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 June 30, 2003

Commission File Number 1-8858

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

New Hampshire	**02-0381573**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
6 Liberty Lane West, Hampton, New Hampshire	**03842-1720**
(Address of principal executive office)	*(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 July 31, 2003
Common Stock, No par value	4,765,421 Shares

UNITIL CORPORATION AND SUBSIDIARY COMPANIES
FORM 10-Q
For the Quarter Ended June 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. 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: variations in weather, changes in the regulatory environment, customers' preferences on energy sources, general economic conditions, increased competition and other uncertainties, all of which are difficult to predict, and many of which are beyond the control of the Unitil Corporation (Unitil or the Company).

RESULTS OF OPERATIONS

Earnings per share were $0.30 for the second quarter of 2003, up $0.03 compared to the $0.27 earned in the second quarter of 2002. This improved performance is attributable to continued strong electric and gas sales volumes and higher retail rates for electric and gas distribution services. On a year to date basis, earnings were $0.82 through June 30, 2003, an improvement of $0.19 over the $0.63 earned by the Company in the first six months of 2002.

Total Operating Revenues were $49.6 million for the second quarter of 2003 compared to $45.5 million for the same period last year. For the six months ended June 30, 2003, total Operating Revenues were $114.4 million compared to $89.8 million through the first two quarters last year. In December 2002, the Company implemented new rates for electric and gas distribution services for all of its utility operating divisions. Those new rates reflect the recovery of higher operating costs, depreciation and amortization expense, taxes and a return on the Company's utility investments. The Company recovers the costs of Fuel and Purchased Power and Gas energy supply in its rates as a pass through to customers at cost. Those energy supply costs were also higher in 2003 compared to 2002.

Electric and gas sales volumes continued the strong performance experienced in the first quarter of 2003 due to sustained system growth in our Company's electric and gas utility service areas.

Sales (000's)

	Three Months Ended June 30,			**Six Months Ended June 30,**		
	2003	2002	Change	**2003**	2002	Change
kWh Sales:						
Residential	**140,622**	135,207	4%	**322,507**	297,037	9%
Commercial/Industrial	**253,958**	252,002	1%	**522,498**	493,848	6%
Total kWh Sales	**394,580**	387,209	2%	**845,005**	790,885	7%

Firm Therm Sales:						
Residential	**2,542**	2,420	5%	**8,670**	7,219	20%
Commercial/Industrial	**2,327**	2,217	5%	**8,416**	6,908	22%
Total Firm Therm Sales	**4,869**	4,637	5%	**17,086**	14,127	21%

Total firm therm gas sales were 5% higher than last year in the second quarter and 21% higher through the first six months of 2003, reflecting a colder winter heating season and an increase in the number of non-residential customers. For the three months ended June 30, 2003, gas sales to both Residential and Commercial/Industrial customers were 5% higher than the second quarter last year. Gas revenues in total increased by $1.5 million over the second quarter of 2002 to $5.4 million, reflecting higher unit sales, new gas distribution service rates and increased gas commodity wholesale supply prices compared to the prior year. For the six months ended June 30, 2003, gas revenues are $7.0 million ahead of last year.

Total electric kilowatt-hour (kWh) sales volume increased 2% over the prior year second quarter and is 7% ahead of last year through June. Residential kWh sales increased 4% and sales to Commercial/Industrial customers increased 1% over the second quarter last year. In total, electric revenues increased by $2.5 million in the second quarter of 2003 to $44.0 million compared to 2002 due to the increases in unit sales, new electric distribution service rates and an increase in wholesale commodity fuel prices. Both electric and gas supply costs are collected from customers through periodic cost recovery mechanisms, and therefore, changes in these costs do not affect the Company’s net income. On a year to date basis, electric revenues are $96.1 million, up $17.4 million over the first six months of last year.

