D.W. Doll Chrmn, Pres & CEO
 A.B. O'Connor CFO & Chief Acctg Officer
 R.M. Risoldi COO
 K.J. Quinn Secy, Treas & General Counsel

List of Board Members

D.W. Doll
 J.F. Cosgrove
 J.C. Cutting
 A.B. Mansue
 J.R. Middleton
 W.G. Reinhard
 J. Shein

Founded 1896

Employees (#) 279

Stockholders 1879

Transfer Agents Registrar & Transfer Co.

Auditor BEARD & CO.

Subsidiaries

Pinelands Wastewater Company
 Pinelands Water Company
 Tidewater Environmental Services, Inc.
 Tidewater Utilities, Inc.
 Twin Lakes Utilities, Inc.
 Utility Service Affiliates (Perth Amboy) Inc.
 Utility Service Affiliates, Inc.

Corporate History

INCORPORATED in New Jersey Apr. 14, 1896, and later merged Midland Water Co. and Consumers Aqueduct Co.

Company Management Bios

D.W. Doll Chrmn, Pres & CEO

Mr. Dennis W. Doll has been the Chairman of Middlesex Water Co. since May 27, 2010 and has been its Chief Executive Officer and President since January 1, 2006. Mr. Doll served as an Executive Vice President of Middlesex Water Co., from September 27, 2004 to January 1, 2006. He served as Controller of E'town Corp. since 1997 and served as Vice President of its subsidiary Elizabethtown Water Company since 1998 and Controller since 1994. He served as Vice President of E'town Corporation. Mr. Doll was employed by Elizabethtown Water Company since 1985, serving lastly as a Member of the senior leadership team of the Northeast Region of American Water. Mr. Doll served as Vice President of Finance and Controller of Elizabethtown Water Company and served previously, as Vice President of Merger Integration. He has over 20 years of diverse experience in both regulated and non-regulated utility management. He joined E'town Corp. in 1985. He served as Vice Chairman of Middlesex Water Co. from May 2009 to May 27, 2010. He has been a Director of Middlesex Water Co. since January 1, 2006. He has been a Director of National Association of Water Companies since October 2012. Mr. Doll is a Certified Public Accountant and is a graduate of Upsala College with a Bachelor of Arts Degree in Accounting and Economics.

A.B. O'Connor CFO & Chief Acctg Officer

Mr. A. Bruce O'Connor has been the Chief Financial Officer and Vice President of Middlesex Water Co. since May 1996 and 1995 respectively and also serves as its Principal Accounting Officer. Mr. O'Connor served Controller of Middlesex Water Co. since 1992. Mr. O'Connor served as Treasurer of White Marsh Environmental Systems, Inc., and Utility Service Affiliates, Inc., Treasurer and Director of Tidewater Utilities, Inc., Vice President and Treasurer and Director of Pinelands Water Company, Pinelands Wastewater Company, Bayview Water Company and Utility Service Affiliates (Perth Amboy) Inc. Mr. O'Connor joined Middlesex Water Co. in 1990 as Assistant Controller. He was formerly employed by Deloitte & Touche LLP, a certified public accounting firm from 1984 to 1990.

R.M. Risoldi COO

Mr. Richard M. Risoldi, Rick, has been the Chief Operating Officer and Vice President of Operations at Middlesex Water Co., since January 1, 2010. Mr. Risoldi serves as the President of Pinelands Water Company, Pinelands Wastewater Company, Bayview Water Company and Utility Service Affiliates Inc. Mr. Risoldi served as Vice President of Subsidiary Operations at Middlesex Water Co. from May 2004 to December 2009. Mr. Risoldi was responsible for regulated subsidiary operations and business development. He served as Assistant Vice President of Operations at Middlesex Water Co. from January 2003 to May 2004. Mr. Risoldi joined Middlesex Water Co. in 1989 as Director of Production, responsible for the operation and maintenance of Middlesex Water Co.'s treatment and pumping facilities. He was employed by the Trenton Water Utility and the North Jersey District Water Supply Commission. He serves as a Director of White Marsh Environmental Systems Inc. He serves as a Director of Pinelands Water Company, Pinelands Wastewater Company, Bayview Water Company and Utility Service Affiliates Inc. He served a Director of Tidewater Utilities Inc. He holds a B.S. in Science from Rutgers University.

