

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For Quarter Ended September 30, 2003

Commission File Number 1-8858

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

New Hampshire
(State or other jurisdiction of incorporation or organization)

02-0381573
(I.R.S. Employer Identification No.)

6 Liberty Lane West, Hampton, New Hampshire
(Address of principal executive office)

03842-1720
(Zip Code)

Registrant's telephone number, including area code: **(603) 772-0775**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ___

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes X No ___

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at October 30, 2003
Common Stock, No Par value	5,492,190 Shares

UNITIL CORPORATION AND SUBSIDIARY COMPANIES
FORM 10-Q
For the Quarter Ended September 30, 2003

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PART I. FINANCIAL INFORMATION

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

SAFE HARBOR CAUTIONARY STATEMENT

This report contains forward-looking statements, which are subject to the inherent uncertainties in predicting future results and conditions. All statements, other than statements of historical fact, are forward-looking statements. Certain factors that could cause the actual results to differ materially from those projected in these forward-looking statements include, but are not limited to the following: variations in weather; changes in the regulatory environment; customers' preferences on energy sources; general economic conditions; increased competition; fluctuations in supply, demand, transmission capacity and prices for energy commodities; and other uncertainties, all of which are difficult to predict, and many of which are beyond the control of Unitil Corporation.

RESULTS OF OPERATIONS

Net Income for the third quarter of 2003 was \$1.4 million, or \$0.30 per share, up \$0.01 per share compared to the \$0.29 per share earned in the same three-month period in 2002. Through the first nine months of 2003, Net Income was \$5.3 million, or \$1.12 per share, up \$0.20 per share compared to the \$0.92 per share earned in the same nine month period in 2002. This improvement in earnings for the three- and nine-month periods reflects higher electric and gas sales margins offset by increases in utility operating expenses.

Operating Revenues ('000's)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2003	2002	Change	2003	2002	Change
Electric:						
Residential	\$ 22,146	\$ 17,029	30%	\$ 60,499	\$ 49,122	23%
Commercial/Industrial	27,216	28,128	(3%)	84,949	74,692	14%
Total Electric	\$ 49,362	\$ 45,157	9%	\$ 145,448	\$ 123,814	17%
Gas:						
Residential	\$ 1,674	\$ 1,090	54%	\$ 11,777	\$ 7,097	66%
Commercial/Industrial	1,595	1,606	(1%)	9,252	6,355	46%
Total Gas	\$ 3,269	\$ 2,696	21%	\$ 21,029	\$ 13,452	56%
Other	\$ 261	\$ 154	69%	\$ 846	\$ 547	55%
Total Operating Revenues	\$ 52,892	\$ 48,007	10%	\$ 167,323	\$ 137,813	21%

Total revenues were \$52.9 million for the third quarter of 2003 compared to \$48.0 million for the same period last year, an increase of \$4.9 million. For the nine months ended September 30, 2003, total revenues were \$167.3 million compared to \$137.8 million through the first three quarters last year, an increase of \$29.5 million. Total revenues include the recovery of cost of sales, which are recorded as Purchased Power and Gas in Operating Expenses. The cost of sales component of revenues increased \$2.0 million and \$20.8 million in the three- and nine-month periods ended September 30, 2003, respectively, compared to the same periods last year reflecting higher electricity and gas commodity prices and an increase of approximately 5% in electric sales and 18% in gas sales, on a year-to-date basis. The Company recovers the costs of Purchased Power and Gas in its rates as a pass through to customers at cost and therefore changes in these revenues do not impact net income.

Total sales margin (Revenues less Purchased Power and Gas) was \$17.8 million and \$53.8 million in the three- and nine-month periods ended September 30, 2003, respectively, reflecting an increase of \$2.9 million and \$8.7 million compared to the same three- and nine-month periods in 2002. This improvement in total sales margin reflects the impact of 2002 base rate cases, which resulted in higher base distribution rates for the Company's electric and gas utility operations as of December 2002, and higher electric and gas unit sales in the current periods compared to the prior periods.

Electric margin increased \$2.4 million for the three-month period and \$5.5 million for the nine-month period. The electric margin increase in the three-month period primarily reflects the higher retail base rates. For the nine-month period, approximately two-thirds of the electric margin increase is due to the higher retail base rates with the remaining third resulting from increased unit sales.

Gas margin increased approximately \$0.4 million for the three-month period and \$2.9 million for the nine-month period. The gas margin increase in the three-month period reflects the higher retail rates. For the nine-month period, approximately 60% of the gas margin increase is due to the higher retail base rates with the remaining 40% resulting from increased unit sales.

Usource revenues increased \$0.1 million and \$0.3 million for the three- and nine-month periods ended September 30, 2003, respectively, compared to the same periods in 2002.

The revenues and margins discussed above reflect the Company's recovery of its costs of service which include its operating costs, depreciation and amortization expense, taxes and a return on the Company's utility investments.

Sales ('000's)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2003	2002	Change	2003	2002	Change
Electric (kWh) Sales:						
Residential	174,657	170,504	2%	497,164	467,541	6%
Commercial/Industrial	289,492	291,798	(1%)	811,990	785,646	3%
Total Electric Sales	464,149	462,302	–	1,309,154	1,253,187	5%
Gas (firm therm) Sales:						
Residential	784	818	(4%)	9,454	8,037	18%
Commercial/Industrial	1,032	1,068	(3%)	9,448	7,976	19%
Total Gas Sales	1,816	1,886	(4%)	18,902	16,013	18%

For the three months ended September 30, 2003, gas unit sales were slightly below the third quarter of last year, reflecting relatively low usage of natural gas during the summer months. Gas sales were 18% higher than last year through the first nine months of 2003, due to a colder winter heating season.

Total electric kilowatt-hour (kWh) sales volume for the third quarter of 2003 was even with the prior year's third quarter and is 5% ahead of last year through September. Residential kWh sales increased 2% and sales to Commercial/Industrial customers decreased 1% over the third quarter last year.

Operation and Maintenance expenses increased \$1.9 million and \$4.0 million, respectively, for the three- and nine-month periods ended September 30, 2003, compared to the same periods in 2002. Approximately half of the increase, \$1.0 million and \$1.9 million for the three- and nine-month periods, respectively, are related to expenses collected in revenues from cost reconciling rate mechanisms. These costs include amounts expended to implement electric utility industry restructuring and higher spending over prior year for energy efficiency and conservation programs. Due to the reconciling nature of these costs, they do not have an impact on net income. The remaining portion of higher operating expenses compared to last year primarily reflects higher operating expenses of \$0.9 million and \$2.1 million, respectively for the three- and nine-month periods.

The \$2.6 million increase in Depreciation and Amortization expenses during the nine-month period was due to new utility asset depreciation rates put into place as a result of depreciation studies conducted as part of the 2002 base rate cases, together with the increase in utility plant capital additions placed in service during the past year. Local Property and Other taxes reflect these higher plant additions as well.

Interest Expense, net includes interest paid on short- and long-term borrowings (\$6.9 million for the first nine months of 2003) as well as interest earned on deferred regulatory asset balances (\$1.0 million for the first nine months of 2003). The increase of \$0.3 million in the first nine months of 2003 over the same period last year primarily reflects a decrease of \$250,000 in interest earned on deferred regulatory asset balances.

Federal and State income tax expense is higher in 2003 reflecting higher pre-tax earnings and a net increase in state tax rates.

SUBSEQUENT EVENTS

Unitil Corporation Common Stock Offering — On October 29, 2003, the Company raised approximately \$17.1 million (after deducting underwriting discounts and commissions and the estimated expenses of the offering) through the sale of 717,600 shares of its common stock at a price of \$25.40 per share in a registered public offering. The offering was increased from an original 520,000 shares to reflect a 20% upsizing of the transaction (104,000 shares) and the exercise of a 15% underwriters' over-allotment (93,600 shares). The Company used the proceeds from this offering to make an initial equity infusion of \$12 million into its two principal utility operating subsidiaries, Unitil Energy Systems, Inc. (UES) and Fitchburg Gas and Electric Light Company (FG&E) to replace short-term indebtedness incurred to support ongoing investment in utility distribution facilities, and for other general corporate purposes. The amount of the offering is reflected in the Company's pro-forma capitalization and short-term debt as of September 30, 2003 — see Note 8 to the Consolidated Financial Statements.

Fitchburg Gas and Electric Light Company Long-Term Notes Issuance — On October 28, 2003, Unitil's Massachusetts utility subsidiary, FG&E, completed a \$10 million private placement of long-term unsecured notes with a major insurance company. The notes have a term of 22 years and a coupon rate of 6.79%. The net proceeds were used to replace short-term indebtedness and are included in the Company's pro-forma capitalization and short-term debt as of September 30, 2003 — see Note 8 to the Consolidated Financial Statements.

CAPITAL REQUIREMENTS

Cash flow from operating activities was \$13.7 million for the nine months ended September 30, 2003 compared to \$7.7 million for the same period last year. The Company's 2003 results include increases in accrued revenues and decreases in insurance settlement reserves recorded in Other Current Liabilities. The increase in accrued revenues results from the high energy costs experienced during last winter and the related amounts due from customers in accrued revenues as of September 30, 2003. The Company will recover these amounts from customers, with interest, over the next year. The decrease in Other Current Liabilities reflects a reduction in insurance settlement reserves for the funding of approximately \$3.5 million during the nine months ended September 30, 2003 of a major environmental project (See Note 7).

Cash flows from investing activities include capital expenditures for the nine months ended September 30, 2003 which were approximately \$16.7 million as compared to \$14.4 million during the same period last year, an increase of \$2.3 million. This increase is primarily the result of planned expenditures on new electric system supply lines that added needed capacity to the seacoast region of Unitil's utility service territories and other capital expenditures throughout Unitil's utility service territories related to customer growth. Capital expenditures for the year 2003 are estimated to be approximately \$21.8 million as compared to \$20.8 million for 2002. This projection reflects required capital expenditures for utility system expansions, replacements and other improvements.

Cash flows from financing activities include an increase in short-term borrowings of \$6.3 million. These proceeds were principally used to repay long-term debt of \$3.2 million and to fund the difference between the amounts expended for investing activities and the amounts achieved in cash flow from operations.

CRITICAL ACCOUNTING POLICIES

The preparation of the Company's financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The following is a summary of the Company's most critical accounting policies, which are defined as those policies in which judgments or uncertainties could materially affect the application of those policies. For a complete discussion of the Company's significant policies, refer to the attached financial statements and Note 1: Summary of Significant Accounting Policies.

Regulatory Accounting – The Company is a regulated utility and its principal business is the distribution of electricity and natural gas. Accordingly, the Company uses the provisions of Statement of Financial Accounting Standards (SFAS) No. 71, "Accounting for the Effects of Certain Types of Regulation." In accordance with SFAS No. 71, the Company has recorded Regulatory Assets and Regulatory Liabilities which will be recovered in future electric and gas retail rates. As a regulated utility, the company's utility investments and operating costs are subject to periodic review by State and Federal regulatory authorities and may be subject to disallowance or adjustment for recovery from ratepayers. The Company also has commitments under long-term contracts for the purchase of electricity from various suppliers. The annual costs under these contracts are included in Fuel and Purchased Power and Gas Purchased for Resale in the Consolidated Statements of Earnings and these costs are recoverable in current and future rates under various orders issued by state and federal regulators.

Commitments and Contingencies – The Company's accounting policy is to record and/or disclose commitments and contingencies in accordance with SFAS No. 5, "Accounting for Contingencies." For example, in 2002 the Company resolved a long standing contingency related to an environmental matter by entering into a fixed price contract to remediate the site while also settling on the funding of the project to be provided by the Company's insurance carrier. As a result, management estimates that this matter will not have a material adverse effect on the Company's financial position.

Newly Issued Pronouncements – Please refer to Note 1 to the Consolidated Financial Statements. "Summary of Significant Accounting Policies" discussed below on page 15.

In January 2003, the Financial Accounting Standards Board (FASB) issued Interpretation No. 46 (FIN 46), "Consolidation of Variable Interest Entities." This interpretation clarifies the application of Accounting Research Bulletin No. 51, "Consolidated Financial Statements," and replaces the current accounting guidance relating to the consolidation of certain special purpose entities (SPE's). FIN 46 requires identification of the Company's participation in variable interest entities (VIE's) established on the basis of contractual, ownership or other monetary interests. A VIE is defined as an entity in which the equity investors do not have a controlling interest and the equity investment at risk is insufficient to fund future activities to permit the VIE to operate on a stand alone basis without receiving additional financial support.

For entities identified as VIE's, FIN 46 sets forth a model to evaluate potential consolidation based on an assessment of which party to the VIE bears a majority of the risk to the VIE's expected losses, or stands to gain from a majority of the expected returns of the VIE. The party with the majority variable interest is considered to be the primary beneficiary (Primary Beneficiary) of the VIE. As a result, entities that are deemed to be VIE's in which the Company is identified as the Primary Beneficiary were required to be consolidated beginning in July, 2003. At its Board meeting on October 8, 2003, the FASB decided to defer implementation of this requirement until the fourth quarter of 2003. The Company intends to implement FIN 46 for financial reporting purposes in the fourth quarter of 2003.

The Company has reviewed its investments and affiliations and determined that it has a variable interest in the Unitil Retiree Trust (URT), a special purpose entity established January, 1993. The URT was established to promote and maintain a variety of recreational, cultural, social and welfare (including medical insurance, counseling and health) programs for its members. All retirees of the Company are eligible for membership in the URT. The URT earns fees, used to fund its activities, from the Company and without those fees it is uncertain whether the URT would be able to meet its future obligations to the Company's retirees and continue to operate on a stand alone basis. The Company has determined that it is the Primary Beneficiary of the URT's services. The Company anticipates that it will assume the obligations of the URT on a going forward basis and is exploring its options to formalize a new structure in which the funding of these obligations is provided directly by the Company. There are no other entities identified by the Company that qualify as VIE's under FIN 46.

The URT is an organization of retirees that became effective in 1993, and operates under the direction of an independent Board of Trustees whose voting members are comprised of former employees of the Company. FIN 46 requires that the assets and liabilities of the VIE be measured at fair value and recorded by the Primary Beneficiary. The Company is a regulated enterprise and its financial statements are reported on the accrual basis and in conformity with Generally Accepted Accounting Principles (GAAP) and SFAS 71. As a result of the assumption of the obligations of the URT, the Company is expected to recognize a liability, over 20 years, for the retiree health and welfare benefits previously provided by the URT on the accrual basis in conformity with SFAS No. 106, "Accounting for Postretirement Benefits Other than Pensions," (PBOP). At June 30, 2003, the Company's maximum exposure to loss as a result of its relationship with the URT, in the event that the URT could no longer fund its retiree programs, would be limited to the amount of the current and future PBOP liability that may not be recovered in retail rates. However, based on regulatory precedent, the Company believes all of these costs are recoverable as normal utility operating expenses.

The actuarially determined liability for PBOP retiree benefits earned before January 1, 2003, is approximately \$28.5 million. This amount is the Company's transition obligation (Transition Obligation) and the Company has elected, under SFAS 106, to amortize this liability over 20 years. The Company expects to recover the Transition Obligation and the annual PBOP expense recorded by its regulated subsidiaries in retail rates to be established in future rate proceedings in the regulatory jurisdictions where the Company operates. Accordingly, the Company will defer the difference between the recording of PBOP expenses on the accrual basis and the amount of PBOP expenses on the "pay as you go" basis, which the Company currently collects in rates. These deferrals will create Regulatory Assets under SFAS 71 of approximately \$2 million annually until the Company completes the regulatory proceedings to establish new retail rates.

During fiscal 2003, the Company adopted Statement No. 143 (SFAS 143), "Accounting for Asset Retirement Obligations." The adoption of this statement did not have a material impact on the Company's financial position or results of operations.

In April 2003, the FASB issued Statement No. 149 (SFAS 149), "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." SFAS 149 amends and clarifies financial accounting and reporting requirements for derivative instruments, including derivative instruments embedded in other contracts, and for hedging activities under FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities." In general, SFAS 149

is effective for contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003. The Company has determined that adoption of this statement will not have a material impact on the Company's financial position or results of operations.

In May 2003, the FASB issued Statement No. 150 (SFAS 150), "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." SFAS 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability, or in certain instances, as an asset. SFAS 150 is effective for financial instruments entered into or modified after May 31, 2003, otherwise SFAS 150 is generally effective with interim periods beginning after June 15, 2003. The Company has determined that adoption of this statement will not have a material impact on the Company's financial position or results of operations.

INTEREST RATE RISK

The Company meets its external financing needs by issuing short-term debt. The majority of the Company's debt outstanding represents long-term notes bearing fixed rates of interest. Changes in market interest rates do not affect interest expense resulting from these outstanding long-term debt securities. However, the Company periodically repays its short-term debt borrowings through the issuance of new long-term debt securities. Changes in market interest rates may affect the interest rate and corresponding interest expense on any new long-term debt securities issued by the Company. In addition, the Company's short-term debt borrowings bear a variable rate of interest. As a result, changes in short-term interest rates will increase or decrease the Company's interest expense in future periods. For example, if the Company had an average amount of short-term debt outstanding of \$25 million for the period of one year, a change in interest rates of 1% would result in a change in annual interest expense of approximately \$250,000 (pre-tax). The average interest rates on the Company's short-term borrowings for the three months ended September 30, 2003 and September 30, 2002 were 1.74% and 2.28%, respectively. The average interest rates on the Company's short-term borrowings for the nine months ended September 30, 2003 and September 30, 2002 were 1.82% and 2.25%, respectively.