Operating Revenues (000's)	Three Months Ended June 30,			Six Months Ended June 30,		
	2003	2002	Change	**2003**	2002	Change
Electric:						
Residential	**$ 16,173**	$ 16,014	1%	**$ 38,353**	$ 32,092	20%
Commercial/Industrial	**27,843**	25,437	9%	**57,733**	46,565	24%
Total Electric	**$ 44,016**	$ 41,451	6%	**$ 96,086**	$ 78,657	22%
Gas:						
Residential	**$ 3,125**	$ 2,013	55%	**$ 10,104**	$ 6,007	68%
Commercial/Industrial	**2,231**	1,888	18%	**7,656**	4,749	61%
Total Gas	**$ 5,356**	$ 3,901	37%	**$ 17,760**	$ 10,756	65%
Other	**$ 252**	$ 165	53%	**$ 585**	$ 393	49%
Total Operating Revenues	**$ 49,624**	$ 45,517	9%	**$ 114,431**	$ 89,806	27%

For the six months ended June 30, 2003, Operation and Maintenance expenses increased $2.1 million over prior year net of the savings achieved by the Company from the management reorganization implemented in January, 2003. Approximately half of this increase related to expenses collected in revenues from cost reconciling 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 primarily reflects higher employee and retiree related costs including health and pension costs, credit and collection costs.

The $2.1 million increase in Depreciation and Amortization expenses during the same six month period was due to new utility asset depreciation rates put into place as a result of the implementation of new retail rates discussed above and 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 $0.2 million higher in the first six months of 2003 than the same period last year, primarily due to higher short-term debt balances and lower interest income earned on 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.

CAPITAL REQUIREMENTS

Cash flow from operating activities was $7.6 million for the six months ended June 30, 2003 compared to $6.2 million for the same period last year. The Company's 2003 results include uses of funds for increases in accrued revenues and decreases in insurance settlement reserves. 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 June 30, 2003. The Company will recover these amounts from customers, with interest, over the next two years. The funding of an environmental remediation project from insurance settlement reserves during the six months ended June 30, 2003 was $2.7 million.

Cash flows from investing activities include capital expenditures for the six months ended June 30, 2003 which were approximately $11.6 million as compared to $8.8 million during the same period last year, an increase of $2.8 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 $21.7 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 the receipt from short-term borrowings of $6.5 million. These proceeds were principally used to repay long-term debt of $3.1 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 where 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 14.

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 will be required to be consolidated beginning in July, 2003.

The Company has reviewed its investments and affiliations and determined that it has a contractual variable interest in the Unitil Retiree Trust (URT), a special purpose entity established by the Company effective 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 where 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 carried by the Primary Beneficiary in conformity with Generally Accepted Accounting Principles (GAAP). The Company is a regulated enterprise and its financial statements are reported on the accrual basis and in conformity with 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 PBOP current and future 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 Company's 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 began following the guidelines of Statement No. 143 (SFAS 143), “Accounting for Asset Retirement Obligations.” The adoption of this statement did not have a material adverse 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 adverse 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 adverse 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 June 30, 2003 and June 30, 2002 were 1.87% and 2.19%, respectively. The average interest rates on the Company’s short-term borrowings for the six months ended June 30, 2003 and June 30, 2002 were 1.87% and 2.24%, respectively.

MARKET RISK

Please refer to Item 3. “Quantitative and Qualitative Disclosures About Market Risk” discussed below on page 23.

REGULATORY MATTERS

Massachusetts Electric Operations Restructuring – Beginning March 1, 1998, Unitil’s Massachusetts utility subsidiary, Fitchburg Gas & Electric Company (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 June 30, 2003, competitive suppliers were serving approximately 15% of FG&E’s load, mainly for large industrial customers.

The Massachusetts Department of Telecommunications and Energy (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 is approximately 1.9%, and does not affect net income.

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 MTDE determined that procurement related wholesale costs and direct retail costs (such as bad debt), should be included in the price. Distribution companies will continue to function as default service providers for their customers. A one-month procurement term for medium and large customers is under evaluation. The six-month procurement term for small customers will be maintained but 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 New Hampshire Public Utilities Commission (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 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. 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 Agreement 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.

On July 14, 2003, MAEM and its parent, Mirant Corporation 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. Mirant has indicated that it will continue to operate post-petition in the normal course of business and will continue to honor its obligations under its energy contracts, including its Agreement with UES and Unitil Power. UES and Unitil Power intend to honor all of their post-petition obligations to Mirant under the Agreement. The pre-petition amount owed by MAEM under the Agreement with UES and Unitil Power as of July 14, 2003 was approximately $4.9 million. UES and

Unitil Power have elected to hold back pre-petition amounts due to MAEM of $4.9 million against this amount due from MAEM. The Company expects that Mirant will dispute the Company's right to hold back all or a portion of such amounts. The Company will continue to vigorously explore all alternatives and remedies available to mitigate the impact of this bankruptcy filing on the energy supply component of its rates. The Company believes that the Agreement continues to provide economic value to the parties and will continue to seek Mirant's assumption of the agreement . However, in the event the Agreement is terminated or rejected as a result of Mirant's bankruptcy, the Company fully intends to seek recovery through its energy supply-related rate reconciliation mechanisms of any costs arising out of such termination or rejection.