K.J. Quinn Secy, Treas & General Counsel

Mr. Kenneth J. Quinn has been General Counsel of Middlesex Water Co. since 2002 and its Treasurer, Vice President & Secretary since 2004. Since 2004, Mr. Quinn has been Secretary and Assistant Treasurer for all subsidiaries of Middlesex. He served as an Assistant Secretary of Middlesex Water Co., from 2003 to 2004. He was engaged in the practice of law for 29 years. Prior to joining Middlesex Water Co., he was employed by the law firm of Schenck, Price, Smith and King in Morristown, New Jersey. Prior to that, He spent 10 years as in-house counsel to two major banking institutions located in New Jersey. Since May 2003, he served as Assistant Secretary of Tidewater Utilities, Inc., Pinelands Water Company, Pinelands Wastewater Company, Utility Service Affiliates (Perth Amboy) Inc., Bayview Water Company and White Marsh Environmental Systems, Inc. He is a Director of Utility Service Affiliates (Perth Amboy) Inc., Utility Service Affiliates, Inc., Pinelands Water Company, Pinelands Wastewater Company, and Bayview Water Company. 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.

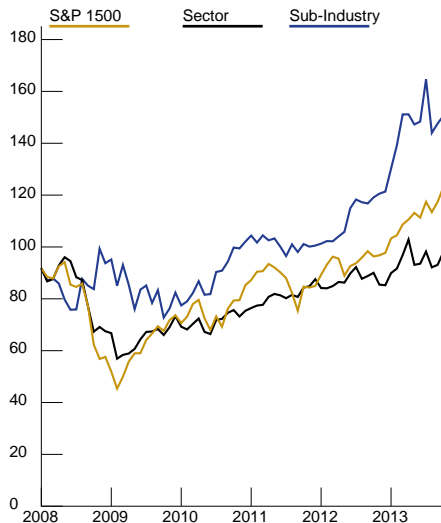
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Stock Performance

Based on S&P 1500 Indexes
Month-End Price Performance as of 9/30/13



Note: All Sectors & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Sub-Industry Outlook

Our neutral fundamental outlook for the water utilities sub-industry is based on our view that near-term performance will continue to be impacted by tight customer spending budgets, although markets should gradually recover. Longer term, we believe aging water systems will require repair, while demand for clean water in warm and dry regions where population is expanding drives capital investments.

We expect more budget-strapped municipalities to look to sell their water systems to private companies or establish public-private operating partnerships, despite some opposition by residential customers due to service and economic concerns. The EPA's plans to overhaul drinking water regulations will likely require water systems to use more advanced and costlier technologies. Additional new revenue should come from water stations and pipelines set for refracking shale gas wells, which Aqua America (WTR 25 post-split, Buy) has been installing in the Marcellus region in Pennsylvania.

We see modest global growth near term in desalination, a process by which salt is removed from seawater as a source for drinking water. However, as costs gradually decline and the economy improves, more desal projects are likely in dry areas such as Nevada, Arizona, California and Texas, and developing regions of the world, especially in the Middle East. According to Global Water Intelligence, annual spending on desalination will rise to \$16 billion by 2020, from \$10 billion recently. The American Water Works Association (AWWA) forecasts that the cost to replace deteriorating water pipes will more than double to nearly \$30 billion annually by the 2040s. In June 2013, an EPA survey projected total investments for U.S. drinking water system repairs and improvements of \$384 billion through 2030.