MARKET RISK

Please refer to Item 3. "Quantitative and Qualitative Disclosures About Market Risk" discussed below on page 25.

REGULATORY MATTERS

Massachusetts Electric Operations Restructuring – Beginning March 1, 1998, FG&E implemented its Restructuring Plan under the Massachusetts Electric Utility Restructuring Act of 1997 (Restructuring Act). As discussed in Note 6 to these Financial Statements, FG&E completed the divestiture of its entire regulated power supply business in 2000 in accordance with its Restructuring Plan. As of September 30, 2003, competitive suppliers were serving approximately 29% of FG&E's load, mainly for large industrial customers.

The MDTE approved the rate adjustments pursuant to FG&E's 2002 Reconciliation Filing for effect on January 1, 2003, subject to investigation. This adjustment resulted in a rate reduction of approximately 4.4% for residential Standard Offer Service (SOS) customers. The reduction is due to a decrease in the SOS fuel adjustment, which does not affect net income. A final MDTE order is pending.

The MDTE approved an increase to FG&E's SOS fuel adjustment, effective May 1, 2003, to reflect a rise in prices for fuel oil and natural gas. The bill increase to residential SOS customers was approximately 1.9%, and did not affect net income. A subsequent additional increase to FG&E's SOS fuel adjustment was approved by the MDTE effective September 1, 2003. The bill increase to residential SOS customers was approximately 3.9%.

In April 2003, the MDTE issued an order addressing costs to be included in default service prices, providers of default service, and procurement and pricing of default service. The MDTE determined that procurement related wholesale costs and direct retail costs (such as bad debts), should be included in the price. Distribution companies will continue to function as default service providers for their customers. In September 2003, the MDTE directed distribution companies to implement quarterly procurement of default service for their medium and large C&I customers. The six-month procurement term for small customers will be replaced with a process in which 50% of supply will be procured semi-annually for twelve month terms. Separate proceedings will be opened for each distribution company to determine the amount of costs to be transferred from base rates to default service rates and the appropriate adjustment to be applied to each rate class' base rates.

New Hampshire Restructuring – In 2002, the Company's New Hampshire electric utility subsidiaries, Concord Electric Company (CECo), Exeter & Hampton Electric Company (E&H) and Unitil Power Corp. (Unitil Power), received approval for a comprehensive restructuring proposal from the NHPUC. This approved proposal included the merger of E&H with and into CECo. CECo changed its name to Unitil Energy Systems, Inc. (UES) immediately following the merger. Under Unitil's restructuring plan, Unitil agreed to divest its existing power supply portfolio and conduct a solicitation for new power supplies from which to meet UES' ongoing Transition and Default Service obligations in order to implement customer choice for UES' customers May 1, 2003. In March 2003, the NHPUC approved the contract among Unitil Power, UES and Mirant Americas Energy Marketing, LP (MAEM), under which MAEM will purchase the entitlements to Unitil Power's Supply portfolio and provide Transition and Default Service to the customers of UES. The NHPUC also approved final tariffs for UES for stranded cost recovery and Transition and Default Service. The final amount of Unitil Power's recoverable stranded costs, calculated on the basis of the amounts agreed to be paid by the parties under such contract for the Unitil Power power supply portfolio, was determined to be \$108.7 million, with a recovery period of eight years. The costs of Transition and Default electric supply service and the costs associated with the sale and divestiture of the Unitil Power power supply portfolio are recovered "at cost" from Unitil's New Hampshire electric customers through pass through energy supply-related rate reconciliation mechanisms.

In July, 2003, MAEM and its parent, Mirant Corporation, filed for reorganization under Chapter 11 of the bankruptcy code. Under the contract with UES and Unitil Power discussed above, Mirant guarantees the performance by MAEM. Mirant has continued to honor its obligations under its contract with UES and Unitil Power post-petition and has indicated its intent to perform pending a decision to assume or reject the contract under the bankruptcy procedures. UES and Unitil Power have elected to hold back pre-petition amounts due to MAEM of approximately \$5.3 million as an offset against an equivalent pre-petition amount due from MAEM to UES and UPC. Mirant has disputed the right of Unitil Power and UES to holdback these amounts but has not sought any relief in the bankruptcy court in this regard. Unitil Power and UES filed a motion with the Bankruptcy Court in September, 2003, requesting that MAEM be required to make a decision to assume or reject the contract by December 1, 2003. The New Hampshire Office of the Consumer Advocate filed in support of the motion of UES and Unitil Power on behalf of our New Hampshire residential ratepayers. MAEM has not yet filed a response to the motion to compel it to assume or reject the agreement. UES and UPC are currently in discussions with MAEM regarding its assumptions of the agreement and the cure of its defaults under the agreement. There can be no assurance that such discussions will lead to MAEM's assumption of the agreement and cure of such defaults. Should MAEM not assume the agreement, UPC would sell the electricity under those power supply agreements into the New England power market on a short-term basis and would seek to resell the entire portfolio on a long-term basis. The actual stranded costs UES would incur should MAEM not perform under the agreement would likely be different than the \$57.6 million which has been approved for recovery by the NHPUC. Should the actual stranded costs exceed \$57.6 million, recovery of the excess would be subject to the approval of the NHPUC. Should the NHPUC disallow recovery of some or all of any increased stranded costs, it would adversely affect our financial condition and earnings.

Wholesale Power Market Restructuring – Standard Market Design (SMD): New wholesale markets structured pursuant to the Federal Energy Regulatory Commission's (FERC) SMD were implemented in the New England Power Pool (NEPOOL) on March 1, 2003 under the general supervision of an Independent System Operator (ISO) and the regulatory oversight of FERC. The impact of SMD on wholesale prices is not fully known at this time. Any changes in the wholesale markets as a result of SMD will be reflected in the responses of wholesale marketers to future requests for proposals to be issued by UES and FG&E to provide transition and default service to our customers.

Regional Transmission Organization (RTO): In January 2003, the ISO New England, Inc. announced that it intended to move forward with a New England only RTO. Implementation of an RTO would change current governance of the wholesale power markets in New England since the NEPOOL participants would not have direct input into wholesale power market rules. However, since a proposal has not yet been filed with FERC, the impact of an RTO implementation is not fully known at this time.

Other Regulatory Proceedings – Between December 2002 and January 2003, FG&E and UES received approval from their respective state regulatory commissions of accounting orders to mitigate certain accounting requirements related to pension plan assets, which have been triggered by the substantial decline in the capital markets. These approvals allow FG&E and UES to treat the additional minimum pension liability and prepaid pension costs as Regulatory Assets and avoid the reduction in equity that would otherwise be required. These regulatory orders do not pre-approve the amount of pension expense to be recovered in future rates, which recovery will be determined in future rate proceedings. Based on these approvals, Until has included the amount of the additional minimum pension liabilities and Prepaid Pension Costs of \$12.0 million in Regulatory Assets on its balance sheet.

As to its gas operations, FG&E continues to provide a multi-year refund through its Cost of Gas Adjustment Clause in compliance with the MDTE's May 2001 Order finding that FG&E had over-collected fuel inventory finance charges. At September 30, 2003, the unamortized balance of this refund was \$1.2 million. FG&E believes a refund is not justified or warranted and has appealed the MDTE's ruling to the Massachusetts Supreme Judicial Court (SJC). A decision is expected sometime later this year or early in 2004.

In September, 2003, FG&E filed its annual cost reconciliation and revised Cost of Gas Adjustment Clause (CGAC) and Local Distribution Adjustment Clause (LDAC) with the MDTE for rates effective November 1, 2003. If approved, the winter bill to a typical residential heating customer will decrease by approximately 3.3% from current summer rates. These decreases are due to lower projected gas commodity costs and do not impact earnings.

In March 2003, the MDTE opened an investigation into FG&E's dealings with Enermetrix, Inc. (Enermetrix). Enermetrix provides an internet-based energy auction service that is used by utilities to post their natural gas and electric power needs for bids. FG&E used the Enermetrix Exchange to post its electric default service solicitations in September 2001 and March 2002 and Enermetrix earned approximately \$19,000 in fees from these transactions. At the time of these solicitations, FG&E's parent, Unutil Corporation, had an approximately 9% ownership interest in Enermetrix. The MDTE is investigating whether FG&E is in compliance with relevant statutes and regulations pertaining to transactions with affiliated companies and the MDTE's Order setting forth the requirements for the pricing and procurement of default service. FG&E and the Attorney General have completed briefing of the case and an MDTE decision is pending. Management believes the outcome of this matter will not have a material adverse effect on the financial position of the company.

On April 1, 2003, UES filed a Petition with the NHPUC for authority to adjust its Stranded Cost Charge and to issue short-term debt. UES requested authority to adjust the Stranded Cost Charge in order to recover fuel and purchased power under-collection of approximately \$8.2 million. The under-collection is due to the increases in fuel prices in 2003. UES also requested authority to increase its short-term debt limits to meet current and future working capital requirements, provide needed financial flexibility and optimize the cost and timing of future long-term financings. In regards to the request for an adjustment to the UES Stranded Cost Charge, the NHPUC also issued an order authorizing recovery of its under-collection over a twenty-two month period, with interest, beginning July 1, 2003. In May, 2003, the NHPUC approved an increase in UES' short-term debt limit on a temporary basis pending further hearings on UES' financing plans. In September, 2003, the NHPUC approved a Stipulation among UES, the NHPUC Staff and certain other parties resolving all outstanding issues in this docket. The NHPUC Order approved the continuation of the temporary increase in UES' short-term debt limit until April 30, 2004, and also allowed the receipt by UES of approximately \$5-\$6 million of additional equity capital based upon a capital contribution from Unutil Corporation, to be used to pay down existing short-term debt of UES.

In June, 2003, the SEC issued an Order authorizing Unutil Corporation and its subsidiaries to increase Unutil Corporation's short-term borrowing limits from \$45 million to \$55 million and FG&E's short-term borrowing limits from \$30 million to \$35 million through June 30, 2006, the Authorization Period. The increased short-term borrowing limits were authorized with the condition that Unutil Corporation, UES and FG&E maintain a common equity level of at least 30% of its consolidated capitalization during the Authorization Period.

In July, 2003, FG&E filed a petition with the MDTE for authority to issue \$10,000,000 in unsecured long term debt at a rate of 6.79%. The MDTE approved the Petition in September, 2003.

In September, 2003, FG&E filed amendments to its Open Access Transmission Tariff (OATT) with the Federal Energy Regulatory Commission (FERC). Under this tariff, FG&E provides transmission service to wholesale customers who request transmission of energy across its system. FG&E currently has two such customers under its tariff. FG&E is also a customer of its own tariff, taking transmission service on behalf of its retail customers. In this filing, FG&E proposes to revise its transmission rates to establish a formula based rate and reflect annual cost increases of approximately \$260,000. FERC action on the amendments is pending.

In August, 2003, Northeast Utilities filed with FERC to revise its transmission rates to establish and implement a formula based rate, replacing a stated (fixed) rate. The impact of the proposed rate change is an increase in transmission costs of over \$600,000 per year for Unutil Power, which will ultimately be passed through to UES. UES recovers its transmission costs through its External Delivery Charge on a fully reconciling basis and therefore changes in this item do not reflect net income. On September 16, 2003, Unutil Power and UES jointly filed a Motion to Intervene and Limited Protest. FERC action on the petition is pending.

ENVIRONMENTAL MATTERS

Former Electric Generating Station – As discussed in Note 7 to these Financial Statements, the Company is remediating environmental conditions at a former electric generating station located at Sawyer Passway, in Fitchburg, Massachusetts. During the first nine months of 2003, expenditures on this project amounted to \$3.5 million which was funded from insurance settlement reserves. As of September 30, 2003, net of amounts expended through the third quarter of 2003, the remaining project remediation cost was estimated to be approximately \$150,000, which is fully reserved for on the balance sheet.

Item 1. Financial Statements

UNITIL CORPORATION AND SUBSIDIARY COMPANIES CONSOLIDATED STATEMENTS OF EARNINGS (000's except common shares and per share data) (UNAUDITED)

Three Months Ended September 30,		Nine Months Ended September 30,	
2003	2002	2003	2002

Operating Revenues				
Electric	\$ 49,362	\$ 45,157	\$ 145,448	\$ 123,814
Gas	3,269	2,696	21,029	13,452
Other	261	154	846	547
	<hr/>	<hr/>	<hr/>	<hr/>
Total Operating Revenues	52,892	48,007	167,323	137,813
Operating Expenses				
Fuel and Purchased Power	33,523	31,760	101,425	85,246
Gas Purchased for Resale	1,605	1,390	12,050	7,412
Operation and Maintenance	7,919	6,045	22,175	18,161
Depreciation and Amortization	4,488	3,954	13,752	11,110
Provisions for Taxes:				
Local Property and Other	1,201	1,091	3,780	3,476
Federal and State Income	804	457	2,745	2,251
	<hr/>	<hr/>	<hr/>	<hr/>
Total Operating Expenses	49,540	44,697	155,927	127,656
Operating Income				
	3,352	3,310	11,396	10,157
Sale of Non-Utility Investment, net of tax	--	--	--	(82)
Other Non-Operating Expenses	(71)	44	31	135
	<hr/>	<hr/>	<hr/>	<hr/>
Income Before Interest Expense	3,423	3,266	11,365	10,104
Interest Expense, Net	1,926	1,825	5,853	5,551
	<hr/>	<hr/>	<hr/>	<hr/>
Net Income	1,497	1,441	5,512	4,553
Less: Dividends on Preferred Stock	59	63	177	190
	<hr/>	<hr/>	<hr/>	<hr/>
Earnings Applicable to Common Shareholders	\$ 1,438	\$ 1,378	\$ 5,335	\$ 4,363
Average Common Shares Outstanding - Basic	4,758,295	4,743,696	4,750,203	4,743,696
Average Common Shares Outstanding - Diluted	4,783,642	4,768,825	4,770,469	4,767,796
Earnings Per Common Share	\$ 0.30	\$ 0.29	\$ 1.12	\$ 0.92
Dividends Declared Per Share of Common Stock (Note 2)	\$ 0.345	\$ 0.345	\$ 1.38	\$ 1.38

(The accompanying notes are an integral part of these statements.)

UNITIL CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(000's)

	(UNAUDITED)		(AUDITED)
	September 30,		December 31,
	2003	2002	2002
	<hr/>	<hr/>	<hr/>
ASSETS:			
Utility Plant:			
Electric	\$207,302	\$ 191,219	\$193,152
Gas	46,285	42,255	44,796
Common	27,408	28,566	28,796
Construction Work in Progress	3,244	5,367	5,658
	<hr/>	<hr/>	<hr/>
Total Utility Plant	284,239	267,407	272,402
Less: Accumulated Depreciation	91,122	82,491	83,201
	<hr/>	<hr/>	<hr/>
Net Utility Plant	193,117	184,916	189,201
	<hr/>	<hr/>	<hr/>
Current Assets:			
Cash	2,191	4,001	7,160
Accounts Receivable - Less Allowance for Doubtful Accounts of \$709, \$536 and \$372	17,276	20,583	19,513
Refundable Taxes	262	(21)	4,851
Materials and Supplies	3,664	2,710	2,323
Prepayments	2,917	1,476	1,735
Accrued Revenue	9,200	(218)	4,842
	<hr/>	<hr/>	<hr/>
Total Current Assets	35,510	28,531	40,424
	<hr/>	<hr/>	<hr/>
Noncurrent Assets:			
Regulatory Assets	241,848	143,656	244,011
Prepaid Pension Costs	--	10,861	--
Debt Issuance Costs	1,711	1,775	1,755
Other Noncurrent Assets	4,413	5,530	5,392
	<hr/>	<hr/>	<hr/>
Total Noncurrent Assets	247,972	161,822	251,158

TOTAL	\$476,599	\$ 375,269	\$480,783
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(The accompanying notes are an integral part of these statements.)

**UNITIL CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS**

(000's)

	(UNAUDITED) September 30,		(AUDITED) December 31,
	2003	2002	2002
CAPITALIZATION AND LIABILITIES:			
Capitalization:			
Common Stock Equity	\$ 73,470	\$ 72,781	\$ 74,350
Preferred Stock, Non-Redeemable, Non-Cumulative	225	225	225
Preferred Stock, Redeemable, Cumulative	3,044	3,349	3,097
Long-Term Debt, Less Current Portion	101,029	104,289	104,226
Total Capitalization	177,768	180,644	181,898
Current Liabilities:			
Long-Term Debt, Current Portion	3,257	3,238	3,243
Capitalized Leases, Current Portion	601	843	800
Accounts Payable	13,834	14,234	14,221
Short-Term Debt	42,305	25,745	35,990
Dividends Declared and Payable	1,716	1,761	77
Refundable Customer Deposits	1,415	1,342	1,336
Interest Payable	1,884	1,880	1,311
Other Current Liabilities	4,031	7,081	9,062
Total Current Liabilities	69,043	56,124	66,040
Deferred Income Taxes	51,660	46,552	47,332
Noncurrent Liabilities:			
Power Supply Contract Obligations	174,826	83,339	175,657
Capitalized Leases, Less Current Portion	528	2,513	2,534
Other Noncurrent Liabilities	2,774	6,097	7,322
Total Noncurrent Liabilities	178,128	91,949	185,513
TOTAL	\$476,599	\$ 375,269	\$480,783

(The accompanying notes are an integral part of these statements.)