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, 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 May 2001 Order finding that FG&E had over-collected fuel inventory finance charges. At June 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). FG&E and the Attorney General are currently briefing the case, with oral arguments expected later in 2003.

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 issued an order authorizing recovery of its under-collection over a twenty-two month period, with interest, beginning July 1, 2003. The NHPUC also approved an increase in UES' short-term debt limit on a temporary basis to $22 million for a period not to exceed six months, pending further hearings on UES' request for a permanent increase in short–term debt borrowing limits. On May 9, 2003, the NHPUC scheduled a hearing to consider the matter of increasing short–term debt borrowing limits in the context of UES' overall 2003 Financing Plan in order to review UES' projections of short-term and long-term debt levels and overall capital structure.

On June 30, 2003, the Securities and Exchange Commission (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.

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. The Company has recorded the cost of the remediation action in Current Liabilities against insurance proceeds. During the first six months of 2003, expenditures on this project amounted to $2.7 million. At the balance sheet date, net of amounts expended through the second quarter of 2003, the remaining project cost was an estimated $1.0 million.

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 June 30,		Six Months Ended June 30,	
	2003	2002	**2003**	2002
Operating Revenues				
Electric	$ **44,016**	$ 41,451	$ **96,086**	$ 78,657
Gas	**5,356**	3,901	**17,760**	10,756
Other	**252**	165	**585**	393

Total Operating Revenues	**49,624**	45,517	**114,431**	89,806
Operating Expenses				
Fuel and Purchased Power	**30,342**	28,511	**67,902**	53,486
Gas Purchased for Resale	**2,815**	2,139	**10,445**	6,022
Operation and Maintenance	**6,922**	6,218	**14,256**	12,116
Depreciation and Amortization	**4,316**	3,618	**9,264**	7,156
Provisions for Taxes:				
Local Property and Other	**1,195**	1,105	**2,579**	2,385
Federal and State Income	**662**	764	**1,941**	1,794
Total Operating Expenses	**46,252**	42,355	**106,387**	82,959
Operating Income	**3,372**	3,162	**8,044**	6,847
Sale of Non-Utility Investment, net of tax	**–**	(82)	**–**	(82)
Other Non–Operating Expenses	**51**	60	**102**	91
Income Before Interest Expense	**3,321**	3,184	**7,942**	6,838
Interest Expense, Net	**1,845**	1,831	**3,927**	3,726
Net Income	**1,476**	1,353	**4,015**	3,112
Less: Dividends on Preferred Stock	**58**	63	**118**	127
Earnings Applicable to Common Shareholders	$ **1,418**	$ 1,290	$ **3,897**	$ 2,985
Average Common Shares Outstanding - Basic	**4,748,619**	4,743,696	**4,746,158**	4,743,696
Average Common Shares Outstanding - Diluted	**4,764,537**	4,774,047	**4,763,884**	4,767,282
Earnings Per Common Share	$ **0.30**	$ 0.27	$ **0.82**	$ 0.63
Dividends Declared Per Share of Common Stock (Note 2)	$ **0.345**	$ 0.345	$ **1.04**	$ 1.04

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

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

	(UNAUDITED) June 30,		(AUDITED) December 31,
	2003	2002	2002
ASSETS:			
Utility Plant:			
Electric	$ **200,919**	$ 188,581	$ 193,152
Gas	**45,599**	41,806	44,796
Common	**28,860**	29,433	28,796
Construction Work In Progress	**6,295**	4,080	5,658
Total Utility Plant	**281,673**	263,900	272,402
Less: Accumulated Depreciation	**88,315**	81,712	83,201
Net Utility Plant	**193,358**	182,188	189,201
Current Assets:			
Cash	**2,767**	3,643	7,160
Accounts Receivable - Less Allowance for Doubtful Accounts of $582, $579 and $372	**18,214**	15,395	19,513
Refundable Taxes	**1,160**	(451)	4,851
Materials and Supplies	**2,856**	2,182	2,323
Prepayments	**3,533**	1,881	1,735
Accrued Revenue	**10,619**	(84)	4,842
Total Current Assets	**39,149**	22,566	40,424
Noncurrent Assets:			