Year to date to October 18, the S&P Water Utilities Index climbed 22%, versus a 23% rise for the S&P 1500 Composite Index. In the past 13 weeks, the group fell 5.9%, versus a 3.4% gain for the broader market index. We believe long-term investors view this group as a safe haven during cyclical downturns. However, with interest rates beginning to rise, we believe investors will turn to sectors with lower debt-to-capital ratios, as utilities will likely incur higher interest expense when they roll over their long-term debt. The group's recent dividend yield was 2.5%, versus 2% for the S&P 1500, while S&P Capital IQ projects EPS advancing over 20% in 2013, but only 3.7% in 2014. The shares were trading at 22X our 2013 EPS estimate and 21X our 2014 forecast, steep premiums to the S&P 1500.

-- Stewart Scharf

Sub-Industry: Water Utilities Peer Group*: Based on market capitalization within GICS Sub-Industry

	Stock Symbol	Stk Mkt Cap (M)	Recent Stk (\$)	52 Wk H/L (\$)	Beta	Yield (%)	P/E Ratio	Fair Val Calc(\$)	Quality Ranking	S&P IQ %ile	Ret on Rev (%)	LTD to Cap (%)
Middlesex Water	MSEX	341	21.51	22.46/17.48	0.49	3.5	21	NA	A-	61	12.9	40.1
Amer States Water	AWR	1,097	28.36	33.09/20.32	0.45	2.5	19	16.10	A-	63	11.6	42.1
Aqua America	WTR	4,438	25.15	28.12/19.32	0.20	2.4	20	18.90	A	56	24.3	51.9
Artesian Resources 'A'	ARTNA	198	22.57	24.40/19.78	0.49	3.7	23	NA	A-	27	14.0	47.1
Calif Water Svc Grp	CWT	1,023	21.44	22.34/16.84	0.31	3.0	19	NA	A-	32	8.7	45.5
Connecticut Wtr Svc	CTWS	353	32.63	32.93/27.75	0.55	3.0	23	24.90	B+	42	16.3	48.6
Consolidated Water	CWCO	227	15.50	16.87/6.70	1.42	1.9	19	NA	B+	85	14.7	3.6
SJW Corp	SJW	599	29.74	29.99/22.56	0.54	2.5	23	NA	B+	24	8.5	54.5
York Water	YORW	275	21.29	21.99/16.75	0.48	2.6	28	NA	A	68	22.4	46.0

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

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S&P Analyst Research Notes and other Company News

October 23, 2013

Middlesex Water Co. announced that its Board of Directors declared a quarterly cash dividend payable on December 2, 2013, for shareholders of record as of November 15, 2013. The Board of Directors also approved an increase in the company's quarterly cash dividend from \$0.1875 to \$0.1900 per share. The new dividend rate represents the 41st consecutive year that Middlesex Water has raised the dividend on its common stock. This increase raises the annual dividend to \$0.76 from \$0.75 per share of common stock.

September 18, 2013

Middlesex Water Company reported the execution of an agreement for the privatization of the water system of Dover Air Force Base (DAFB) in Dover, Delaware. Under an agreement, the company's subsidiary, Tidewater Utilities Inc. signed an agreement with the US Department of Defense for the privatization of the water system in Dover, Delaware. Tidewater will reportedly provide DAFB with potable water service under a 50-year agreement. Subject to Delaware Public Service Commission regulatory approval, Tidewater plans to integrate the DAFB water system into its regulated utility operations. Tidewater will own and maintain all DAFB water utility assets and make all necessary capital improvements to provide continued reliable utility service to the Base. Upon implementation, the privatization is expected to be accretive to earnings immediately, concluded Middlesex Water Company.