**UNITIL CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS**

(000's)
(UNAUDITED)

	Nine Months Ended September 30,	
	2003	2002
Cash Flow from Operating Activities:		
Net Income	\$ 5,512	\$ 4,553
Adjustments to Reconcile Net Income to Cash		
Provided by Operating Activities:		
Depreciation and Amortization	13,752	11,110
Deferred Tax Provision	1,010	(27)
Gain on Sale of Investment, net	—	(82)
Changes in Current Assets and Liabilities:		
Accounts Receivable	2,237	(3,450)
Prepayments and other Current Assets	2,066	2,811
Accrued Revenue	(4,358)	1,548
Accounts Payable	(387)	(5,850)

Other Current Liabilities	(4,379)	1,207
Other, net	(1,710)	(4,086)
Cash Provided by Operating Activities	13,743	7,734
Cash Flows from Investing Activities:		
Acquisition of Property, Plant and Equipment	(16,662)	(14,388)
Other, net	—	1,535
Cash Used in Investing Activities	(16,662)	(12,853)
Cash Flows from Financing Activities:		
Proceeds from Short-Term Debt	6,315	11,945
Repayment of Long-Term Debt	(3,183)	(3,167)
Dividends Paid	(5,102)	(5,122)
Issuance of Common Stock	476	—
Retirement of Preferred Stock	(53)	(35)
Repayment of Capital Lease Obligations	(503)	(577)
Cash Provided By (Used in Financing) Activities	(2,050)	3,044
Net Decrease in Cash	(4,969)	(2,075)
Cash at Beginning of Period	7,160	6,076
Cash at End of Period	\$ 2,191	\$ 4,001
Supplemental Cash Flow Information:		
Interest Paid	\$ 6,327	\$ 6,462
Income Taxes Refunded	2,581	46
Supplemental Schedule of Noncash Activities:		
Capital Leases Incurred	\$ 95	\$ 198

(The accompanying notes are an integral part of these statements.)

UNITIL CORPORATION AND SUBSIDIARY COMPANIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

UNITIL's SIGNIFICANT ACCOUNTING POLICIES ARE DESCRIBED IN NOTE 1 TO THE FINANCIAL STATEMENTS IN ITEM 8 OF PART 2 OF UNITIL CORPORATION'S FORM 10-K FOR DECEMBER 31, 2002 AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON MARCH 28, 2003

Nature of Operations – Unitil Corporation (Unitil or the Company) is registered with the Securities and Exchange Commission (SEC) as a public utility holding company under the Public Utility Holding Company Act of 1935 (1935 Act). The following companies are wholly-owned subsidiaries of Unitil: Unitil Energy Systems, Inc. (UES), Fitchburg Gas and Electric Light Company (FG&E), Unitil Power Corp. (Unitil Power), Unitil Realty Corp. (Unitil Realty), Unitil Service Corp. (Unitil Service) and its non-regulated business unit Unitil Resources, Inc. (Unitil Resources).

Unitil's principal business is the retail sale and distribution of electricity and related services in several cities and towns in the seacoast and capital city areas of New Hampshire, and both electricity and gas and related services in north central Massachusetts, through Unitil's two wholly-owned retail distribution utility subsidiaries, FG&E and UES. The Company's wholesale electric power utility subsidiary, Unitil Power, principally provides electric power supply to UES for resale at retail. With respect to rates and other business and financial matters, UES is subject to regulation by the New Hampshire Public Utilities Commission (NHPUC), FG&E is regulated by the Massachusetts Department of Telecommunications & Energy (MDTE), and Unitil Power, UES and FG&E are regulated by the Federal Energy Regulatory Commission (FERC).

Unitil Realty owns and manages the Company's corporate office building and property located in Hampton, New Hampshire and leases this facility to Unitil Service under a long-term lease arrangement. Unitil Service provides, at cost, centralized management, administrative, accounting, financial, engineering, information systems, regulatory, planning, procurement and other services to its affiliated Unitil companies. Unitil Resources is the Company's wholly-owned non-utility subsidiary and provides energy brokering, consulting and management related services within the United States. Usource, Inc. and Usource L.L.C. (collectively, Usource) are wholly owned subsidiaries of Unitil Resources.

Basis of Presentation – The consolidated financial statements include the accounts of Unitil and all of its wholly-owned subsidiaries. Intercompany accounts and transactions have been eliminated in consolidation. In the opinion of management, the interim financial statements include all necessary adjustments to conform to the fair presentation of the Company's results of operations and financial position for the periods presented. Certain prior period amounts on the financial statements have been reclassified to conform with current presentation.

Regulatory Accounting – The Company's utility operating subsidiaries are subject to the provisions of Statement of Financial Accounting Standards (SFAS) No. 71, "Accounting for the Effects of Certain Types of Regulation." The Company expects to meet the criteria for the application of SFAS No. 71 for the foreseeable future.

Newly Issued Pronouncements – In January 2003, the Financial Accounting Standards Board (FASB) issued Interpretation No. 46 (FIN 46), "Consolidation of Variable Interest Entities." This interpretation clarifies the application of Accounting Research Bulletin No. 51, "Consolidated Financial Statements," and replaces the current accounting guidance relating to the consolidation of certain special purpose entities (SPE's). FIN 46 requires identification of the Company's participation in variable interest entities (VIE's) established on the basis of contractual, ownership or other monetary interests. A VIE is defined as an entity in which the equity investors do not have a controlling interest and the equity investment at risk is insufficient to fund future activities to permit the VIE to operate on a stand alone basis without receiving additional financial support.

For entities identified as VIE's, FIN 46 sets forth a model to evaluate potential consolidation based on an assessment of which party to the VIE bears a majority of the risk to the VIE's expected losses, or stands to gain from a majority of the expected returns of the VIE. The party with the majority variable interest is considered to be the primary beneficiary (Primary Beneficiary) of the VIE. As a result, entities that are deemed to be VIE's in which the Company is identified as the Primary Beneficiary were required to be consolidated beginning in July, 2003. At its Board meeting on October 8, 2003, the FASB decided to defer implementation of this requirement until the fourth quarter of 2003. The Company intends to implement FIN 46 for financial reporting purposes in the fourth quarter of 2003.

The Company has reviewed its investments and affiliations and determined that it has a variable interest in the Unifit Retiree Trust (URT), a special purpose entity established January, 1993. The URT was established to promote and maintain a variety of recreational, cultural, social and welfare (including medical insurance, counseling and health) programs for its members. All retirees of the Company are eligible for membership in the URT. The URT earns fees, used to fund its activities, from the Company and without those fees it is uncertain whether the URT would be able to meet its future obligations to the Company's retirees and continue to operate on a stand alone basis. The Company has determined that it is the Primary Beneficiary of the URT's services. The Company anticipates that it will assume the obligations of the URT on a going forward basis and is exploring its options to formalize a new structure in which the funding of these obligations is provided directly by the Company. There are no other entities identified by the Company that qualify as VIE's under FIN 46.

The URT is an organization of retirees that became effective in 1993, and operates under the direction of an independent Board of Trustees whose voting members are comprised of former employees of the Company. FIN 46 requires that the assets and liabilities of the VIE be measured at fair value and recorded by the Primary Beneficiary. The Company is a regulated enterprise and its financial statements are reported on the accrual basis and in conformity with Generally Accepted Accounting Principles (GAAP) and SFAS 71. As a result of the assumption of the obligations of the URT, the Company is expected to recognize a liability, over 20 years, for the retiree health and welfare benefits previously provided by the URT on the accrual basis in conformity with SFAS No. 106, "Accounting for Postretirement Benefits Other than Pensions," (PBOP). At June 30, 2003, the Company's maximum exposure to loss as a result of its relationship with the URT, in the event that the URT could no longer fund its retiree programs, would be limited to the amount of the current and future PBOP liability that may not be recovered in retail rates. However, based on regulatory precedent, the Company believes all of these costs are recoverable as normal utility operating expenses.

The actuarially determined liability for PBOP retiree benefits earned before January 1, 2003, is approximately \$28.5 million. This amount is the Company's transition obligation (Transition Obligation) and the Company has elected, under SFAS 106, to amortize this liability over 20 years. The Company expects to recover the Transition Obligation and the annual PBOP expense recorded by its regulated subsidiaries in retail rates to be established in future rate proceedings in the regulatory jurisdictions where the Company operates. Accordingly, the Company will defer the difference between the recording of PBOP expenses on the accrual basis and the amount of PBOP expenses on the "pay as you go" basis, which the Company currently collects in rates. These deferrals will create Regulatory Assets under SFAS 71 of approximately \$2 million annually until the Company completes the regulatory proceedings to establish new retail rates.

During fiscal 2003, the Company adopted Statement No. 143 (SFAS 143), "Accounting for Asset Retirement Obligations." The adoption of this statement did not have a material impact on the Company's financial position or results of operations.

In April 2003, the FASB issued Statement No. 149 (SFAS 149), "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." SFAS 149 amends and clarifies financial accounting and reporting requirements for derivative instruments, including derivative instruments embedded in other contracts, and for hedging activities under FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities." In general, SFAS 149 is effective for contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003. The Company has determined that adoption of this statement will not have a material impact on the Company's financial position or results of operations.

In May 2003, the FASB issued Statement No. 150 (SFAS 150), "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." SFAS 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability, or in certain instances, as an asset. SFAS 150 is effective for financial instruments entered into or modified after May 31, 2003, otherwise SFAS 150 is generally effective with interim periods beginning after June 15, 2003. The Company has determined that adoption of this statement will not have a material impact on the Company's financial position or results of operations.

Reclassifications – Certain amounts previously reported have been reclassified to conform to current year presentation.

NOTE 2 - DIVIDENDS DECLARED PER SHARE

Declaration Date	Date Paid (Payable)	Shareholder of Record Date	Dividend Amount
09/26/03	11/14/03	10/31/03	\$ 0.345
06/26/03	08/15/03	08/01/03	\$ 0.345
03/21/03	05/15/03	05/01/03	\$ 0.345
01/16/03	02/15/03	02/01/03	\$ 0.345
09/27/02	11/15/02	11/01/02	\$ 0.345
06/20/02	08/15/02	08/01/02	\$ 0.345
03/21/02	05/15/02	05/01/02	\$ 0.345
01/17/02	02/15/02	02/01/02	\$ 0.345

NOTE 3 – COMMON STOCK AND PREFERRED STOCK

During the third quarter of 2003, the Company sold 9,242 shares of its Common Stock, at an average price of \$25.46 per share, in connection with its Dividend Reinvestment and Stock Purchase Plan and its 401(k) plans. Net proceeds of \$235,317 were used to reduce short-term borrowings.

On April 17, 2003, the Company's shareholders ratified and approved a Restricted Stock Plan (the Plan) which had been approved by the Company's Board of Directors at its January 16, 2003 meeting. Participants in the Plan are selected by the Compensation Committee of the Board of Directors from the eligible Participants to receive an annual award of restricted shares of Company Common Stock. The Compensation Committee has the power to determine the sizes of awards; determine the terms and conditions of awards in a manner consistent with the Plan; construe and interpret the Plan and any agreement or instrument entered into under the Plan as they apply to participants; establish, amend, or waive rules and regulations for the Plan's administration as they apply to participants; and, subject to the provisions of the Plan, amend the terms and conditions of any outstanding award to the extent such terms and conditions are within the discretion of the Compensation Committee as provided in the Plan. Awards fully vest over a period of four years at a rate of 25% each year. Prior to the end of the vesting period, the restricted shares are subject to forfeiture if the participant ceases to be employed by the Company other than due to the participant's death. The maximum number of shares of Restricted Stock available for awards to

participants under the Plan is 177,500. The maximum aggregate number of shares of Restricted Stock that may be awarded in any one calendar year to any one participant is 20,000. In the event of any change in capitalization of the Company, the Compensation Committee is authorized to make proportionate adjustments to prevent dilution or enlargement of rights, including, without limitation, an adjustment in the maximum number and kinds of shares available for awards and in the annual award limit. On May 12, 2003, 10,600 shares were issued in conjunction with the Plan. The aggregate market value of the restricted stock at the date of issuance was \$259,170. The compensation expense associated with the issuance of shares under the Plan is being accrued on a monthly basis over the vesting period.

During the third quarter of 2002, the Company did not sell any additional shares of its Common Stock.

Details on preferred stock at September 30, 2003, September 30, 2002 and December 31, 2002 are shown below:

	(Amounts in Thousands)		December 31, 2002
	September 30, 2003	2002	
Preferred Stock:			
Non-Redeemable, Non-Cumulative, 6%, \$100 Par Value	\$ 225	\$ 225	\$ 225
Redeemable, Cumulative, \$100 Par Value:			
8.70% Dividend Series	215	215	215
5% Dividend Series	--	84	--
6% Dividend Series	--	168	--
8.75% Dividend Series	313	333	333
8.25% Dividend Series	376	385	385
5.125% Dividend Series	922	946	946
8% Dividend Series	1,218	1,218	1,218
Total Redeemable Preferred Stock	3,044	3,349	3,097
Total Preferred Stock	\$3,269	\$3,574	\$3,322

NOTE 4 – LONG-TERM DEBT

Details on long-term debt at September 30, 2003, September 30, 2002 and December 31, 2002 are shown below:

	(Amounts in Thousands)		December 31, 2002
	September 30, 2003	2002	
Unitil Energy Systems, Inc.:			
First Mortgage Bonds:			
Series I, 8.49%, due October 14, 2024	\$ 6,000	\$ 6,000	\$ 6,000
Series J, 6.96%, due September 1, 2028	10,000	10,000	10,000
Series K, 8.00%, due May 1, 2031	7,500	7,500	7,500
Series L, 8.49%, due October 14, 2024	9,000	9,000	9,000
Series M, 6.96%, due September 1, 2028	10,000	10,000	10,000
Series N, 8.00%, due May 1, 2031	7,500	7,500	7,500
Fitchburg Gas and Electric Light Company:			
Promissory Notes:			
8.55% Notes due March 31, 2004	3,000	6,000	6,000
6.75% Notes due November 30, 2023	19,000	19,000	19,000
7.37% Notes due January 15, 2029	12,000	12,000	12,000
7.98% Notes due June 1, 2031	14,000	14,000	14,000
Unitil Realty Corp.			
Senior Secured Notes:			
8.00% Notes Due August 1, 2017	6,286	6,527	6,469
Total	104,286	107,527	107,469
Less: Installments due within one year	3,257	3,238	3,243
Total Long-term Debt	\$101,029	\$104,289	\$104,226

NOTE 5 – SEGMENT INFORMATION

The following table provides significant segment financial data for the three and nine months ended September 30, 2003 and 2002:

Three Months Ended

September 30, 2003 (000's)

	Electric	Gas	Other	Non-Regulated	Eliminations	Total
Revenues	\$ 49,362	\$ 3,269	\$ 7	\$ 254		\$ 52,892
Segment Profit (Loss)	1,936	(497)	134	(135)		1,438
Identifiable Segment Assets	379,314	82,108	20,456	1,467	(6,746)	476,599
Capital Expenditures	3,414	1,363	259	5		5,041

**Three Months Ended
September 30, 2002 (000's)**

Revenues	\$ 45,157	\$ 2,696	\$ 7	\$ 147		\$ 48,007
Segment Profit (Loss)	2,220	(635)	(3)	(204)		1,378
Identifiable Segment Assets	283,132	85,497	23,429	1,378	(18,167)	375,269
Capital Expenditures	4,512	917	183	20		5,632

**Nine Months Ended
September 30, 2003 (000's)**

	Electric	Gas	Other	Non-Regulated	Eliminations	Total
Revenues	\$145,448	\$ 21,029	\$ 22	\$ 824		\$ 167,323
Segment Profit (Loss)	5,016	757	146	(584)		5,335
Identifiable Segment Assets	379,314	82,108	20,456	1,467	(6,746)	476,599
Capital Expenditures	13,462	2,865	320	15		16,662

**Nine Months Ended
September 30, 2002 (000's)**

Revenues	\$123,814	\$ 13,452	\$ 22	\$ 525		\$ 137,813
Segment Profit (Loss)	5,212	(585)	165	(429)		4,363
Identifiable Segment Assets	283,132	85,497	23,429	1,378	(18,167)	375,269
Capital Expenditures	11,725	2,460	183	20		14,388

NOTE 6 – REGULATORY MATTERS

UNITIL'S REGULATORY MATTERS ARE DESCRIBED IN NOTE 15 TO THE FINANCIAL STATEMENTS IN ITEM 8 OF PART 2 OF UNITIL CORPORATION'S FORM 10-K FOR DECEMBER 31, 2002 AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON MARCH 28, 2003.

The Unitil Companies are regulated by various federal and state agencies, including the SEC, the FERC, and state regulatory authorities with jurisdiction over public utilities, including the NHPUC and the MDTE. In recent years, there has been significant legislative and regulatory activity to restructure the utility industry in order to introduce greater competition in the supply and sale of electricity and gas, while continuing to regulate the distribution operations of Unitil's utility operating subsidiaries. Unitil implemented the restructuring of its electric operations in Massachusetts in 1998 and implemented the final phase of a restructuring settlement for its New Hampshire electric operations on May 1, 2003. Following electric restructuring, the Unitil companies have a continuing obligation to submit filings in both states that demonstrate their compliance with regulatory mandates and provide for timely recovery of costs in accordance with their approved restructuring plans.