Regulatory Assets	**249,372**	145,932	244,011
Prepaid Pension Costs	**– –**	10,815	– –
Debt Issuance Costs	**1,715**	1,785	1,755
Other Noncurrent Assets	**4,536**	4,832	5,392
Total Non Current Assets	**255,623**	163,364	251,158
TOTAL	**$ 488,130**	$ 368,118	$ 480,783

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

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

	(UNAUDITED) June 30,		(AUDITED) December 31,
	2003	2002	2002
CAPITALIZATION AND LIABILITIES			
Capitalization:			
Common Stock Equity	**$ 73,318**	$ 73,000	$ 74,350
Preferred Stock, Non-Redeemable, Non-Cumulative	**225**	225	225
Preferred Stock, Redeemable, Cumulative	**3,044**	3,350	3,097
Long-Term Debt, Less Current Portion	**101,096**	104,350	104,226
Total Capitalization	**177,683**	180,925	181,898
Current Liabilities:			
Long-Term Debt, Current Portion	**3,252**	3,233	3,243
Capitalized Leases, Current Portion	**668**	864	800
Accounts Payable	**15,397**	16,750	14,221
Short-Term Debt	**42,490**	19,500	35,990
Dividends Declared and Payable	**1,706**	1,725	77
Refundable Customer Deposits	**1,385**	1,385	1,336
Interest Payable	**1,251**	1,311	1,311
Other Current Liabilities	**4,602**	3,137	9,062
Total Current Liabilities	**70,751**	47,905	66,040
Deferred Income Taxes	**47,555**	46,434	47,332
Noncurrent Liabilities:			
Power Supply Contract Obligations	**182,446**	85,142	175,657
Capitalized Leases, Less Current Portion	**2,265**	2,569	2,534
Other Noncurrent Liabilities	**7,430**	5,143	7,322
Total Noncurrent Liabilities	**192,141**	92,854	185,513
TOTAL	**$ 488,130**	$ 368,118	$ 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)

	Six Months Ended June 30,	
	2003	2002
Cash Flow from Operating Activities:		
Net Income	$ **4,015**	$ 3,112
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities:		
Depreciation and Amortization	**9,264**	7,156
Deferred Tax Provision	**1,268**	31
Changes in Current Assets and Liabilities:		
Accounts Receivable	**1,299**	1,738
Prepayments and other Current Assets	**1,360**	3,410
Accrued Revenue	**(5,777)**	1,414
Accounts Payable	**1,176**	(3,334)
Other Current Liabilities	**(4,471)**	(3,263)
Other, net	**(562)**	(4,111)
Cash Provided by Operating Activities	**7,572**	6,153
Cash Flows from Investing Activities:		
Acquisition of Property, Plant and Equipment	**(11,621)**	(8,756)
Other, net	**--**	1,535
Cash Used in Investing Activities	**(11,621)**	(7,221)
Cash Flows from Financing Activities:		
Proceeds From (Repayment of) Short-Term Debt	**6,500**	5,700
Repayment of Long-Term Debt	**(3,119)**	(3,111)
Dividends Paid	**(3,398)**	(3,420)
Issuance of Common Stock	**156**	--
Retirement of Preferred Stock	**(53)**	(34)
Repayment of Capital Lease Obligations	**(430)**	(500)
Cash Used in Financing Activities	**(344)**	(1,365)
Net Decrease in Cash	**(4,393)**	(2,433)
Cash at Beginning of Period	**7,160**	6,076
Cash at End of Period	$ **2,767**	$ 3,643
Supplemental Cash Flow Information:		
Interest (Paid)	$ **(4,591)**	$ (4,718)
Income Taxes Refunded	**2,936**	33
Supplemental Schedule of Noncash Activities:		
Capital Leases Incurrred	$ **95**	$ --

(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 will be required to be consolidated beginning in July, 2003.

The Company has reviewed its investments and affiliations and determined that it has a contractual variable interest in the Unitil Retiree Trust (URT), a special purpose entity established by the Company effective 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 where 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 carried by the Primary Beneficiary in conformity with Generally Accepted Accounting Principles (GAAP). The Company is a regulated enterprise and its financial statements are reported on the accrual basis and in conformity with 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 PBOP current and future 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 Company's 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 began following the guidelines of Statement No. 143 (SFAS 143), "Accounting for Asset Retirement Obligations." The adoption of this statement did not have a material adverse 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 adverse 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 adverse 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

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 second quarter of 2003, the Company sold 9,933 shares of its Common Stock, at an average price of $24.18 per share, in connection with its Dividend Reinvestment and Stock Purchase Plan and its 401(k) plans. Net proceeds of $240,191 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 second quarter of 2002, the Company did not sell any additional shares of its Common Stock.