September 6, 2013

Middlesex Water Company has announced it has partnered with Natural Systems Utilities (NSU) and its wholly-owned subsidiary, Applied Water Management (AWM), to design, construct and operate a new Leachate Pretreatment Facility for the Monmouth County Reclamation Center in Tinton Falls, New Jersey. Under the terms of the agreement, AWM will obtain permits, design, build and operate a landfill leachate pretreatment facility. Middlesex Water will serve in the role of guarantor of AWM's performance on the project, in addition to providing operational support. Middlesex Water recently partnered with NSU, in an alternative energy joint venture project serving the Village of Ridgewood, New Jersey.

August 5, 2013

Middlesex Water Co. reported unaudited consolidated earnings results for the second quarter and six months ended June 30, 2013. For the quarter, the company reported net income of \$4.5 million as compared to \$3.7 million for the same period in 2012. Basic and diluted earnings per share were \$0.28, up from \$0.23 in 2012. Operating revenues for the quarter increased \$1.7 million or 6.2% to \$29.1 million as compared to \$27.4 million for the same period in 2012. The increase was tempered by the effect on outdoor water use of greater than expected precipitation during the second quarter of 2013 and Hess Corporation, Middlesex's large GMS customer, ceasing oil refining operations at its Port Reading, New Jersey facility in February 2013. Operating income was \$8.2 million compared with \$7.2 million a year ago. Income before income taxes was \$6.7 million compared with \$5.7 million a year ago. Earnings applicable to common stock was \$4.4 million compared with \$3.7 million a year ago. For the six months, the company's net income increased to \$7.7 million as compared to \$5.5 million for the same period in 2012. Operating revenues for the period increased \$5.2 million to \$56.1 million compared with \$50.9 million for the same period in 2012 due mostly to base rate increases and its operating contract with the Borough of Avalon. Basic and diluted earnings per share increased to \$0.48 and \$0.47 respectively, as compared to \$0.35 for the same period in 2012. Operating income was \$14.0 million compared with \$11.1 million a year ago. Income before income taxes was \$11.5 million compared with \$8.4 million a year ago. Earnings applicable to common stock was \$7.6 million compared with \$5.4 million a year ago.

August 1, 2013

Middlesex Water Company announced that its board of directors declared a quarterly cash dividend of \$0.1875 per common share payable on September 3, 2013, for shareholders of record as of August 15, 2013.

May 7, 2013

Middlesex Water Co. announced consolidated financial results for the first quarter ended March 31, 2013. Consolidated operating revenues increased to \$27.0 million for the three months ended March 31, 2013, up \$3.5 million from the same period in 2012. Net income increased \$1.4 million to \$3.2 million. Basic and diluted earnings per share were \$0.20 for the three months ended March 31, 2013, compared to \$0.11, for the same period in 2012. Operating Income was \$5,865,000 compared to operating income of \$3,877,000 a year ago. Income before income taxes was \$4,835,000 compared to \$2,711,000 a year ago. Earnings applicable to common stock was \$3,125,000 compared to \$1,755,000 a year ago.

April 15, 2013

Middlesex Water Co. has announced that a \$4.0 million project to clean and line water mains and replace valves, fire hydrants and water service lines has begun in South Amboy, NJ as part of its annual RENEW program. The Company also plans to upsue some smaller mains, as needed, to increase pressure and flows in the area. The company plans to clean and line a total of 11,500 linear feet of 6-inch and 8-inch water main. The project also includes replacing approximately 9,000 linear feet of 4-inch water main with a new 8-inch water main. Middlesex Water upgraded a portion of the City of South Amboy in 2011 and this work is a continuation of a planned upgrade to the City's water distribution system. The area selected for this investment includes water mains in the area roughly bounded by Augusta Street, Pupek Road, North Feltus and Lower Main Street in South Amboy. Work has already begun on the replacement of the 4-inch main. The overall project is expected to be completed by the fall. Individual streets in the project area are expected to be affected for a period of 2-3 months.