Massachusetts Electric Operations Restructuring – Beginning March 1, 1998, FG&E implemented its Restructuring Plan under the Massachusetts Electric Utility Restructuring Act of 1997 (Restructuring Act). FG&E completed the divestiture of its entire regulated power supply business in 2000 in accordance with the Restructuring Plan. All FG&E distribution customers must pay a transition charge that provides for the recovery of costs associated with FG&E's power portfolio which were stranded as a result of the divestiture of those assets. The plant and Regulatory Asset balances that will be recovered through the transition charge have been approved by the MDTE as part of FG&E's annual Reconciliation Filings. The Restructuring Act also requires FG&E to obtain and provide power, through either Standard Offer Service (SOS) or Default Service, for retail customers who choose not to buy, or are unable to purchase, energy from a competitive supplier. FG&E must provide SOS through February 2005 at rate levels which guarantee rate reductions required by the Restructuring Act. New distribution customers and customers no longer eligible for SOS are eligible to receive Default Service at prices set periodically based on market solicitations as approved by regulators.

The MDTE approved the rate adjustments pursuant to FG&E's 2002 Reconciliation Filing for effect on January 1, 2003, subject to investigation. This adjustment resulted in a rate reduction of approximately 4.4% for residential SOS customers. The reduction is due to a decrease in the SOS fuel adjustment, which does not affect net income. A final MDTE order is pending.

The MDTE approved an increase to FG&E's SOS fuel adjustment, effective May 1, 2003, to reflect a rise in prices for fuel oil and natural gas. The bill increase to residential SOS customers was approximately 1.9%, and did not affect net income. A subsequent additional increase to FG&E's SOS fuel adjustment was approved by the MDTE effective September 1, 2003. The bill increase to residential SOS customers was approximately 3.9%.

In April 2003, the MDTE issued an order addressing costs to be included in default service prices, providers of default service, and procurement and pricing of default service. The MDTE determined that procurement related wholesale costs and direct retail costs (such as bad debts), should be included in the price. Distribution companies will continue to function as default service providers for their customers. In September 2003, the MDTE directed distribution companies to implement quarterly procurement of default service for their medium and large C&I customers. The six-month procurement term for small customers will be replaced with a process in which 50% of supply will be procured semi-annually for twelve month terms. Separate proceedings will be opened for each distribution company to determine the amount of costs to be transferred from base rates to default service rates and the appropriate adjustment to be applied to each rate class' base rates.

Massachusetts Gas Operations Restructuring – Following a three year state-wide collaborative process on the unbundling, or separation, of discrete services offered by natural gas local distribution companies (LDCs), the MDTE approved regulations and tariffs for FG&E and other LDCs to provide full customer choice effective November 1, 2000. The MDTE ruled that LDCs would continue to have an obligation to provide gas supply and delivery services for a five-year transition period, with a review after three years. This review is expected to be initiated in late 2003. The MDTE also required mandatory assignment of LDCs' pipeline capacity to competitive marketers supplying customers during the transition period. This mandatory capacity assignment protects LDCs from exposure to certain stranded gas supply costs during the transition period.

New Hampshire Restructuring – In 2002, the Company's New Hampshire electric utility subsidiaries, Concord Electric Company (CECo), Exeter & Hampton Electric Company (E&H) and Unitil Power Corp. (Unitil Power), received approval for a comprehensive restructuring proposal from the NHPUC. This approved proposal included the merger of E&H with and into CECo. CECo changed its name to Unitil Energy Systems, Inc. (UES) immediately following the merger. Under Unitil's restructuring plan, Unitil agreed to divest its existing power supply portfolio and conduct a solicitation for new power supplies from which to meet UES' ongoing Transition and Default Service obligations in order to implement customer choice for UES' customers May 1, 2003. In March 2003, the NHPUC approved the contract among Unitil Power, UES and Mirant Americas Energy Marketing, LP (MAEM), under which MAEM will purchase the entitlements to Unitil Power's Supply portfolio and provide Transition and Default Service to the customers of UES. The NHPUC also approved final tariffs for UES for stranded cost recovery and Transition and Default Service. The final amount of Unitil Power's recoverable stranded costs, calculated on the basis of the amounts agreed to be paid by the parties under such contract for the Unitil Power power supply portfolio, was determined to be \$108.7 million, with a recovery period of eight years. The costs of Transition and Default electric supply service and the costs associated with the sale and divestiture of the Unitil Power power supply portfolio are recovered "at cost" from Unitil's New Hampshire electric customers through pass through energy supply-related rate reconciliation mechanisms.

In July, 2003, MAEM and its parent, Mirant Corporation, filed for reorganization under Chapter 11 of the bankruptcy code. Under the contract with UES and Unitil Power discussed above, Mirant guarantees the performance by MAEM. Mirant has continued to honor its obligations under its contract with UES and Unitil Power post-petition and has indicated its intent to perform pending a decision to assume or reject the contract under the bankruptcy procedures. UES and Unitil Power have elected to hold back pre-petition amounts due to MAEM of approximately \$5.3 million as an offset against an equivalent pre-petition amount due from MAEM to UES and UPC. Mirant has disputed the right of Unitil Power and UES to holdback these amounts but has not sought any relief in the bankruptcy court in this regard. Unitil Power and UES filed a motion with the Bankruptcy Court in September, 2003, requesting that MAEM be required to make a decision to assume or reject the contract by December 1, 2003. The New Hampshire Office of the Consumer Advocate filed in support of the motion of UES and Unitil Power on behalf of our New Hampshire residential ratepayers. MAEM has not yet filed a response to the motion to compel it to assume or reject the agreement. UES and UPC are currently in discussions with MAEM regarding its assumptions of the agreement and the cure of its defaults under the agreement. There can be no assurance that such discussions will lead to MAEM's assumption of the agreement and cure of such defaults. Should MAEM not assume the agreement, UPC would sell the electricity under those power supply agreements into the New England power market on a short-term basis and would seek to resell the entire portfolio on a long-term basis. The actual stranded costs UES would incur should MAEM not perform under the agreement would likely be different than the \$57.6 million which has been approved for recovery by the NHPUC. Should the actual stranded costs exceed \$57.6 million, recovery of the excess would be subject to the approval of the NHPUC. Should the NHPUC disallow recovery of some or all of any increased stranded costs, it would adversely affect our financial condition and earnings.

Wholesale Power Market Restructuring – Standard Market Design (SMD): New wholesale markets structured pursuant to FERC's SMD were implemented in the New England Power Pool (NEPOOL) on March 1, 2003 under the general supervision of an Independent System Operator (ISO) and the regulatory oversight of FERC. The impact of SMD on wholesale prices is not fully known at this time. Any changes in the wholesale markets as a result of SMD will be reflected in the responses of wholesale marketers to future requests for proposals to be issued by UES and FG&E to provide transition and default service to our customers.

Regional Transmission Organization (RTO): In January 2003, the ISO New England, Inc. announced that it intended to move forward with a New England only RTO. Implementation of an RTO would change current governance of the wholesale power markets in New England since the NEPOOL participants would not have direct input into wholesale power market rules. In October, 2003, a majority (80%) of the NEPOOL Participants Committee voted to not support filing of the package as presented at the meeting. There was also strong support for seeking FERC assistance in the process because much of what is contained in the package is acceptable to the various parties. It is unclear whether the Transmission Owners will unilaterally decide to file the transmission portion of the package with FERC, despite lack of NEPOOL support. It is also unclear whether ISO-New England will unilaterally file their portion of the package with FERC. Because a proposal has not yet been filed with FERC, the impact of an RTO implementation is not fully known at this time.

Other Regulatory Proceedings – Between December 2002 and January 2003, FG&E and UES received approval from their respective state regulatory commissions of accounting orders to mitigate certain accounting requirements related to pension plan assets, which have been triggered by the substantial decline in the capital markets. These approvals allow FG&E and UES to treat the additional minimum pension liability and prepaid pension costs as Regulatory Assets and avoid the reduction in equity that would otherwise be required. These regulatory orders do not pre-approve the amount of pension expense to be recovered in future rates, which recovery will be determined in future rate proceedings. Based on these approvals, Unitil has included the amount of the additional minimum pension liabilities and Prepaid Pension Costs of \$12.0 million in Regulatory Assets on its balance sheet.

As to its gas operations, FG&E continues to provide a multi-year refund through its Cost of Gas Adjustment Clause in compliance with the MDTE's May 2001 Order finding that FG&E had over-collected fuel inventory finance charges. At September 30, 2003, the unamortized balance of this refund was \$1.2 million. FG&E believes a refund is not justified or warranted and has appealed the MDTE's ruling to the Massachusetts Supreme Judicial Court (SJC). A decision is expected sometime later this year or early in 2004.

In September, 2003, FG&E filed its annual cost reconciliation and revised Cost of Gas Adjustment Clause (CGAC) and Local Distribution Adjustment Clause (LDAC) with the MDTE for rates effective November 1, 2003. If approved, the winter bill to a typical residential heating customer will decrease by approximately 3.3% from current summer rates. These decreases are due to lower projected gas commodity costs and do not impact earnings.

In March 2003, the MDTE opened an investigation into FG&E's dealings with Enermetrix, Inc. (Enermetrix). Enermetrix provides an internet-based energy auction service that is used by utilities to post their natural gas and electric power needs for bids. FG&E used the Enermetrix Exchange to post its electric default service solicitations in September 2001 and March 2002 and Enermetrix earned approximately \$19,000 in fees from these transactions. At the time of these solicitations, FG&E's parent, Unitil Corporation, had an approximately 9% ownership interest in Enermetrix. The MDTE is investigating whether FG&E is in compliance with relevant statutes and regulations pertaining to transactions with affiliated companies and the MDTE's Order setting forth the requirements for the pricing and procurement of default service. FG&E and the Attorney General have completed briefing of the case and an MDTE decision is pending. Management believes the outcome of this matter will not have a material adverse effect on the financial position of the company.

On April 1, 2003, UES filed a Petition with the NHPUC for authority to adjust its Stranded Cost Charge and to issue short-term debt. UES requested authority to adjust the Stranded Cost Charge in order to recover fuel and purchased power under-collection of approximately \$8.2 million. The under-collection is due to the increases in fuel prices in 2003. UES also requested authority to increase its short-term debt limits to meet current and future working capital requirements, provide needed financial flexibility and optimize the cost and timing of future long-term financings. In regards to the request for an adjustment to the UES Stranded Cost Charge, the NHPUC also issued an order authorizing recovery of its under-collection over a twenty-two month period, with interest, beginning July 1, 2003. In May, 2003, the NHPUC approved an increase in UES' short-term debt limit on a temporary basis pending further hearings on UES' financing plans. In September, 2003, the NHPUC approved a Stipulation among UES, the NHPUC Staff and certain other parties resolving all outstanding issues in this docket. The NHPUC Order approved the continuation of the temporary increase in UES' short-term debt limit until April 30, 2004, and also allowed the receipt by UES of approximately \$5-6 million of additional equity capital based upon a capital contribution from Unitil Corporation, to be used to pay down existing short-term debt of UES.

In June, 2003, the SEC issued an Order authorizing Unitil Corporation and its subsidiaries to increase Unitil Corporation's short-term borrowing limits from \$45 million to \$55 million and FG&E's short-term borrowing limits from \$30 million to \$35 million through June 30, 2006, the Authorization Period. The increased short-term borrowing limits were authorized with the condition that Unitil Corporation, UES and FG&E maintain a common equity level of at least 30% of its consolidated capitalization during the Authorization Period.

In July, 2003, FG&E filed a petition with the MDTE for authority to issue \$10,000,000 in unsecured long term debt at a rate of 6.79%. The MDTE approved the Petition in September, 2003.

In September, 2003, FG&E filed amendments to its Open Access Transmission Tariff (OATT) with the Federal Energy Regulatory Commission (FERC). Under this tariff, FG&E provides transmission service to wholesale customers who request transmission of energy across its system. FG&E currently has two such customers under its tariff. FG&E is also a customer of its own tariff, taking transmission service on behalf of its retail customers. In this filing, FG&E proposes to revise its transmission rates to establish a formula based rate and reflect annual cost increases of approximately \$260,000. FERC action on the amendments is pending.

In August, 2003, Northeast Utilities filed with FERC to revise its transmission rates to establish and implement a formula based rate, replacing a stated (fixed) rate. The impact of the proposed rate change is an increase in transmission costs of over \$600,000 per year for Unil Power, which will ultimately be passed through to UES. UES recovers its transmission costs through its External Delivery Charge on a fully reconciling basis and therefore changes in this item do not reflect net income. On September 16, 2003, Unil Power and UES jointly filed a Motion to Intervene and Limited Protest. FERC action on the petition is pending.

NOTE 7 – ENVIRONMENTAL MATTERS

UNITIL'S ENVIRONMENTAL MATTERS ARE DESCRIBED IN NOTE 15 TO THE FINANCIAL STATEMENTS IN ITEM 8 OF PART 2 OF UNITIL CORPORATION'S FORM 10-K FOR DECEMBER 31, 2002 AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON MARCH 28, 2003.

The Company's past and present operations include activities that are subject to extensive federal and state environmental regulations. The Company believes that there are no material losses reasonably possible in excess of recorded amounts.

Sawyer Passway MGP Site – The Company continues to work with environmental regulatory agencies to identify and assess environmental issues at the former manufactured gas plant (MGP) site at Sawyer Passway, located in Fitchburg, Massachusetts. FG&E proceeded with site remediation work as specified on the Tier 1B permit issued by the Massachusetts Department of Environmental Protection (DEP), which allows the Company to work towards temporary remediation of the site. Work performed in 2002 was associated with the five-year review of the Temporary Solution submittal (Class C Response Action Outcome) under the Massachusetts Contingency Plan that was filed for the site in 1997. Completion of this work has confirmed the Temporary Solution status of the site for an additional five years. A status of temporary closure requires FG&E to monitor the site until a feasible permanent remediation alternative can be developed and completed.

Since 1991, FG&E has recovered the environmental response costs incurred at this former MGP site pursuant to a MDTE approved Settlement Agreement (Agreement). The Agreement allows FG&E to amortize and recover from gas customers over succeeding seven-year periods the environmental response costs incurred each year. Environmental response costs are defined to include liabilities related to manufactured gas sites, waste disposal sites or other sites onto which hazardous material may have migrated as a result of the operation or decommissioning of Massachusetts gas manufacturing facilities from 1882 through 1978. In addition, any recovery that FG&E receives from insurance or third parties with respect to environmental response costs, net of the unrecovered costs associated therewith, are split equally between FG&E and its gas customers. The total annual charge for such costs assessed to gas customers cannot exceed five percent of FG&E's total revenue for firm gas sales during the preceding year. Costs in excess of five percent will be deferred for recovery in subsequent years.

Former Electric Generating Station – The Company has remediated environmental conditions at a former electric generating station located at Sawyer Passway, which FG&E sold to WRW, a general partnership, in 1983. Rockware International Corporation (Rockware), an affiliate of WRW, acquired rights to the electric equipment in the building and intended to remove, recondition and sell this equipment. During 1985, Rockware demolished several exterior walls of the generating station in order to facilitate removal of certain equipment. The demolition of the walls and the removal of generating equipment resulted in damage to asbestos-containing insulation materials inside the building, which had been intact and encapsulated at the time of the sale of the structure to WRW.

When Rockware and WRW encountered financial difficulties and failed to respond adequately to Orders of the environmental regulators to remedy the situation, FG&E agreed to take steps at that time and obtained DEP approval to temporarily enclose, secure and stabilize the facility. Based on that approval, between September and December 1989, contractors retained by FG&E stabilized the facility and secured the building. This work did not permanently resolve the asbestos problems caused by Rockware, but was deemed sufficient for the then foreseeable future.

Due to the continuing deterioration of this former electric generating station and Rockware's continued lack of performance, FG&E, in concert with the DEP and the U.S. Environmental Protection Agency (EPA), conducted further testing and survey work during 2001 to ascertain the environmental status of the building. Those surveys revealed continued deterioration of the asbestos-containing insulation materials in the building.

By letter dated May 1, 2002, the EPA notified FG&E that it was a Potentially Responsible Party for planned remedial activities at the site and invited FG&E to perform or finance such activities. FG&E and the EPA entered into an Agreement on Consent, whereby FG&E, without an admission of liability, will conduct environmental remedial action to abate and remove asbestos-containing and other hazardous materials. FG&E awarded contracts for all aspects of the abatement work, which is presently nearing completion. FG&E received significant coverage from its insurance carrier. The Company believes that these funds will be sufficient to complete this remediation and that resolution of this matter will not have a material adverse impact on the Company's financial position.

During the first nine months of 2003, expenditures on this project amounted to \$3.5 million which was funded from insurance settlement reserves. As of September 30, 2003, net of amounts expended through the third quarter of 2003, the remaining project remediation cost was estimated to be approximately \$150,000, which is fully reserved for on the balance sheet.

NOTE 8 – SUBSEQUENT EVENTS

Unitil Corporation Common Stock Offering — On October 29, 2003, the Company raised approximately \$17.1 million (after deducting underwriting discounts and commissions and the estimated expenses of the offering) through the sale of 717,600 shares of its common stock at a price of \$25.40 per share in a registered public offering. The offering was increased from an original 520,000 shares to reflect a 20% upsizing of the transaction (104,000 shares) and the exercise of a 15% underwriters' over-allotment (93,600 shares). The Company will use the proceeds from this offering to make an initial equity infusion of \$12 million into its two principal utility operating subsidiaries, Unitil Energy Systems, Inc. (UES) and Fitchburg Gas and Electric Light Company (FG&E) to replace short-term indebtedness incurred to support ongoing investment in utility, and for other general corporate purposes. The amount of the offering is reflected in the Company's pro-forma capitalization and short-term debt as of September 30, 2003, shown below.