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

(Amounts in Thousands)

	June 30,		December 31,
	2003	2002	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**	947	946
8% Dividend Series	**1,218**	1,218	1,218
Total Redeemable Preferred Stock	**3,044**	3,350	3,097
Total Preferred Stock	**$3,269**	$3,575	$3,322

NOTE 4 - LONG–TERM DEBT

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

(Amounts in Thousands)

	June 30,		December 31,
	2003	2002	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	**6,348**	6,583	6,469
Total	**104,348**	107,583	107,469
Less: Installments due within one year	**3,252**	3,233	3,243
Total Long-term Debt	**$101,096**	$104,350	$104,226

NOTE 5 – SEGMENT INFORMATION

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

Three Months Ended June 30, 2003 (000's)	**Electric**	**Gas**	**Other**	**Non-Regulated**	**Elimination**	**Total**
Revenues	**$ 44,023**	**$ 5,356**	**$ --**	**$ 245**		**$ 49,624**
Segment Profit (Loss)	**$ 1,776**	**(58)**	**(73)**	**(227)**		**1,418**
Identifiable Segment Assets	**388,803**	**82,930**	**20,863**	**1,483**	**(5,949)**	**488,130**
Capital Expenditures	**4,472**	**1,153**	**17**	**5**		**5,647**
Three Months Ended June 30, 2002 (000's)						
Revenues	$ 41,451	$ 3,901	$ 7	$ 158		$ 45,517
Segment Profit (Loss)	1,516	(265)	122	(83)		1,290
Identifiable Segment Assets	277,769	84,640	21,384	1,547	(17,222)	368,118
Capital Expenditures	4,251	1,136	--	--		5,387

Six Months Ended June 30, 2003 (000's)	**Electric**	**Gas**	**Other**	**Non-Regulated**	**Elimination**	**Total**
Revenues	**$ 96,093**	**$ 17,760**	**$ 8**	**$ 570**		**$ 114,431**
Segment Profit (Loss)	**3,080**	**1,254**	**12**	**(449)**		**3,897**
Identifiable Segment Assets	**388,803**	**82,930**	**20,863**	**1,483**	**(5,949)**	**488,130**
Capital Expenditures	**10,048**	**1,502**	**61**	**10**		**11,621**
Six Months Ended June 30, 2002 (000's)						
Revenues	$ 78,657	$ 10,756	$ 15	$ 378		$ 89,806
Segment Profit (Loss)	2,992	50	168	(225)		2,985
Identifiable Segment Assets	277,769	84,640	21,384	1,547	(17,222)	368,118
Capital Expenditures	7,213	1,543	--	--		8,756

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.

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 power for retail customers who choose not to buy energy from a competitive supplier through either Standard Offer Service (SOS) or Default Service. 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 is approximately 1.9%, and does not affect net income.

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 MTDE determined that procurement related wholesale costs and direct retail costs (such as bad debt), should be included in the price. Distribution companies will continue to function as default service providers for their customers. A one-month procurement term for medium and large customers is under evaluation. The six-month procurement term for small customers will be maintained but 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 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. 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 Agreement 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.

On July 14, 2003, MAEM and its parent, Mirant Corporation, 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. Mirant has indicated that it will continue to operate post-petition in the normal course of business and will continue to honor its obligations under its energy contracts, including its Agreement with UES and Unitil Power. UES and Unitil Power intend to honor all of their post-petition obligations to Mirant under the Agreement. The pre-petition amount owed by MAEM under the Agreement with UES and Unitil Power as of July 14, 2003 was approximately $4.9 million. UES and Unitil Power have elected to hold back pre-petition amounts due to MAEM of $4.9 million against this amount due from MAEM. The Company expects that Mirant will dispute the Company's right to hold back all or a portion of such amounts. The Company will continue to vigorously explore all alternatives and remedies available to mitigate the impact of this bankruptcy filing on the energy supply component of its rates. The Company believes that the Agreement continues to provide economic value to the parties and will continue to seek Mirant's assumption of the agreement . However, in the event the Agreement is terminated or rejected as a result of Mirant's bankruptcy, the Company fully intends to seek recovery through its energy supply-related rate reconciliation mechanisms of any costs arising out of such termination or rejection

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. 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, 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 June 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). FG&E and the Attorney General are currently briefing the case, with oral arguments expected later in 2003.