March 8, 2013

Middlesex Water Co. reported consolidated earnings results for the fourth quarter and year ended December 31, 2012. For the quarter, the company reported operating revenues of \$27,079,000 compared to \$23,300,000 a year ago. Operating income was \$5,717,000 compared to \$4,179,000 a year ago. Income before income taxes was \$4,139,000 compared to \$3,019,000 a year ago. Net income was \$2,726,000 compared to \$2,049,000 a year ago. Earnings applicable to common stock was \$2,675,000 or \$0.17 per basic and diluted share compared to \$1,998,000 or \$0.12 per basic and diluted share a year ago. For the year, the company reported operating revenues of \$110,379,000 compared to \$102,069,000 a year ago. Operating income was \$27,647,000 compared to \$24,201,000 a year ago. Income before income taxes was \$21,779,000 compared to \$19,974,000 a year ago. Net income was \$14,396,000 compared to \$13,447,000 a year ago. Earnings applicable to common stock was \$14,190,000 or \$0.90 per diluted share compared to \$13,241,000 or \$0.84 per diluted share a year ago. The \$8.3 million increase was primarily due to \$6.0 million from implementation of approved rate increases in Middlesex and Tidewater systems; \$1.5 million of non-regulated revenues earned under new Jersey based operating contracts with the Borough of Avalon and with the Sunoco Eagle Point Biological Wastewater Treatment Facility; and scheduled increases of \$0.6 million under non-regulated contract with the City of Perth Amboy, NJ.

Middlesex Water Co (MSEX) NNM

GICS Sector: Utilities
Sub-Industry: Water Utilities

Summary: Based in Iselin, NJ, this company primarily provides regulated water utility service in parts of New Jersey and Delaware, as well as operates wastewater systems and conducts municipal contract operations.

Consensus Analyst Opinion

BUY	BUY/ HOLD	HOLD	WEAK HOLD	SELL
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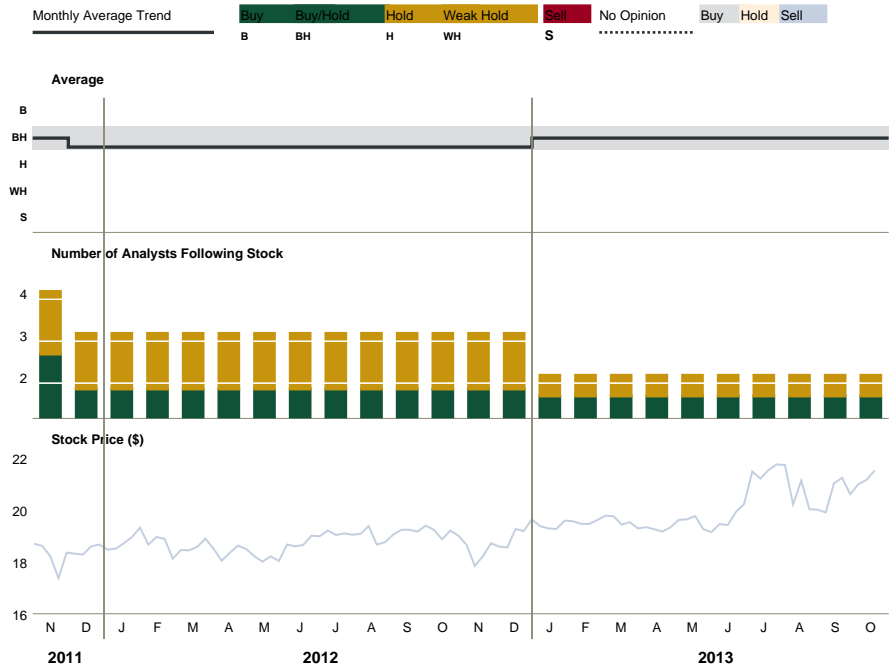
Companies Offering Coverage

Janney Montgomery Scott LLC
Robert W. Baird & Co.
Sturdivant & Co., Inc.