Fitchburg Gas and Electric Light Company Long-Term Notes Issuance — On October 28, 2003, Unitil's Massachusetts utility subsidiary, FG&E, completed a \$10 million private placement of long-term unsecured notes with a major insurance company. The notes have a term of 22 years and a coupon rate of 6.79%. The net proceeds were used to replace short-term indebtedness and are included in the Company's pro-forma capitalization and short-term debt as of September 30, 2003, shown below.

Had the equity and debt transactions discussed above occurred as of September 30, 2003, the effect on the Company's capitalization and short-term debt would have been as follows:

September 30, 2003

	(Unaudited)		
	Historical	Adjustment	Pro-forma
Capitalization:			
Common Stock Equity	\$ 73,470	\$ 17,100	\$ 90,570
Preferred Stock, Non-Redeemable, Non-Cumulative	225		225
Preferred Stock, Redeemable, Cumulative	3,044		3,044
Long-Term Debt, Less Current Portion	101,029	10,000	111,029
Total Capitalization	<u>\$177,768</u>	<u>\$ 27,100</u>	<u>\$204,868</u>
Short-Term Debt	<u>\$ 42,505</u>	<u>\$(27,100)</u>	<u>\$ 15,405</u>

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Although Unitil's utility operating companies are subject to commodity price risk as part of their traditional operations, the current regulatory framework within which these companies operate allows for full collection of fuel and gas costs in rates. Consequently, there is limited commodity price risk after consideration of the related rate-making. Additionally, as discussed above in Regulatory Matters, the Company has divested its commodity-related contracts and therefore, has further reduced its exposure to commodity risk.

Interest rate risk is discussed above in Part I, Item 2 on page 7.

Item 4. Controls and Procedures

Within the 90 days prior to the date of this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer, Chief Financial Officer and Controller, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rule 13a-15 under the Securities Exchange Act of 1934, as amended. Based upon that evaluation, the Chief Executive Officer, Chief Financial Officer and Controller concluded that the Company's disclosure controls and procedures are effective in timely alerting them to material information relating to the Company required to be included in the Company's periodic SEC filings.

There have been no significant changes in the Company's internal controls or in other factors, which could significantly affect internal controls subsequent to the date the Company carried out its evaluation.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company is involved in legal and administrative proceedings and claims of various types, which arise in the ordinary course of business. In the opinion of the Company's management, based upon information furnished by counsel and others, the ultimate resolution of these claims will not have a material impact on the Company's financial position. (See Notes 6 and 7.)

In March 2003, the New Hampshire Public Utilities Commission (NHPUC) approved the Agreement among Unitil Power, UES and Mirant Americas Energy Marketing, LP (MAEM), under which MAEM will purchase the entitlements to Unitil Power's Supply portfolio and provide Transition and Default Service to the customers of UES. On July 14, 2003, MAEM and its parent, Mirant Corporation (Mirant), filed for reorganization under Chapter 11 of the bankruptcy code. Under the agreement with UES and Unitil Power discussed above, Mirant guarantees the performance by MAEM. This matter is discussed in greater detail in the New Hampshire Restructuring section of Note 6.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

<u>Exhibit No.</u>	<u>Description of Exhibit</u>	<u>Reference</u>
10.1	Form of Severance Agreement between the Company and the persons listed at the end of such Agreement	Filed herewith
10.2	Form of Severance Agreement between the Company and the persons listed at the end of such Agreement	Filed herewith
11	Computation in Support of Earnings Per Average Common Share	Filed herewith
31.1	Certifications of Chief Executive Officer, Chief Financial Officer and Controller Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	File herewith
32.1	Certifications of Chief Executive Officer, Chief Financial Officer and Controller Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith
99.1	Unitil Corporation Press Release Dated October 23, 2003 Announcing Pricing of Equity Offering	Filed herewith
99.2	Unitil Corporation Press Release Dated October 28, 2003 Announcing Sale of Long-Term Notes by FG&E	Filed herewith

b) Reports on Form 8-K

On August 29, 2003, Unitil Corporation filed a Current Report on Form 8-K reporting that it had filed a registration statement on Form S-3 with the Securities and Exchange Commission covering the proposed issuance of shares of Unitil common stock. In this Form 8-K, Unitil Corporation also noted that, in its registration statement on Form S-3, it disclosed that its wholly owned subsidiary, Fitchburg Gas and Electric Light Company, proposes to issue unsecured promissory notes in a private placement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UNITIL CORPORATION

(Registrant)

Date: October 29, 2003

BY: /s/ Mark H. Collin

Mark H. Collin
Chief Financial Officer

Date: October 29, 2003

BY: /s/ Laurence M. Brock

Laurence M. Brock
Controller

EXHIBIT 11.**UNITIL CORPORATION AND SUBSIDIARY COMPANIES****COMPUTATION OF EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING**

(000's except for per share data)
(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
BASIC EARNINGS PER SHARE				
Net Income	\$ 1,497	\$ 1,441	\$ 5,512	\$ 4,553
Less: Dividend Requirement on Preferred Stock	59	63	177	190
Net Income Applicable to Common Shareholders	\$ 1,438	\$ 1,378	\$ 5,335	\$ 4,363
Average Number of Common Shares Outstanding	4,758,295	4,743,696	4,750,203	4,743,696
Basic Earnings Per Common Share	\$ 0.30	\$ 0.29	\$ 1.12	\$ 0.92

Three Months Ended
September 30,

Nine Months Ended
September 30,

DILUTED EARNINGS PER SHARE	2003	2002	2003	2002
Net Income	\$ 1,497	\$ 1,441	\$ 5,512	\$ 4,553
Less: Dividend Requirement on Preferred Stock	59	63	177	190
Net Income Applicable to Common Shareholders	\$ 1,438	\$ 1,378	\$ 5,335	\$ 4,363
Average Number of Common Shares Outstanding	4,783,642	4,768,825	4,770,469	4,767,796
Diluted Earnings per Common Share	\$ 0.30	\$ 0.29	\$ 1.12	\$ 0.92

UNITIL CORPORATIONSEVERANCE AGREEMENT

THIS AGREEMENT, dated this XX day of XXXXX, XXXX, made effective as of the date on which a Change in Control (as defined in paragraph 2) occurs, by and among UNITIL Corporation ("UNITIL"), a New Hampshire corporation, Exeter & Hampton Electric Company, a New Hampshire corporation and a wholly-owned subsidiary of UNITIL ("Subsidiary") (UNITIL and Subsidiary are herein referred to collectively as the "Company") and XXXXXXXX XXXXXXXX having an address at XXXXXXXX XXXX, XXXXXXXXXX, XXX XXXXXXXXXX XXXXX (the "Employee").

W I T N E S S E T H I H A T:

WHEREAS, the Employee is an employee of the Company and an integral part of its management who participates in the decision making process relative to short and long-term planning and policy for the Company;

WHEREAS, the Board of Directors of UNITIL, at its meeting on September 16, 1988, determined that it would be in the best interests of UNITIL, its shareholders and the Employee to assure continuity in the management of the Company's administration and operations in the event of a Change in Control by entering into an employment agreement to retain the services of the Employee, and the Board of Directors of Subsidiary, at its meeting on September 16, 1988, made the same determination; and

WHEREAS, the Employee agrees to the amendment and restatement of the previously described employment agreement as set forth herein and as approved by the Board of Directors of UNITIL at its meeting on January 17, 1989.

NOW, THEREFORE, it is hereby agreed by and between the parties hereto as follows:

1. Employment. The Company agrees to continue the Employee in its employ and the Employee agrees to remain in the employ of the Company for the period stated in paragraph 4 hereof and upon the other terms and conditions herein provided.
2. Change in Control. The term, "Change in Control," shall mean the occurrence of any of the following:
 - (a) UNITIL receives a report on Schedule 13D filed with the Securities and Exchange Commission pursuant to Section 13(d) of the Securities Exchange Act of 1934, as amended (hereinafter referred to as the "Exchange Act"), disclosing that any person, group, corporation or other entity is the beneficial owner, directly or indirectly, of twenty-five percent or more of the outstanding common stock of UNITIL;
 - (b) any person (as such term is defined in Section 13(d) of the Exchange Act), group, corporation or other entity other than UNITIL or a wholly-owned subsidiary of UNITIL, purchases shares pursuant to a tender offer or exchange offer to acquire any common stock of UNITIL (or securities convertible into common stock) for cash, securities or any other consideration, provided that after consummation of the offer, the person, group, corporation or other entity in question is the beneficial owner (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of twenty-five percent or more of the outstanding common stock of UNITIL (calculated as provided in paragraph (d) of Rule 13d-3 under the Exchange Act in the case of rights to acquire common stock);
 - (c) the stockholders of UNITIL approve (i) any consolidation or merger of UNITIL in which UNITIL is not the continuing or surviving corporation or pursuant to which shares of common stock of UNITIL would be converted into cash, securities or other property, or (ii) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all the assets of UNITIL; or
 - (d) there shall have been a change in a majority of the members of the Board of Directors of UNITIL within a 25 month period unless the election or nomination for election by the UNITIL's stockholders of each new director was approved by the vote of two-thirds of the directors then still in office who were in office at the beginning of the 25 month period.

Notwithstanding anything to the contrary in the foregoing, a "Change in Control" shall not mean or be construed to be a transaction solely pursuant to which Fitchburg Gas and Electric Light Company ("FG&E") becomes a direct or indirect wholly-owned subsidiary of UNITIL, whether by way of a merger with a subsidiary of UNITIL or otherwise.

3. Position and Responsibilities. During the period of employment hereunder, the Employee agrees to serve the Company in an executive capacity. Such service shall involve duties and responsibilities at least equal in importance and scope to those of the Employee's position immediately prior to the effective date of this Agreement, as the Board of Directors, the Chairman of the Board of Directors or chief executive officer or any other executive officer of the Company to whom the Employee reports may from time to time determine. During said period, the Employee also agrees to serve, if elected, as an officer and/or director of any subsidiary or affiliate of the Company.
4. Term and Duties.
 - (a) The period of the Employee's employment under this Agreement shall be deemed to have commenced as of the effective date of this Agreement and shall continue for a period of 36 full calendar months thereafter.
 - (b) During the period of employment hereunder and except for illness or incapacity and reasonable vacation periods, the Employee's business time, attention, skill and efforts shall be exclusively devoted to the business and affairs of the Company; provided, however, that nothing in this Agreement shall preclude the Employee from devoting time during reasonable periods required for
 - (i) serving as a director or member of a committee of any company or organization involving no conflict of interest with the Company or any of its

subsidiaries or affiliates or serving as an officer or director of and rendering services to Fitchburg Gas and Electric Light Company ("Fitchburg"),

- (ii) delivering lectures and fulfilling speaking engagements, and
- (iii) engaging in charitable and community activities, provided that such activities do not materially affect or interfere with the performance of the Employee's obligations to the Company.

5. Compensation.

- (a) For all services rendered by the Employee in any capacity during employment under this Agreement, including services as an executive, officer, director, or member of any committee of the Company or of any subsidiary or affiliate of the Company, the Company shall pay the Employee a fixed salary at an annual rate not less than the annual rate of salary being paid to Employee immediately prior to the effective date of this Agreement. Such salary shall be subject to such periodic percentage increases after the effective date of this Agreement as the Company pays generally to the Company's senior management employees from time to time, and shall be payable in accordance with the customary payroll practices of the Company. Such periodic increases in salary, once granted, shall not be subject to revocation.
- (b) In addition to the salary payable under subsection (a), above, the Company shall also pay to the Employee annual bonuses in an amount at least equal to the amount of the last payment to the Employee under any short-term incentive performance program of the Company or any subsidiary of the Company in effect during the twelve month prior to the effective date of this Agreement. Nothing in this subsection (b) shall be deemed to require the Company to (i) have or continue an incentive performance program in effect prior to the effective date of this Agreement or (ii) award to the Employee any bonuses under such program prior to the effective date of this Agreement.
- (c) Nothing in this Agreement shall preclude or affect any rights or benefits that may now or hereafter be provided for the Employee or for which the Employee may be or become eligible under any bonus or other form of compensation or employee benefit plan now existing or that may hereafter be adopted or awarded by the Company. Specifically, the Employee shall:
 - (i) participate in the UNITIL Corporation Retirement Plan, the Concord Electric Company Retirement or the Exeter & Hampton Electric Company Retirement Plan, depending upon which of said retirement plans the Employee was participating in immediately prior to the effective date of this Agreement, and any related excess benefit or supplemental retirement program (hereinafter referred to collectively as the "Retirement Program");
 - (ii) participate in any savings or thrift plan maintained by the Company;
 - (iii) participate in any stock option, stock appreciation right, equity incentive or deferred compensation plan maintained by the Company;
 - (iv) participate in the Company's death benefit plans;
 - (v) participate in the Company's disability benefit plans;
 - (vi) participate in the Company's medical, dental and health and welfare plans; and
 - (vii) participate in equivalent successor plans of the Company for which senior management employees are eligible;

provided, however, that nothing in this Agreement shall preclude the company from amending or terminating any such plan or program, on the condition that such amendment or termination is applicable to all of the Company's senior management employees generally. For purposes of the foregoing, any plan or program maintained by any subsidiary of the Company which is made available to the senior management of the Company and its subsidiaries taken as a whole, shall be deemed to be a plan or program maintained by the Company.

6. Business Expenses. The Company shall pay or reimburse the Employee for all reasonable travel or other expenses incurred in connection with the performance of the Employee's duties under this Agreement in accordance with such procedures as the Company may from time to time establish.
7. Additional Benefits. Nothing in this Agreement shall affect the Employee's eligibility to participate in all group health, dental, hospitalization, life, travel or accident or other insurance plans or programs and all other perquisites, fringe benefit or retirement plans or programs and all other perquisites, fringe benefit or retirement plans or additional compensation, including termination pay programs, which the Company or any subsidiary of the Company may hereafter, in their sole and absolute discretion, elect to make available to the senior management employees of the Company generally, and the Employee shall be eligible to receive, during the period of employment under this Agreement, all benefits and emoluments for which key employees are eligible under every such plan, program, perquisite or arrangement to the extent permissible under the general terms and provisions thereof.
8. Termination of Employment. Notwithstanding any other provision of this Agreement, the Employee's employment under this Agreement may be terminated:
- (a) by the Company, in the event of the Employee's conviction for the commission of a felony or in the event of the Employee's fraud or dishonesty which has resulted or is likely to result in material economic damage to the Company or any of its subsidiaries, as determined in good faith by the Directors of the Company at a meeting of the Board of Directors at which the Employee is provided an opportunity to be heard;

- (b) by either the Company or the Employee, if the Employee accepts employment or a consulting position with another company (provided, that the foregoing shall not apply with respect to Fitchburg);
- (c) by the Employee, if he determines in good faith that there has been any (i) material change by the Company of the Employee's functions, duties or responsibilities which change would cause the Employee's position with the Company to become of less dignity, responsibility, importance, prestige or scope from that described in paragraph 3 above, including, without limitation, a diminution in perquisites to which the Employee is currently entitled, such as office size and status, and secretarial and clerical staff, (ii) assignment or reassignment by the Company of the Employee to another place of employment more than 50 miles from the Employee's current place of employment, (iii) liquidation, dissolution, consolidation or merger of the Company, or transfer of all or substantially all of its assets, other than a transaction in which a successor corporation with a net worth at least equal to that of the Company assumes this Agreement and all obligations and undertakings of the Company hereunder, (iv) reduction in the Employee's total compensation or any component thereof, as specified in paragraph 5 above, except as part of a salary reduction program affecting the management employees of the Company and its subsidiaries generally, or (v) other material breach of this Agreement by the Company, by written notice to the Company, specifying the event relied upon for such termination and given at any time within 1 year after the occurrence of such event; or
- (d) by the Employee, if there is a termination of the Service Agreement by and between the Company and UNITIL Service Corp. ("UNITIL Service") dated as of January 23, 1985 (the Service Agreement); or
- (e) by the Company upon the Disability or death of the Employee. For purposes of this Agreement, the term "Disability" is defined as the inability of the Employee to engage in his regular occupation for 12 consecutive months and the inability thereafter to engage in any occupation in which the Employee could reasonably expect to engage giving due consideration to Employee's education, training and experience. The Employee must be under the regular medical care of a physician in connection with treatment for Disability.