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. The NHPUC approved an increase in UES' short–term debt limit on a temporary basis to $22 million for a period not to exceed six months, pending further hearings on UES' request for a permanent increase in short–term debt borrowing limits. On May 9, 2003, the NHPUC scheduled a hearing to consider the matter of increasing short–term debt borrowing limits in the context of UES' overall 2003 Financing Plan in order to review UES' projections of short–term and long–term debt levels and overall capital structure.

On June 30, 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.

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.

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 is remediating 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 have 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 has awarded contracts for all aspects of the abatement work, which is presently ongoing. 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.

The Company has recorded the cost of the remediation action in Current Liabilities against insurance proceeds. During the first six months of 2003, expenditures on this project amounted to $2.7 million. At the balance sheet date, net of amounts expended through the second quarter of 2003, the

remaining project cost was an estimated $1.0 million.

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.

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-14 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 5. Other Information

**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 June 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 of Unitil Service Corp., 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.

Signature	Capacity	Date
/s/ Robert G. Schoenberger Robert G. Schoenberger	Chief Executive Officer	July 31, 2003
/s/ Mark H. Collin Mark H. Collin	Chief Financial Officer	July 31, 2003
/s/ Laurence M. Brock Laurence M. Brock	Controller Unitil Service Corp.	July 31, 2003

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit No	Description of Exhibit	Reference
11	Computation in Support of Earnings Per Average Common Share	Filed herewith
99	Unitil Corporation Press Release Dated July 31, 2003 Announcing Earnings For the Quarter Ended July 30, 2003	Filed herewith

(b) Reports on Form 8-K

On April 17, 2003, Unitil Corporation filed a Current Report on Form 8-K reporting that, at its Annual Meeting of Shareholders, held on April 17, 2003, shareholders elected Robert G. Schoenberger, Charles H. Tenney III and Dr. Sarah P. Voll to its Board of Directors for three-year terms, and approved the Restricted Stock Plan.

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: July 31, 2003

BY: /S/ Mark H. Collin

____

Mark H. Collin
Chief Financial Officer

CERTIFICATIONS

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 quarterly 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 quarterly report;

3) Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;

4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

    a) designed such disclosure controls and procedures 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 quarterly report is being prepared;

    b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

    c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors:

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6) The registrant's other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: July 31, 2003

BY: /S/ Robert G. Schoenberger

Robert G. Schoenberger
Chief Executive Officer

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 quarterly 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 quarterly report;

3) Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;

4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures 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 quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors:

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6) The registrant's other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: July 31, 2003

BY: /S/ Mark H. Collin

Mark H. Collin
Chief Financial Officer

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 quarterly 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 quarterly report;

3) Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;

4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

   a) designed such disclosure controls and procedures 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 quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors:

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6) The registrant's other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: July 31, 2003

BY: /S/ Laurence M. Brock

Laurence M. Brock
Controller, Unitil Service Corp.

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 June 30,		Six Months Ended June 30,	
BASIC EARNINGS PER SHARE	**2003**	2002	**2003**	2002
Net Income	**$ 1,476**	$ 1,353	**$ 4,015**	$ 3,112
Less: Dividend Requirement on Preferred Stock	**58**	63	**118**	127
Net Income Applicable				

to Common Shareholders	**$ 1,418**	$ 1,290	**$ 3,897**	$ 2,985
Average Number of Common Shares Outstanding	**4,748,619**	4,743,696	**4,746,158**	4,743,696
Basic Earnings Per Common Share	**$ 0.30**	$ 0.27	**$ 0.82**	$ 0.63

	Three Months Ended June 30,		Six Months Ended June 30,	
DILUTED EARNINGS PER SHARE	**2003**	2002	**2003**	2002
Net Income	**$ 1,476**	$ 1,353	**$ 4,015**	$ 3,112
Less: Dividend Requirement on Preferred Stock	**58**	63	**118**	127
Net Income Applicable to Common Shareholders	**$ 1,418**	$ 1,290	**$ 3,897**	$ 2,985
Average Number of Common Shares Outstanding	**4,764,537**	4,774,047	**4,763,884**	4,767,282
Diluted Earnings per Common Share	**$ 0.30**	$ 0.27	**$ 0.82**	$ 0.63