Consensus vs. Performance

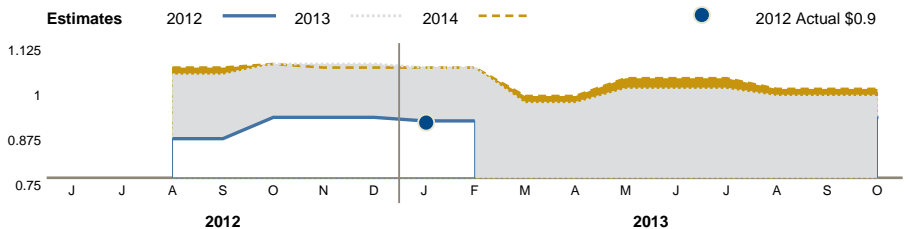
For fiscal year 2013, analysts estimate that MSEX will earn \$0.98. For the 2nd quarter of fiscal year 2013, MSEX announced earnings per share of \$0.28, representing 29% of the total annual estimate. For fiscal year 2014, analysts estimate that MSEX's earnings per share will grow by 2% to \$1.00.

Analyst Recommendations



	No. of Rankings	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	1	50	1	1
Buy/Hold	0	0	0	0
Hold	1	50	1	1
Weak Hold	0	0	0	0
Sell	0	0	0	0
No Opinion	0	0	0	0
Total	2	100	2	2

Consensus Earnings Estimates



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2014	1.00	1.01	1.00	2	21.5
2013	0.98	0.98	0.98	2	21.9
2014 vs. 2013	2%	3%	2%	0%	-2%
Q3'14	0.37	0.37	0.37	1	58.1
Q3'13	0.36	0.36	0.35	2	59.8
Q3'14 vs. Q3'13	3%	3%	6%	-50%	-3%

Middlesex Water Co (MSEX) NNM

GICS Sector: Utilities
Sub-Industry: Water Utilities

Summary: Based in Iselin, NJ, this company primarily provides regulated water utility service in parts of New Jersey and Delaware, as well as operates wastewater systems and conducts municipal contract operations.

Glossary

Quantitative Evaluations

In contrast to our qualitative STARS recommendations, which are assigned by S&P analysts, the quantitative evaluations described below are derived from proprietary arithmetic models. These computer-driven evaluations may at times contradict an analyst's qualitative assessment of a stock. One primary reason for this is that different measures are used to determine each. For instance, when designating STARS, S&P analysts assess many factors that cannot be reflected in a model, such as risks and opportunities, management changes, recent competitive shifts, patent expiration, litigation risk, etc.

S&P Quality Ranking

Growth and stability of earnings and dividends are deemed key elements in establishing S&P's Quality Rankings for common stocks, which are designed to capsize the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+ Highest	B Below Average
A High	B- Lower
A- Above Average	C Lowest
B+ Average	D In Reorganization
NR Not Ranked	

S&P Fair Value Rank

Using S&P's exclusive proprietary quantitative model, stocks are ranked in one of five groups, ranging from Group 5, listing the most undervalued stocks, to Group 1, the most overvalued issues. Group 5 stocks are expected to generally outperform all others. A positive (+) or negative (-) Timing Index is placed next to the Fair Value ranking to further aid the selection process. A stock with a (+) added to the Fair Value Rank simply means that this stock has a somewhat better chance to outperform other stocks with the same Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following:

- 5-Stock is significantly undervalued
- 4-Stock is moderately undervalued
- 3-Stock is fairly valued
- 2-Stock is modestly overvalued
- 1-Stock is significantly overvalued

S&P Fair Value Calculation

The price at which a stock should trade at, according to S&P's proprietary quantitative model that incorporates both actual and estimated variables (as opposed to only actual variables in the case of S&P Quality Ranking). Relying heavily on a company's actual return on equity, the S&P Fair Value model places a value on a security based on placing a formula-derived price-to-book multiple on a company's consensus earnings per share estimate.