9. Payments Upon Termination of Employment.

- (a) In the event of any termination of the Employee's employment hereunder (i) by the Employee pursuant to paragraph 8(c) and 8(d) above, or (ii) by the Company for any reason other than one of those specified in paragraph 8(a), 8(b) or 8(e) above, then, within five (5) business days after such termination (except as provided in paragraph 9(s)(iv)(2)) the Company shall pay to the Employee the following amounts, and shall provide the Employee and the dependents, beneficiaries and estate of the Employee with the following, as liquidated damages or severance pay, or both:
 - (i) A lump sum cash amount equal to the present value of the product obtained by multiplying (1) the monthly amount of the salary and one-twelfth the annual bonus provided for in paragraphs 5(a) and 5(b) above, which was being paid by the Company to the Employee at the time of such termination, by (2) 36;
 - (ii) A lump sum cash amount equal to the present value of the excess of (1) the aggregate benefit that would have been paid under the Retirement Program described in paragraph 5(c)(i), above, as in effect on the date of this Agreement. If the Employee had continued to be employed and to be entitled to service credit for eligibility and benefit purposes during the 36-month period immediately following such termination, over (2) the aggregate benefit actually payable under the Retirement Program and any successor retirement program of the Company. For purposes of such calculation, the following assumptions shall apply: (1) that the Employee would continue to be compensated during the 36 month period following termination at an annual rate of compensation equal to that used to calculate the payments provided by paragraph 9(a) above, calculated on the basis of the compensation amount used in the benefit formula under the Retirement Program; (2) that the Employee is fully vested in the benefit payable under the Retirement Program; and (3) that the aggregate benefit that would have been paid under the Retirement Program is as of either the normal or early retirement date for which the Employee would have qualified, if the Employee were still employed on that date, whichever would produce the highest present value amount payable under this paragraph; and (4) that for purposes of the calculation of the lump sum cash amount as described herein it will be assumed that the Employee would receive aggregate retirement benefits for a period to be determined by an actuarial analysis in accordance with the standard assumptions used in providing annual funding for the Company's normal Retirement Program.
 - (iii) A lump sum cash amount equal to the present value of the contributions which would have been made by the Company or any subsidiary of the Company to the Employee's account pursuant to any savings or thrift plan maintained by the Company or any subsidiary of the Company in which the Employee was participating immediately prior to such termination, calculated as if the Employee had continued to be employed and to be entitled to such contributions during the 36-month period immediately following such termination, at a rate of contribution equal to that made by the Company or any subsidiary of the Company during the most recent contribution period preceding such termination; and
 - (iv) A lump sum cash amount equal to (1) the economic benefit that the Employee would have received on any outstanding Company stock options, including any associated dividend equivalents, assuming such options remained unexercised until the day preceding the expiration of the grant on such options, based on assumptions determined by the Compensation Committee upon advice of an independent financial advisor and (2) the spread on any Company stock options which would have been granted to the Employee

during the 36-month period immediately following such termination. For purposes of paragraph 9(a)(iv)(2) hereof, the following assumptions shall apply: (1) that the Employee continued to be employed during such 36-month period, and (2) if such termination occurs prior to the first grant of options to the Employee in calendar year 1990, that the Employee would have received a grant of options to purchase the number of shares which the Employee is entitled to purchase under the option or options that the Employee received in calendar year 1989, and, if such termination occurs thereafter, that the Employee would have continued receiving annual grants of options to purchase a number of shares of the Company's common stock equal to the number of shares which the Employee is entitled to purchase under the option or options that the Employee received in the calendar year in which the Employee last received options to purchase Company common stock (assuming such options are exercisable in full and excluding options granted in calendar year 1989 and 1990), and calculated on the assumption that such options were granted to the Employee at the beginning of each calendar year during such 36-month period at the same time and at the same exercise price as the option to purchase Company common stock which is first granted to any other senior executive of the Company during each such year; provided, however, that if the Employee was granted an option to purchase Company common stock during the calendar year in which his employment terminates and prior to such termination of employment, no additional payments shall be made to him under this paragraph 9(a)(iv)(2) with respect to such calendar year; further provided, that for purposes of this paragraph 9(a)(iv)(2), the spread shall be calculated based on the closing price of the Company's common stock on the last business day of such 36-month period; and further provided, that if such 36-month period does not end with the month of December, the payment to the Employee under this paragraph 9(a)(iv)(2) with respect to the calendar year in which such 36-month period ends shall be multiplied by a fraction, the numerator of which is the number of months of the 36-month period in such year and the denominator of which is twelve. Any payment to the Employee under this paragraph 9(a)(iv)(2) shall be made within five (5) business days after the expiration of such 36-month period unless delayed pursuant to the following paragraph. For purposes of this paragraph 9, the term "spread" means the excess, if any, of the closing price on a national stock exchange (or if the stock is no longer traded on a national stock exchange, any regional or over-the-counter exchange on which it is traded) of the Company's stock multiplied by the number of the shares of Company common stock subject to a stock option, over the option exercise price for such option.

Notwithstanding anything to the contrary in this paragraph 9(a)(iv)(2), if as of the applicable calculation date, the Company's common stock is no longer traded on any national, regional or over-the-counter stock exchange, the fair market value of the Company's common stock for purposes of determining the amount of spread shall be the amount agreed to by the Employee and the Company. However, if the Employee and the Company are not able to agree on a fair market value within ten (10) days after the date payment is due to be made to the Employee under this paragraph 9(a)(iv)(2), the fair market value of a share of the Company's common stock shall be determined by a qualified and independent appraiser selected by the Assistant Regional director of the American Arbitration Association or his delegate. Such appraiser shall deliver its final report to the Company and the Employee immediately upon completion. The determination of the appraiser shall be final and binding on all parties and shall include interest on such amount computed from the date payment is due at such rate as determined by the arbitrator. Any payment to the Employee under paragraph 9(a)(iv)(2), which was delayed pending such appraisal, shall be made within five (5) business days after the appraiser delivers its report to the Company and the Employee. All fees, costs and expenses associated with such appraisal (including those of the arbitrator) shall be paid by the Company.

- (b) For purposes of calculating the lump sum cash payments provided by paragraphs 9(a)(i) through (iv), above, present value shall be determined by using a discount factor equal to one percentage point below the Prime Rate, compounded annually. The "Prime Rate" shall be the base rate on corporate loans at large U.S. money center commercial banks as reported in The Wall Street Journal (or, if such rate is no longer published, such other base rate on corporate loans by large money center commercial banks in the United States to their most credit-worthy customers as published by any newspaper or periodical of general circulation) as of the date on which termination shall have occurred.
- (c) For a period of 36 months (commencing with the month in which termination shall have occurred), the Employee shall continue to be entitled to all employee benefits provided for in paragraphs 5(c)(iv) through (vi), above, as if the Employee were still employed during such period under this Agreement, with benefits based upon the compensation used to calculate the payments provided by paragraph 9(a) above, and if and to the extent that such benefits shall not be payable or provided under any such plan, the Company shall pay or provide such benefits on an individual basis. The benefits provided for in paragraph 5(c)(vi), above, in accordance with this paragraph 9(c) shall be secondary to any comparable benefits provided by another employer.
- (d) Notwithstanding the termination of the Employee, in the event a Change in Control occurs prior to a vote of the shareholders of the Company on the approval of the UNITIL Stock Option Plan, as approved by the Board of Directors of the Company on January 17, 1989, then, within five (5) business days of such Change in Control, the Company shall pay to the Employee a lump sum cash amount equal to the economic benefit that the Employee would have received on any Company stock options granted subject to shareholder approval, had the shareholders approved such Plan, including any associated dividend equivalents,

assuming that the options remained unexercised until the day preceding the expiration of such plan, based on assumptions determined by the Compensation Committee upon the advice of an independent financial advisor.

- (e) (i) In the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Employee, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code") (or any successor thereto) or comparable state or local tax or any interest or penalties with respect to such excise tax or comparable state or local tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Employee shall be entitled to receive an additional payment (a "Gross-Up Payment"). The Gross-Up Payment shall be equal to the sum of the Excise Tax and all taxes (including any interest or penalties imposed with respect to such taxes) imposed upon the Gross-Up Payment.
- (ii) If the Employee determines that a Gross-Up Payment is required, the Employee shall so notify the Company in writing, specifying the amount of Gross-Up Payment required and details as to the calculation thereof. The Company shall within 30 days either pay such Gross-Up Payment (net of applicable wage withholding) to the Employee or furnish an unqualified opinion from Independent Tax Counsel (as defined below), addressed to the Employee and the Company, that there is substantial authority (within the meaning of section 6661 of the Code) for the position that no Gross-Up Payment is required. "Independent Tax Counsel" means a lawyer with expertise in the area of executive compensation tax law, who shall be selected by the Employee and shall be reasonable acceptable to the Company, and whose fees and disbursements shall be paid by the Company.
- (iii) If the Internal Revenue Service or other tax authority proposes in writing an adjustment to the income tax of the Employee which would result in a Gross-Up Payment, the Employee shall promptly notify the company in writing and shall refrain for at least thirty days after giving such notice, if so permitted by law, from paying any tax (including interest, penalties and additions to tax) asserted to be payable as a result of such proposed adjustment. Before the expiration of such period, the Company shall either pay the Gross-Up Payment or provide an opinion from Independent Tax Counsel to the Employee and the Company as to whether it is more likely than not that the proposed adjustment would be successfully challenged if the matter were to be litigated. If the opinion provides that a challenge would be more likely than not to be successful if the issue were litigated, and the Company requests in writing that the Employee contest such proposed adjustment, then the Employee shall contest the proposed adjustment and shall consult in good faith with the Company with respect to the nature of all action to be taken in furtherance of the contest of such proposed adjustment; provided that the Employee, after such consultation with the Company, shall determine in his sole discretion the nature of all action to be taken to contest such proposed adjustment, including (A) whether any such action shall initially be by way of judicial or administrative proceedings, or both, (B) whether any such proposed adjustment shall be contested by resisting payment thereof or by paying the same and seeking a refund thereof, and (C) if the Employee shall undertake judicial action with respect to such proposed adjustment, the court or other judicial body before which such action shall be commenced and the court or other judicial body to which any appeals should be taken. The Employee agrees to take appropriate appeals of any judicial decision that would require the Company to pay a Gross-Up Payment, provided the Company requests in writing that the Employee do so and provides an opinion from Independent Tax Counsel to the Employee and the Company that it is more likely than not that the appeal would be successful. The Employee further agrees to settle, compromise or otherwise terminate a contest with the Internal Revenue Service or other tax authority with respect to all or a portion of the proposed adjustment giving rise to the Gross-Up Payment, if requested by the Company in writing to do so at any time, in which case the Employee shall be entitled to receive from the Company the Gross-Up Payment. In no event shall the Employee compromise or settle all or any portion of a proposed adjustment which would result in a Gross-Up Payment without the written consent of the Company.

The Employee shall not be required to take or continue any action pursuant to this paragraph 9(e) unless the Company acknowledges its liability under this Agreement in the event that the Internal Revenue Service or other tax authority prevails in this contest. The Company hereby agrees to indemnify the Employee in a manner reasonably satisfactory to the Employee for any fees, expenses, penalties, interest or additions to tax which the Employee may incur as a result of contesting the validity of any Excise Tax and to pay the Employee promptly upon receipt of a written demand therefore all costs and expenses which the Employee may incur in connection with contesting such proposed adjustment (including reasonable fees and disbursements of Independent Tax Counsel); provided, however, that the Company shall not be required to pay any amount necessary to permit the Employee's institution of a claim for refund under this paragraph 9(e)(iii).

If the Employee shall have contested any proposed adjustment as above provided, and for so long as the employee shall be required under the terms of this paragraph 9(e)(iii) to continue such contest, the Company shall not be required to pay a Gross-Up Payment until there occurs a Final Determination (as defined below) of the liability of the Employee for the tax and any interest,

penalties and additions to tax asserted to be payable as a result of such proposed adjustment. A "Final Determination" shall mean (A) a decision, judgment, decree or other order by any court of competent jurisdiction, which decision, judgment, decree or other order has become final after all allowable appeals by either party to the action have been exhausted, the time for filing such appeal has expired or the Company has no right under the terms hereof to request an appeal, (ii) a closing agreement entered into under section 7121 of the code or any other settlement agreement entered into in connection with an administrative or judicial proceeding and with the consent of the Company, or (iii) the expiration of the time for instituting a claim for refund, or if such a claim was filed, the expiration of the time for instituting suit with respect thereto.

- (iv) In the event the Employee receives any refund from the Internal Revenue Service or other tax authority on account of an overpayment of Excise Tax, such amount and interests attributable thereto shall be promptly paid by the Employee to the Company.
10. Source of Payments. All payments provided for in paragraphs 5, 6, 7 and 9 shall be paid in cash from the general funds of the Company and its subsidiaries. The Company shall not be required to establish a special or separate fund or other segregation of assets to assure such payments.
11. Litigation Expenses. In the event of any litigation or other proceeding between the Company and the Employee with respect to the subject matter of this Agreement and the enforcement of rights hereunder, the Company shall reimburse the Employee for all reasonable costs and expenses relating to such litigation or other proceeding as they are incurred, including reasonable attorneys fees and expenses, regardless of whether such litigation results in any settlement or judgment or order in favor of any party; provided, however, that any claim or action initiated by the Employee relating to this Agreement shall have been made or brought after reasonable inquiry and shall be well grounded in fact and warranted by existing law or a good faith argument for the extension, modification, or reversal of existing law, and that it is not interposed for any improper purpose, such as to harass or to cause unnecessary delay or needless increase in the cost of litigation.

Notwithstanding any provision of New Hampshire law to the contrary, in no event shall the Employee be required to reimburse the Company for any of the costs and expenses relating to such litigation or other proceeding. The obligation of the Company under this paragraph 11 shall survive the termination for any reason of this Agreement (whether such termination is by the Company, by the Employee, upon expiration of this Agreement or otherwise).

12. Income Tax Withholding. The Company may withhold from any payments made under this Agreement all federal, state, city or other taxes as shall be required pursuant to any law or governmental regulation or ruling.
13. Entire Understanding. This Agreement contains the entire understanding between the Company and the Employee with respect to the subject matter hereof and supersedes any prior employment agreement between the Company and the Employee, except that his Agreement shall not affect or operate to reduce any benefit or compensation inuring to the Employee of a kind elsewhere provided and not expressly provided for in this Agreement.
14. Severability. If, for any reason, any one or more of the provisions or part of a provision contained in this Agreement shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision or part of a provision of this Agreement not held so invalid, illegal or unenforceable, and each other provision or part of a provision shall to the full extent consistent with law continue in full force and effect. If this Agreement is held invalid or cannot be enforced, then to the full extent permitted by law any prior agreement between the Company and the Employee shall be deemed reinstated as if this Agreement had not been executed.
15. Consolidation, Merger, or Sale of Assets. Nothing in this Agreement shall preclude the Company from consolidating or merging into or with, or transferring all or substantially all of its assets to, another corporation with a net worth at least equal to that of the Company and which assumes this Agreement and all obligations and undertakings of the Company hereunder. Upon such a consolidation, merger or transfer of assets and assumption, the term "the Company", as used herein shall mean such other corporation and this Agreement shall continue in full force and effect.
16. Notices. All notices, requests, demands and other communications required or permitted hereunder shall be given in writing and shall be deemed to have been duly given if delivered or mailed, postage prepaid, first class as follows:

(a) to the Company:

UNITIL Corporation
216 Epping Road
Exeter, New Hampshire 03833
Attention: Secretary

(b) to the Employee:

at the address set forth at the
beginning of this Agreement

or to such other address as either party shall have previously specified in writing to the other.

17. No Attachment. Except as required by law, no right to receive payments under this Agreement shall be subject to anticipation, commutation, alienation, sale assignment, encumbrance, charge, pledge, or hypothecation or to execution, attachment, levy, or similar process or assignment by operation of law, and any attempt, voluntary or involuntary, to effect any such action shall be null, void and of no effect.
18. Binding Agreement. This Agreement shall be binding upon, and shall inure to the benefit of, the Employee and the Company and their respective permitted successors and assigns.

19. Modification and Waiver. This Agreement may not be modified or amended except by an instrument in writing signed by the parties hereto. No term or condition of this Agreement shall be deemed to have been waived, nor shall there be any estoppel against the enforcement of any provision of this Agreement except by written instrument signed by the party charged with such waiver or estoppel. No such written waiver shall be deemed a continuing waiver unless specifically stated therein, and each such waiver shall operate only as to the specific term or condition waived and shall not constitute a waiver of such term or condition for the future or as to any act other than that specifically waived.
20. Headings of No Effect. The paragraph headings contained in this Agreement are included solely for convenience of reference and shall not in any way affect the meaning or interpretation of any of the provisions of this Agreement.
21. Governing Law. This Agreement and its validity, interpretation, performance, and enforcement shall be governed by the laws of the State of New Hampshire, without giving effect to the choice of law provisions in effect in such State.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its officers thereunto duly authorized, and the Employee has signed this Agreement, all as of the date first above written.

UNITIL CORPORATION

BY:

Employee

Employees Who Have Executed Above Severance Agreement:

<u>Employee</u>	<u>Effective Date</u>
Robert G. Schoenberger	2/6/98
Mark H. Collin	8/27/92
George R. Gantz	2/21/89
Raymond J. Morrissey	8/18/92
Todd R. Black	9/11/98
Laurence M. Brock	8/28/95

UNITIL CORPORATION**SEVERANCE AGREEMENT**

THIS AGREEMENT, dated this xx day of xxxxx, xxxx, made effective as of the date on which a Change in Control (as defined in paragraph 2) occurs, by and among Unitil Corporation ("Unitil"), a New Hampshire corporation, Unitil Service Corp., a New Hampshire corporation and a wholly-owned subsidiary of Unitil ("Subsidiary") (Unitil and Subsidiary are herein referred to collectively as the "Company") and xxxxxxxxx having an address at xxxxxxxxxxxxxx (the "Employee").