For Immediate Release

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

Unitil Reports Increased Second Quarter Earnings

Hampton, NH — July 31, 2003: Unitil Corporation (AMEX: UTL) (www.unitil.com) today announced earnings per common share of $0.30 for the second quarter of 2003, an improvement of $0.03 compared to the second quarter of 2002. For the six-month period ended June 30, 2003, earnings per common share were $0.82, an improvement of $0.19 compared to the same period in 2002. This improved performance is attributable to continued strong electric and gas sales volumes, driven by weather and system growth, and higher retail prices for electric and gas distribution services. Net Income Applicable to Common Shareholders was $1.4 million and $3.9 million for the three- and six-month periods ended June 30, 2003, respectively compared to $1.3 million and $3.0 million in the same periods in 2002, respectively.

We are seeing improved earnings and cash flow from positive sales growth in our utility service areas and from the increase in distribution rates at the end of 2002," said Robert G. Schoenberger, Unitil's Chairman and Chief Executive Officer. "While energy markets remain volatile, we expect continued sales growth and investment in our service areas and continued improvement in our overall financial strength."

Unitil's total electric kilowatt-hour (kWh) sales volume increased 2% and 7% for the three- and six-month periods ended June 30, 2003, compared to the same periods last year. Total firm therm gas sales increased 5% and 21% for the three- and six-month periods ended June 30, 2003, as compared to the same periods last year. These increases in electric and gas sales are primarily due to colder weather in 2003 compared to 2002 and sustained system growth.

Electric revenues increased by $2.5 million in the second quarter of 2003, to $44.0 million, compared to 2002, due to the increases in unit sales, new electric distribution service rates and an increase in wholesale commodity fuel prices. On a year to date basis, electric revenues are $96.1 million, up $17.4 million over the first six months of last year. Gas revenues increased by $1.5 million over the second quarter of 2002 to $5.4 million, reflecting higher unit sales, new gas distribution service rates and increased gas commodity wholesale supply prices compared to the prior year. For the six months ended June 30, 2003, gas revenues are $7.0 million ahead of last year.

Purchased Power and Gas costs increased $2.5 million and $18.8 million in the three- and six-month periods ended June 30, 2003, compared to the same periods last year. These increases are due to increased unit sales and higher commodity costs. Both electric and gas supply costs are collected from customers through periodic cost recovery mechanisms, and therefore, changes in these costs do not affect the Company's net income.

Operation & Maintenance expenses increased $2.1 million in the six-month period ended June 30, 2003, compared to the same period last year. Approximately half of this increase is related to expenses collected in revenues from cost reconciling rate mechanisms which do not affect net income. The remaining portion primarily reflects higher employee and retiree related costs including health and pension costs, credit and collection costs.

The $2.1 million increase in Depreciation and Amortization expenses during the same six month period was due to new utility asset depreciation rates put into place as a result of the implementation of new retail rates discussed above and the increase in utility plant capital additions placed in service during the past year.

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 news release contains forward-looking statements, which are subject to the inherent uncertainties in predicting future results and conditions. 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; variations in weather, changes in the regulatory environment, customers' preferences on energy sources, general economic conditions, increased competition and other uncertainties, all of which are difficult to predict, and many of which are beyond the control of the Company.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	**2002**	**2003**	**2002**
Operating Revenues	$ 49,624	$ 45,517	$ 114,431	$ 89,806
Purchased Power & Gas	33,157	30,650	78,347	59,508

Operation & Maintenance	6,922	6,218	14,256	12,116
Depreciation, Amortization, Taxes & Other	6,173	5,487	13,784	11,335
Operating Income	3,372	3,162	8,044	6,847
Interest Expense, Net	1,845	1,831	3,927	3,726
Other Non-Operating Expenses	51	(22)	102	9
Net Income	1,476	1,353	4,015	3,112
Preferred Dividends	58	63	118	127
Net Income Applicable to Common Shareholders	$ 1,418	$ 1,290	$ 3,897	$ 2,985

Earnings per Common Share

Average Common Shares Outstanding - Basic	4,748,619	4,743,696	4,746,158	4,743,696
Average Common Shares Outstanding - Diluted	4,764,537	4,774,047	4,763,884	4,767,282
Earnings per Common Share	$ 0.30	$ 0.27	$ 0.82	$ 0.63

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