Insider Activity

Gives an insight as to insider sentiment by showing whether directors, officers and key employees who have proprietary information not available to the general public, are buying or selling the company's stock during the most recent six months.

Funds From Operations (FFO)

A financial measure used by REIT's to reflect their operating performance. As reported by co. based on NAREIT definition.

Volatility

Rates the volatility of the stock's price over the past year.

Technical Evaluation

In researching the past market history of prices and trading volume for each company, S&P's computer models apply special technical methods and formulas to identify and project price trends for the stock.

Relative Strength Rank

Shows, on a scale of 1 to 99, how the stock has performed versus all other companies in S&P's universe on a rolling 13-week basis.

Global Industry Classification Standard (GICS)

An industry classification standard, developed by Standard & Poor's in collaboration with Morgan Stanley Capital International (MSCI). GICS is currently comprised of 10 Sectors, 24 Industry Groups, 67 Industries, and 147 Sub-Industries.

Exchange Type

ASE - American Stock Exchange; AU - Australia Stock Exchange; BB - Bulletin Board; NGM - Nasdaq Global Market; NNM - Nasdaq Global Select Market; NSC - Nasdaq Capital Market; NYS - New York Stock Exchange; OTN - Other OTC (Over the Counter); OTC - Over the Counter; QB - OTCQB; QX - OTCQX; TS - Toronto Stock Exchange; TXV - TSX Venture Exchange; NEX - NEX Exchange.

Dividends on American Depositary Receipts (ADRs) and American Depositary Shares (ADSs) are net of taxes (paid in the country of origin).

Middlesex Water Co (MSEX) NNM

GICS Sector: Utilities

Sub-Industry: Water Utilities

Required Disclosures

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In North America: As of September 30, 2013, Standard & Poor's Quantitative Services North America recommended 36.5% of issuers under coverage with buy recommendations, 54.2% with hold recommendations and 9.3% with sell recommendations.

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In Asia: As of September 30, 2013, Standard & Poor's Quantitative Services Asia have recommended 32.3% of issuers under coverage with buy recommendations, 59.5% with hold recommendations and 8.2% with sell recommendations.

Globally: As of September 30, 2013, Standard & Poor's Quantitative Services globally have recommended 35.6% of issuers under coverage with buy recommendations, 53.1% with hold recommendations and 11.3% with sell recommendations.

S&P Global Distribution of its Qualitative Recommendations (STARS coverage):

In North America: As of September 30, 2013, Standard & Poor's Quantitative Services North America recommended 36.5% of issuers under coverage with buy recommendations, 54.2% with hold recommendations and 9.3% with sell recommendations.

In Europe: As of September 30, 2013, Standard & Poor's Quantitative Services Europe have recommended 33.5% of issuers under coverage with buy recommendations, 43.5% with hold recommendations and 23.0% with sell recommendations.

In Asia: As of September 30, 2013, Standard & Poor's Quantitative Services Asia have recommended 32.3% of issuers under coverage with buy recommendations, 59.5% with hold recommendations and 8.2% with sell recommendations.

Globally: As of September 30, 2013, Standard & Poor's Quantitative Services globally have recommended 35.6% of issuers under coverage with buy recommendations, 53.1% with hold recommendations and 11.3% with sell recommendations.

Relevant benchmarks: In North America the relevant benchmark is the S&P 500 Index, in Europe and in Asia; the relevant benchmarks are generally the S&P Pan Europe BMI Index and the S&P Pan Asia BMI Index.

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Summary: Based in Iselin, NJ, this company primarily provides regulated water utility service in parts of New Jersey and Delaware, as well as operates wastewater systems and conducts municipal contract operations.

Additional information is available upon request.

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Middlesex Water Co (MSEX) NNM

GICS Sector: Utilities

Sub-Industry: Water Utilities

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Summary: Based in Iselin, NJ, this company primarily provides regulated water utility service in parts of New Jersey and Delaware, as well as operates wastewater systems and conducts municipal contract operations.

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