W I T N E S S E T H I H A T:

WHEREAS, the Employee is an employee of the Company and an integral part of its management who participates in the decision making process relative to short and long-term planning and policy for the Company;

WHEREAS, the Board of Directors of Unitil, determined that it would be in the best interests of Unitil, its shareholders and the Employee to assure continuity in the management of the Company's administration and operations in the event of a Change in Control by entering into an employment agreement to retain the services of the Employee, and the Board of Directors of Subsidiary, made the same determination; and

NOW, THEREFORE, it is hereby agreed by and between the parties hereto as follows:

1. **Employment.** The Company agrees to continue the Employee in its employ and the Employee agrees to remain in the employ of the Company for the period stated in paragraph 4 hereof and upon the terms and conditions herein provided.
2. **Change in Control.** The term, "Change in Control," shall mean the occurrence of any of the following:
 - (a) Unitil receives a report on Schedule 13D filed with the Securities and Exchange Commission pursuant to Section 13(d) of the Securities Exchange Act of 1934, as amended (hereinafter referred to as the "Exchange Act"), disclosing that any person, group, corporation or other entity is the beneficial owner, directly or indirectly, of twenty-five percent or more of the outstanding common stock of Unitil;
 - (b) any person (as such term is defined in Section 13(d) of the Exchange Act), group, corporation or other entity other than Unitil or a wholly-owned subsidiary of Unitil, purchases shares pursuant to a tender offer or exchange offer to acquire any common stock of Unitil (or securities convertible into common stock) for cash, securities or any other consideration, provided that after consummation of the offer, the person, group, corporation or other entity in question is the beneficial owner (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of twenty-five percent or more of the outstanding common stock of Unitil (calculated as provided in paragraph (d) of Rule 13D-3 under the Exchange Act in the case of rights to acquire common stock);
 - (c) the stockholders of Unitil approve (i) any consolidation or merger of Unitil in which Unitil is not the continuing or surviving corporation or pursuant to which shares of common stock of Unitil would be converted into cash, securities or other property (except where Unitil shareholders before such transaction will be the owners of more than 75% of all classes of voting stock of the surviving entity), or (ii) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all the assets of Unitil; or
 - (d) there shall have been a change in a majority of the members of the Board of Directors of Unitil within a 25 month period unless the election or nomination for election by the Unitil's stockholders of each new director was approved by the vote of two-thirds of the directors then still in office who were in office at the beginning of the 25 month period.

Should the Change in Control be stockholder approval under paragraph 2(c) and if the Board of Directors of Unitil determines the approved transaction will not be completed and is abandoned prior to any termination of the Employee's employment, a Change in Control shall no longer be in effect and the provisions of this Agreement shall continue in the effect as if a Change in Control had not occurred.

3. **Position and Responsibilities.** During the period of employment hereunder, the Employee agrees to serve the Company in an executive capacity. Such service shall involve duties and responsibilities at least equal in importance and scope to those of the Employee's position immediately prior to the effective date of this Agreement, as the Board of Directors, the Chairman of the Board of Directors or chief executive officer or any other executive officer of the Company to whom the Employee reports may from time to time determine. During said period, the Employee also agrees to serve, if elected, as an officer and/or director of any subsidiary or affiliate of the Company.
4. **Term and Duties.**
 - (a) The period of the Employee's employment under this Agreement shall be deemed to have commenced as of the effective date of this Agreement and shall continue for a period of 24 full calendar months thereafter.
 - (b) During the period of employment hereunder and except for illness or incapacity and reasonable vacation periods, the Employee's business time, attention, skill and efforts shall be exclusively devoted to the business and affairs of the Company; provided, however, that nothing in this Agreement shall preclude the Employee from devoting time during reasonable periods required for
 - (i) serving as a director or member of a committee of any company or organization involving no conflict of interest with the Company or any of its subsidiaries or affiliates,
 - (ii) delivering lectures and fulfilling speaking engagements, and
 - (iii) engaging in charitable and community activities, provided that such activities do not materially affect or interfere with the performance of the Employee's

5. Compensation.

- (a) For all services rendered by the Employee in any capacity during employment under this Agreement, including services as an executive, officer, director, or member of any committee of the Company or of any subsidiary or affiliate of the Company, the Company shall pay the Employee a fixed salary at an annual rate not less than the annual rate of salary being paid to Employee immediately prior to the effective date of this Agreement. Such salary shall be subject to such periodic percentage increases after the effective date of this Agreement as the Company pays generally to the Company's senior management employees from time to time, and shall be payable in accordance with the customary payroll practices of the Company. Such periodic increases in salary, once granted, shall not be subject to revocation.
- (b) In addition to the salary payable under subsection (a), above, the Company shall provide to the Employee a bonus opportunity not less than the bonus opportunity in effect for the year in which the effective date of this Agreement occurs and in any event shall pay to the Employee annual bonuses in an amount at least equal to the amount of the last payment to the Employee under any short-term incentive performance program of the Company or any subsidiary of the Company in effect during the twelve month period prior to the effective date of this Agreement. Nothing in this subsection (b) shall be deemed to require the Company to (i) have or continue an incentive performance program in effect prior to the effective date of this Agreement or (ii) award to the Employee any bonuses under such program prior to the effective date of this Agreement.
- (c) Nothing in this Agreement shall preclude or affect any rights or benefits that may now or hereafter be provide for the Employee or of which the Employee may be or become eligible under any bonus or other form of compensation or employee benefit plan now existing or that may hereafter be adopted or awarded by the Company. Specifically, the Employee shall:
 - (i) participate in the Unitol Corporation Retirement Plan, the Concord Electric Company Retirement Plan, the Exeter & Hampton Electric Company Retirement Plan or Fitchburg Gas and Electric Light Company Retirement Plan depending upon which of said retirement plans the EMPLOYEE was participating in immediately prior to the effective date of this Agreement and any related excess benefit or supplemental retirement program (hereinafter referred to collectively as the "Retirement Program");
 - (ii) participate in any savings or thrift plan maintained by the Company;
 - (iii) participate in any stock option, stock appreciation right, equity incentive or deferred compensation plan maintained by the Company;
 - (iv) participate in the Company's death benefit plans;
 - (v) participate in the Company's disability benefit plans;
 - (vi) participate in the Company's medical, dental and health and welfare plans; and
 - (vii) participate in equivalent successor plans of the Company for which senior management employees are eligible;

provided, however, that nothing in this Agreement shall preclude the Company from amending or terminating any such plan or program, on the condition that such amendment or termination is applicable to all of the Company's senior management employees generally. For purposes of the foregoing, any plan or program maintained by any subsidiary of the Company which is made available to the senior management of the Company and its subsidiaries taken as a whole, shall be deemed to be a plan or program maintained by the Company.

- 6. Business Expenses. The Company shall pay or reimburse the Employee for all reasonable travel or other expenses incurred in connection with the performance of the Employee's duties under this Agreement in accordance with such procedures as the Company may from time to time establish.
- 7. Additional Benefits. Nothing in this Agreement shall affect the Employee's eligibility to participate in all group health, dental, hospitalization, life, travel or accident or other insurance plans or programs and all other perquisites, fringe benefit or retirement plans or additional compensation, including termination pay programs, which the Company or any subsidiary of the Company may hereafter, in their sole and absolute discretion, elect to make available to the senior management employees of the Company generally, and the Employee shall be eligible to receive, during the period of employment under this Agreement, all benefits and emoluments for which key employees are eligible under every such plan, program, perquisite or arrangement to the extent permissible under the general terms and provisions thereof.
- 8. Termination of Employment. Notwithstanding any other provision of this Agreement, the Employee's employment under this Agreement may be terminated:
 - (a) by the Company, in the event of the Employee's conviction for the commission of a felony or in the event of the Employee's fraud or dishonesty which has resulted or is likely to result in material economic damage to the Company or any of its subsidiaries, as determined in good faith by the Directors of the Company at a meeting of the Board of Directors at which the Employee is provided an opportunity to be heard;
 - (b) by either the Company or the Employee, if the Employee accepts employment or a consulting position with another company;
 - (c) by the Employee, if there has been any (i) material demotion in the position held with the Company which demotion would cause the Employee's position with the Company to become of less dignity, responsibility, importance, prestige or scope from that described in paragraph 3 above, including, without limitation, a

change from being a senior officer of a publicly held company or a diminution in perquisites to which the Employee is currently entitled, such as office size and status, and secretarial and clerical staff, but excluding for this purpose, changes to individuals, groups, positions, or divisions which report to the Employee or the person or persons to whom the Employee reports, (ii) assignment or reassignment by the Company of the Employee to another place of employment more than 50 miles from the Employee's current place of employment, (iii) liquidation, dissolution, consolidation or merger of the Company, or transfer of all or substantially all of its assets, other than a transaction in which a successor corporation with a net worth at least equal to that of the Company assumes this Agreement and all obligations and undertakings of the Company hereunder, (iv) reduction in the Employee's total compensation or any component thereof (for purposes of determining whether there has been a reduction in the value of option awards, such determination shall be based on the average value of prior option awards made to the Employee under the Company's option plan in effect on the effective date of this Agreement as valued by an independent financial adviser using the Black Scholes valuation method with assumptions determined by such adviser consistently applied), as specified in paragraph 5 above, except as part of a salary reduction program affecting the management employees of the Company and its subsidiaries generally, or (v) other material breach of this Agreement by the Company, provided, however, no event specified in this paragraph 8(c) shall allow the Employee to terminate employment unless the Employee has given written notice to the Company, specifying the event relied upon for such termination within one year after the occurrence of such event and the Company has not remedied such within 30 days receipt of such notice; or

- (d) by the Employee, if there is a termination of the Service Agreement by and between the Company and Unitil Service Corp. ("UNITIL Service") dated as of January 23, 1985, as amended (the Service Agreement); or
- (e) by the Company upon the Disability or delay of the Employee. For purposes of this Agreement, the term "Disability" is defined as the inability of the Employee to engage in his regular occupation for 12 consecutive months and the inability thereafter to engage in any occupation in which the Employee could reasonable expect to engage giving due consideration to Employee's education, training and experience. The Employee must be under the regular medical care of a physician in connection with treatment for Disability.

9. Payments Upon Termination of Employment.

- (a) In the event of any termination of the Employee's employment hereunder (i) by the Employee pursuant to paragraph 8(c) above, or (ii) by the Company for any reason other than one of those specified in paragraph 8(a), 8(b) or 8(d), above, then, within 5 business days after any such termination (except as provided in paragraph 9(a)(iv)(2)) the Company shall pay to the Employee the following amounts, and shall provide the Employee and the dependents, beneficiaries and estate of the Employee with the following, as liquidated damages or severance pay, or both:
 - (i) a lump sum cash amount equal to the present value of the product obtained by multiplying (1) the monthly amount of the salary and one-twelfth the annual bonus provided for in paragraphs 5(a) and 5(b) above, which was being paid by the Company to the Employee at the time of such termination, by (2) 24;
 - (ii) A lump sum cash amount equal to the present value of the excess of (1) the aggregate benefit that would have been paid under the Retirement Program described in paragraph 5(c)(i), above, as in effect on the date of this Agreement, if the Employee had continued to be employed and to be entitled to service credit for eligibility and benefit purposes during the 24-month period immediately following such termination, over (2) the aggregate benefit actually payable under the Retirement Program and any successor retirement program of the Company. For purposes of such calculation, the following assumptions shall apply: (1) that the Employee would continue to be compensated during the 24-month period following termination at an annual rate of compensation equal to that used to calculate the payments provided by paragraph 9(a) above, calculated on the basis of the compensation amount used in the benefit formula under the Retirement Program; (2) that the Employee is fully vested in the benefit payable under the Retirement Program; and (3) that the aggregate benefit that would have been paid under the Retirement Program is as of either the normal or early retirement date for which the Employee would have qualified, if the Employee were still employed on that date, whichever would produce the highest present value amount payable under this paragraph; and (4) that for purposes of the calculation of the lump sum cash amount as described herein it will be assumed that the Employee would receive aggregate retirement benefits for a period to be determined by an actuarial analysis in accordance with the standard assumptions used in providing annual funding for the Company's normal Retirement Program.
 - (iii) A lump sum cash amount equal to the present value of the contributions which would have been made by the Company or any subsidiary of the Company to the Employee's account pursuant to any savings or thrift plan maintained by the Company or any subsidiary of the Company in which the Employee was participating immediately prior to such termination, calculated as if the Employee had continued to be employed and to be entitled to such contributions during the 24-month period immediately following such termination, at a rate of contribution equal to that made by the Company or any subsidiary of the Company during the most recent contribution period preceding such termination; and
 - (iv) A lump sum cash amount equal to the economic benefit that the Employee would have received on any outstanding Company stock options which on the date of employment termination are not vested or are not exercisable, including any associated dividend equivalents, assuming such options

remained unexercised until the day preceding the expiration of the grant on such options, based on assumptions determined by the Compensation Committee upon advice of an independent financial advisor.

- (b) For purposes of calculating the lump sum cash payments provided by paragraphs 9(a)(i) through (iv), above, present value shall be determined by using a discount factor equal to one percentage point below the Prime Rate, compounded annually. The "Prime Rate" shall be the base rate on corporate loans at large U.S. money center commercial banks as reported in The Wall Street Journal (or, if such rate is no longer published, such other base rate on corporate loans by large money center commercial banks in the United States to their most creditworthy customers as published by any newspaper or periodical of general circulation) as of the date on which termination shall have occurred.
- (c) For a period of 24 months (commencing with the month in which termination shall have occurred), the Employee shall continue to be entitled to all employee benefits provided for in paragraphs 5(c)(iv) through (vi), above, as if the Employee were still employed during such period under this Agreement, with benefits based upon the compensation used to calculate the payments provided by paragraph 9(a) above, and if and to the extent that such benefits shall not be payable or provided under any such plan, the Company shall pay or provide such benefits on an individual basis. The benefits provided for in paragraph 5(c)(vi), above, in accordance with this paragraph 9(c) shall be secondary to any comparable benefits provided by another employer.
- (d) (i) In the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Employee, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code") (or any successor thereto) or comparable state or local tax or any interest or penalties with respect to such excise tax or comparable state or local tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Employee shall be entitled to receive an additional payment (a "Gross-Up Payment"). The Gross-Up Payment shall be equal to the sum of the Excise Tax and all taxes (including any interest or penalties imposed with respect to such taxes) imposed upon the Gross-Up Payment.
 - (ii) If the Employee determines that a Gross-Up Payment is required, the Employee shall so notify the Company in writing, specifying the amount of Gross-Up Payment required and details as to the calculation thereof, the Company shall within 30 days either pay such Gross-Up Payment (net of applicable wage withholding) to the Employee or furnish an unqualified opinion from Independent Tax Counsel (as defined below), addressed to the Employee and the Company, that there is substantial authority (with the meaning of section 6661 of the Code) for the position that no Gross-Up Payment is required. "Independent Tax Counsel" mean a lawyer with expertise in the area of executive compensation tax law, who shall be selected by the Employee and shall be reasonably acceptable to the Company, and whose fees and disbursements shall be paid by the Company.
 - (iii) If the Internal Revenue Service or other tax authority proposes in writing an adjustment to the income tax of the Employee which would result in a Gross-Up Payment, the Employee shall promptly notify the company in writing and shall refrain for at least thirty days after giving such notice, if so permitted by law, from paying any tax (including interest, penalties and additions to tax) asserted to be payable as a result of such proposed adjustment. Before the expiration of such period, the Company shall either pay the Gross-Up Payment or provide an opinion from Independent Tax Counsel to the Employee and the Company as to whether it is more likely than not that the proposed adjustment would be successfully challenged if the matter were to be litigated. If the opinion provides that a challenge would be more likely than not to be successful if the issue were litigated, and the Company requests in writing that the Employee contest such proposed adjustment, then the Employee shall contest the proposed adjustment and shall consult in good faith with the Company with respect to the nature of all action to be taken in furtherance of the contest of such proposed adjustment; provided that the Employee, after such consultation with the Company, shall determine in his sole discretion the nature of all action to be taken to contest such proposed adjustment, including (A) whether any such action shall initially be by way of judicial or administrative proceedings, or both, (B) whether any such proposed adjustment shall be contested by resisting payment thereof or by paying the same and seeking a refund thereof, and (C) if the Employee shall undertake judicial action with respect to such proposed adjustment, the court or other judicial body before which such action shall be commenced and the court or other judicial body to which any appeals should be taken. The Employee agrees to take appropriate appeals of any judicial decision that would require the Company to pay a Gross-Up Payment, provided the Company requests in writing that the Employee do so and provides an opinion from Independent Tax Counsel to the Employee and the Company that it more likely than not that the appeal would be successful. The Employee further agrees to settle, compromise or otherwise terminate a contest with the Internal Revenue Service or other tax authority with respect to all or a portion of the proposed adjustment giving rise to the Gross-Up Payment, if requested by the Company in writing to do so at any time, in which case the Employee shall be entitled to receive from the Company the Gross- Up Payment. In no event shall the Employee compromise or settle all or any portion of a proposed adjustment which would result in a Gross-Up Payment without the written consent of the Company.

The Employee shall not be required to take or continue any action pursuant to this paragraph 9(d) unless the Company acknowledges its liability under this Agreement in the event that the Internal Revenue Service or

other tax authority prevails in the contest. The Company hereby agrees to indemnify the Employee in a manner reasonably satisfactory to the Employee for any fees, expenses, penalties, interest or additions to tax which the Employee may incur as a result of contesting the validity of any Excise Tax and to pay the Employee promptly upon receipt of a written demand therefor all costs and expenses which the Employee may incur in connection with contesting such proposed adjustment (including reasonable fees and disbursements of Independent Tax Counsel); provided, however, that the Company shall not be required to pay any amount necessary to permit the Employee's institution of a claim for refund under this paragraph 9(d) (iii).

If the Employee shall have contested any proposed adjustment as above provided, and for so long as the Employee shall be required under the terms of this paragraph 9(d)(iii) to continue such contest, the Company shall not be required to pay a Gross-Up Payment until there occurs a Final Determination (as defined below) of the liability of the Employee for the tax and any interest, penalties and additions to tax asserted to be payable as a result of such proposed adjustment. A "Final Determination" shall mean (A) a decision, judgment, decree or other order by any court of competent jurisdiction, which decision, judgment, decree or other order has become final after all allowable appeals by either party to the action have been exhausted, the time for filing such appeal has expired or the Company has not right under the terms hereof to request an appeal, (ii) a closing agreement entered into under section 7121 of the code or any other settlement agreement entered into in connection with an administrative or judicial proceeding and with the consent of the Company, or (iii) the expiration of the time for instituting a claim for refund, or if such a claim was filed, the expiration of the time for instituting suit with respect thereto.

(iv) In the event the Employee receives any refund from the Internal Revenue Service or other tax authority on account of an overpayment of Excise Tax, such amount and interest attributable thereto shall be promptly paid by the Employee to the Company.

10. Source of Payments. All payments provided for in paragraphs 5, 6, 7 and 9 shall be paid in cash from the general funds of the Company and its subsidiaries. The Company shall not be required to establish a special or separate fund or other segregation of assets to assure such payments.
11. Litigation Expenses. The Company agrees to pay, upon written demand therefor by the Employee, all legal fees and expenses the Employee reasonably incurs as a result of any dispute or contest (regardless of the outcome thereof) by or with the Company or others regarding the validity or enforceability of, or liability under, any provision of this Agreement. The Employee agrees to repay to the Company any such fees and expenses paid or advanced by the Company if and to the extent that the Company or such others obtains a judgment or determination that the Employee's claim was frivolous or was without merit from a court of competent jurisdiction from which no appeal may be taken, whether because the time to do so has expired or otherwise. Notwithstanding any provision hereof or any other agreement, the Company may offset any other obligation it has to the Employee by the amount of such repayment.

Notwithstanding any provision of New Hampshire law to the contrary, in no event shall the Employee be required to reimburse the Company for any of the costs and expenses relating to such litigation or other proceeding. The obligation of the Company under this paragraph 11 shall survive the termination for any reason of this Agreement (whether such termination is by the Company, by the Employee, upon the expiration of this Agreement or otherwise).

12. Income Tax Withholding. The Company may withhold from any payments made under this Agreement all federal, state, city or other taxes as shall be required pursuant to any law or governmental regulation or ruling.
13. Entire Understanding. This Agreement contains the entire understanding between the Company and the Employee with respect to the subject matter hereof and supersedes any prior employment agreement between the Company and the Employee, except that this Agreement shall not affect or operate to reduce any benefit or compensation inuring to the Employee of a kind elsewhere provided and not expressly provided for in this Agreement.
14. Mitigation. In no event shall the Employee be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Employee under any of the provisions of this Agreement.
15. Release. Prior to receipt of any payments, pursuant to paragraph 9 of this Agreement, Employee shall execute a general employment claims release of the Company in a form reasonably acceptable to the Company. The Company shall have no obligation to make any payments under this Agreement unless, and until, it receives such release.
16. Severability. If, for any reason, any one or more of the provisions or part of a provision contained in this Agreement shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision or part of a provision of this Agreement not held so invalid, illegal or unenforceable, and each other provision or part of a provision shall to the full extent with law continue in full force and effect. If this Agreement is held invalid or cannot be enforced, then to the full extent permitted by law any prior agreement between the Company and the Employee shall be deemed reinstated as if this Agreement had not been executed.
17. Consolidation, Merger, or Sale of Assets. Nothing in this Agreement shall preclude the Company from consolidating or merging into or with, or transferring all or substantially all of its assets to, another corporation with a net worth at least equal to that of the Company hereunder. Upon such a consolidation, merger or transfer of assets and assumption, the term "the Company", as used herein shall mean such other corporation and this Agreement shall continue in full force and effect.
18. Notices. All notices, requests, demands and other communications required or permitted hereunder shall be given in writing and shall be deemed to have been duly given if delivered or mailed, postage prepaid, first class as follows:

(a) to the Company:

Unitil Corporation
6 Liberty Lane West
Hampton, New Hampshire 03842
Attention: Corporate Secretary

(b) to the Employee:

at the address set forth at the beginning of this Agreement or to such other address as either party shall have previously specified in writing to the other.

19. No Attachment. Except as required by law, no right to receive payment under this Agreement shall be subject to anticipation, commutation, alienation, sale assignment, encumbrance, charge, pledge, or hypothecation or to execution, attachment, levy, or similar process or assignment by operation of law, and any attempt, voluntary or involuntary, to effect any such action shall be null, void and of no effect.
20. Binding Agreement. This Agreement shall be binding upon, and shall inure to the benefit of, the Employee and the Company and their respective permitted successors and assigns.
21. Modification and Waiver. This Agreement may not be modified or amended except by an instrument in writing signed by the parties hereto. No term or condition of this Agreement shall be deemed to have been waived, nor shall there be any estoppel against the enforcement of any provision of this Agreement except by written instrument signed by the party charged with such waiver or estoppel. No such written waiver shall be deemed a continuing waiver unless specifically stated therein, and each such waiver shall operate only as to the specific term or condition waived and shall not constitute a waiver of such term or condition for the future or as to any act other than specifically waived.
22. Headings of No Effect. The paragraph headings contained in this Agreement are included solely for convenience of reference and shall not in any way affect the meaning or interpretation of any of the provisions of this Agreement.
23. Governing Law. This Agreement and its validity, interpretation, performance, and enforcement shall be governed by the laws of the State of New Hampshire, without giving effect to the choice of law provisions in effect in such State.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its officers thereunto duly authorized, and the Employee has signed this Agreement, all as of the date first above written.

Unitil CORPORATION

BY: _____

Unitil SERVICE CORPORATION

BY: _____

Employee: _____

Employees Who Have Executed Above Severance Agreement:

Employee
Thomas P. Meissner
George E. Long

Effective Date
3/25/03
2/13/01

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT

I, Robert G. Schoenberger, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Unitil Corporation;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2003

/S/ Robert G. Schoenberger

Robert G. Schoenberger
Chief Executive Officer

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT

I, Mark H. Collin, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Unitil Corporation;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to

the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

- b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- c) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2003

/s/ Mark H. Collin

Mark H. Collin
Chief Financial Officer

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT

I, Laurence M. Brock, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Unitil Corporation;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2003

/S/ Laurence M. Brock

Laurence M. Brock
Controller



**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Unitil Corporation (the "Company") on Form 10-Q for the period ending September 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned Robert G. Schoenberger, Chief Executive Officer, Mark H. Collin, Chief Financial Officer and Laurence M. Brock, Controller, certifies, to the best knowledge and belief of the signatory, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

	<u>Signature</u>	<u>Capacity</u>	<u>Date</u>
/S/	Robert G. Schoenberger _____	Chief Executive Officer	October 29, 2003
	Robert G. Schoenberger		
/S/	Mark H. Collin _____	Chief Financial Officer	October 29, 2003
	Mark H. Collin		
/S/	Laurence M. Brock _____	Controller	October 29, 2003
	Laurence M. Brock		



For Immediate Release

Exhibit 99.1

Contact: Mark H. Collin
Phone 603-772-0775
Fax: 603-773-6605
Email: collin@unitil.com

Unitil Announces Pricing of Equity Offering

Hampton, NH – October 23, 2003 – Unitil Corporation (AMEX:UTL) today announced that it intends to raise \$14.8 million (after deducting underwriting discounts and commissions and the estimated expenses of the offering) in a 624,000 share offering of its common stock, which was priced at \$25.40 per share. The offering was increased from an original 520,000 shares. Unitil has also granted the underwriters of the offering an option to purchase up to 93,600 additional shares of its common stock to cover over-allotments, if any.

Unitil intends to use the net proceeds from the offering to make an equity infusion in cash into Unitil's two principal operating subsidiaries, Unitil Energy Systems, Inc. and Fitchburg Gas and Electric Light Company and for general corporate purposes. Unitil Energy Systems, Inc. and Fitchburg Gas and Electric Light Company will use the cash contributions to replace short-term indebtedness incurred to support their ongoing investment in utility distribution facilities.

RBC Capital Markets is acting as lead manager and book runner for the offering and Edward D. Jones & Co., L.P. is acting as co-manager. A copy of the prospectus relating to the offering can be obtained from RBC Capital Markets, Prospectus Department, 60 South Sixth Street, Minneapolis, MN 55402-4422 (phone requests -- 612-371-2818; fax requests -- 612-371-2837). The prospectus has also been filed with the Securities and Exchange Commission and will be available over the internet at the SEC's website at <http://www.sec.gov>.

Unitil Corporation is a public utility holding company with subsidiaries providing electric service in New Hampshire, electric and gas service in Massachusetts and energy-related services throughout the Northeast. Its subsidiaries include Unitil Energy Systems, Inc., Fitchburg Gas and Electric Light Company, Unitil Power Corp., Unitil Realty Corp., Unitil Service Corp. and its unregulated business unit Unitil Resources, Inc. Usource L.L.C. is a subsidiary of Unitil Resources, Inc.

This press release contains forward-looking statements, which are subject to the inherent uncertainties in predicting future results and conditions. All statements, other than statements of historical fact, are forward-looking statements. Certain factors that could cause the actual results to differ materially from those projected in these forward-looking statements include, but are not limited to the following: variations in weather; changes in the regulatory environment; customers' preferences on energy sources; general economic conditions; increased competition; fluctuations in supply, demand, transmission capacity and prices for energy commodities; and other uncertainties, all of which are difficult to predict, and many of which are beyond the control of Unitil Corporation.

This press release shall not constitute an offer to sell or a solicitation of an offer to buy shares of Unitil Corporation common stock, nor shall there be any sale of these securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state.

-30-

[Corporate Office](#)
6 Liberty Lane West
Hampton, NH 03842-1720

Phone: 603-772-0775
Fax: 603-773-6605

E-mail: corp@unitil.com



For Immediate Release

Contact: Mark H. Collin
Phone: 603-773-6612
Fax: 603-773-6605
Email: collin@unitil.com

Fitchburg Gas and Electric Light Company Sells Long-Term Notes

Hampton, NH – October 28, 2003: Unitil Corporation (AMEX: UTL) (www.unitil.com) today announced that its subsidiary, Fitchburg Gas and Electric Light Company (FG&E), issued and sold \$10,000,000 of 6.79% Notes due October 15, 2025 to an institutional investor in the form of a private placement. The proceeds from the sale of the Notes will be used to repay short-term indebtedness of FG&E. Merrill Lynch & Co. served as the placement agent for the issuance.

Unitil Corporation is a public utility holding company with subsidiaries providing electric service in New Hampshire, electric and gas service in Massachusetts and energy-related services throughout the Northeast. Its subsidiaries include Unitil Energy Systems, Inc., Fitchburg Gas and Electric Light Company, Unitil Power Corp., Unitil Realty Corp., Unitil Service Corp. and its unregulated business unit Unitil Resources, Inc. Usource L.L.C. is a subsidiary of Unitil Resources, Inc.

This press release contains forward-looking statements, which are subject to the inherent uncertainties in predicting future results and conditions. All statements, other than statements of historical fact, are forward-looking statements. Certain factors that could cause the actual results to differ materially from those projected in these forward-looking statements include, but are not limited to the following: variations in weather; changes in the regulatory environment; customers' preferences on energy sources; general economic conditions; increased competition; fluctuations in supply, demand, transmission capacity and prices for energy commodities; and other uncertainties, all of which are difficult to predict, and many of which are beyond the control of Unitil Corporation.



For Immediate Release

Contact: Mark H. Collin
 Phone: 603-773-6612
 Fax: 603-773-6605
 Email: collin@unitil.com

Unitil Reports Increased Third Quarter Earnings

Hampton, NH – October 30, 2003: Unitil Corporation (AMEX: UTL) (www.unitil.com) today announced earnings per common share of \$0.30 for the third quarter of 2003 on Net Income of \$1.4 million. This result reflects an improvement of \$0.01 per share compared to earnings per share of \$0.29 in the third quarter of 2002. Through the first nine months of 2003, Net Income was \$5.3 million, or \$1.12 per share, up \$0.20 per share compared to the \$0.92 per share earned in the same nine month period in 2002. This improvement in earnings for the three- and nine-month periods reflects higher electric and gas sales margins offset by increases in utility operating expenses.

“Our earnings performance continues to reflect the steady growth of our utility businesses. Our Company made significant progress in the third quarter during which we issued new common shares, completed a private placement of long-term debt and wrapped up a major environmental remediation project,” said Robert G. Schoenberger, Unitil’s Chairman and Chief Executive Officer. “The continued improvement in our financial condition supports our ongoing investments in our local electric and gas distribution systems and allows us to pursue important business objectives to better serve our customers and provide increasing value to our shareholders.”

Total revenues were \$52.9 million and \$167.3 million for the three- and nine-months periods ended September 30, 2003, respectively. Total revenues include the recovery of the cost of sales, which are recorded as Purchased Power and Gas in Operating Expenses. The cost of sales component of revenues increased \$2.0 million and \$20.8 million in the three- and nine-month periods ended September 30, 2003, respectively, compared to the same periods last year. These increases reflect higher wholesale electricity and gas commodity prices coupled with higher electric and gas sales. The Company recovers the costs of Purchased Power and Gas in its rates as a pass through to customers at cost and therefore changes in this component of revenues do not impact net income.

Total sales margin (Revenues less Purchased Power and Gas) was \$17.8 million and \$53.8 million in the three- and nine-month periods ended September 30, 2003, respectively, reflecting an increase of \$2.9 million and \$8.7 million compared to the same three- and nine-month periods in 2002. This improvement in total sales margin reflects the impact of 2002 base rate cases, which resulted in higher base distribution rates for the Company’s electric and gas utility operations as of December 2002, and higher electric and gas unit sales in the current periods compared to the prior periods.

Operation and Maintenance expenses increased \$1.9 million and \$4.0 million, respectively, for the three- and nine-month periods ended September 30, 2003, compared to the same periods in 2002. Approximately half of this increase was related to expenses collected in revenues from cost pass through rate mechanisms. These costs include amounts expended to implement electric utility industry restructuring in New Hampshire and higher spending over prior year for energy efficiency and conservation programs. Due to the reconciling nature of these costs, they do not have an impact on net income. The remaining portion of higher operating expenses compared to last year reflects higher other utility operating expenses.

The \$2.6 million increase in Depreciation and Amortization expenses during the nine-month period was due to new utility asset depreciation rates put into place as a result of depreciation studies conducted as part of the 2002 base rate cases, together with the increase in utility plant capital additions placed in service during the past year. Local Property and Other taxes reflect these higher plant additions as well.

Interest Expense, net, was \$0.3 million higher in the first nine months of 2003 than the same period last year, primarily reflecting lower interest on deferred regulatory asset balances. Federal and State income tax expense is higher in 2003 reflecting higher pre-tax earnings and a net increase in state tax rates.

Unitil is a public utility holding company with subsidiaries providing electric service in New Hampshire and electric and gas service in Massachusetts and energy services throughout the Northeast. Its subsidiaries include Unitil Energy Systems, Inc., Fitchburg Gas and Electric Light Company, Unitil Power Corp., Unitil Realty Corp., Unitil Service Corp. and its unregulated business segment Unitil Resources, Inc. Usource L.L.C. is a subsidiary of Unitil Resources, Inc.

This press release contains forward-looking statements, which are subject to the inherent uncertainties in predicting future results and conditions. All statements, other than statements of historical fact, are forward-looking statements. Certain factors that could cause the actual results to differ materially from those projected in these forward-looking statements include, but are not limited to the following: variations in weather; changes in the regulatory environment; customers’ preferences on energy sources; general economic conditions; increased competition; fluctuations in supply, demand, transmission capacity and prices for energy commodities; and other uncertainties, all of which are difficult to predict, and many of which are beyond the control of Unitil Corporation.

Unitil Corporation
 Selected Financial Information (Amounts In Thousands, except Shares and Per Share Data)
 (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Operating Revenues	\$ 52,892	\$ 48,007	\$ 167,323	\$ 137,813

Purchased Power & Gas	35,128	33,150	113,475	92,658
Operation & Maintenance	7,919	6,045	22,175	18,161
Depreciation, Amortization, Taxes & Other	6,493	5,502	20,277	16,837
Operating Income	3,352	3,310	11,396	10,157
Interest Expense, Net	1,926	1,825	5,853	5,551
Other Non-Operating Expenses	(71)	44	31	53
Net Income	1,497	1,441	5,512	4,553
Preferred Dividends	59	63	177	190
Net Income Applicable to Common Shareholders	\$ 1,438	\$ 1,378	\$ 5,335	\$ 4,363

Earnings per Common Share

Average Common Shares Outstanding - Basic	4,758,295	4,743,696	4,750,203	4,743,696
Average Common Shares Outstanding - Diluted	4,783,642	4,768,825	4,770,469	4,767,796
Earnings per Common Share	\$ 0.30	\$ 0.29	\$ 1.12	\$ 0.92

For more information, visit Unital at www.unital.com or call Mark Collin at 603-772-0775.