



Sidoti & Company, LLC

Micro Cap Conference
January 11, 2010



Forward Looking Statements

Certain matters discussed in this presentation are forward-looking statements intended to qualify for the “safe harbor” from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements can generally be identified as such because the context of the statement will include words such as the Company “believes,” “anticipates,” “expects” or words of similar import. Similarly, statements that describe the Company’s future plans, objectives, estimates or goals are also forward-looking statements that are subject to the risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the statements.

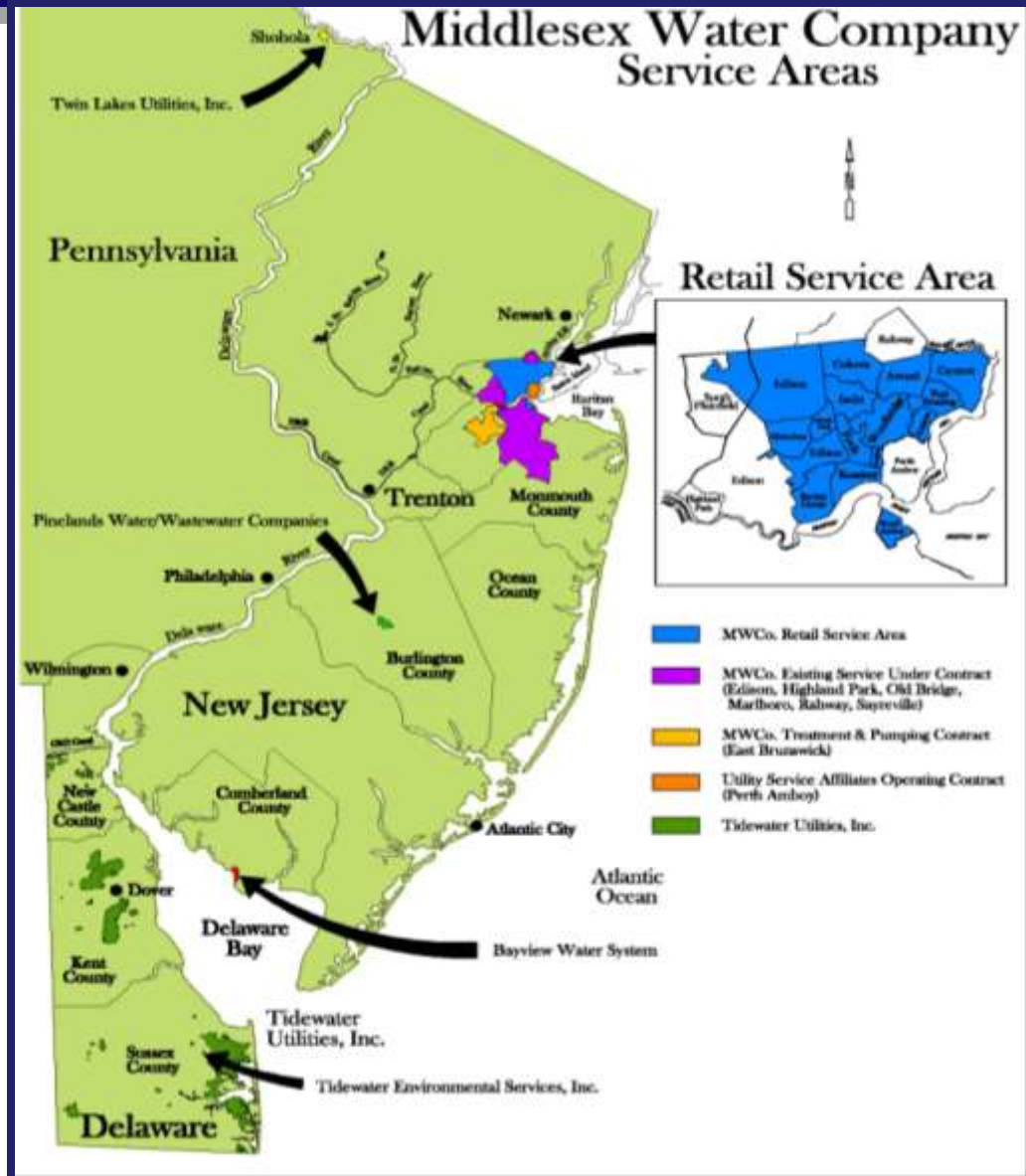
Service Area

Serving Customers in:

- New Jersey
- Delaware

And most recently in:

- Maryland
- Pennsylvania



A Tradition of Service Excellence



For 112 years, we have worked to provide the highest quality drinking water to our customers.



Middlesex Water Company

- Established in 1897
- NASDAQ GLOBAL SELECT: MSEX
- Market Cap: \$221 Million
- Revenues \$91 Million
- Employees: 290
- Listed on Russell 2000 Index
- S&P rating: A- Outlook Stable
- Annual Dividend Yield: 4.5%



MSEX Structure

MSEX Parent company/sole shareholder of:

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



Tidewater = Parent company of:

- White Marsh Environmental Systems, Inc.
- Southern Shores Water Company, LLC



 Regulated  Unregulated

Growing the Business

- **Established a solid retail and wholesale revenue base in NJ**
 - South River Basin Municipal Contracts
 - Pinelands Water & Wastewater
 - City of Perth Amboy (Water/Wastewater)
 - City of South Amboy
- **Growing experience in water/wastewater contract ops in NJ and DE.**
- **Purchased TUI in 1992 with 2,400 customers. Now at 43,400 in 2009.**
- **Entered the regulated wastewater business in 2005.**
- **Entered agreements in Maryland and North Carolina in 2008.**
- **Announced acquisition in Pennsylvania in 2009.**



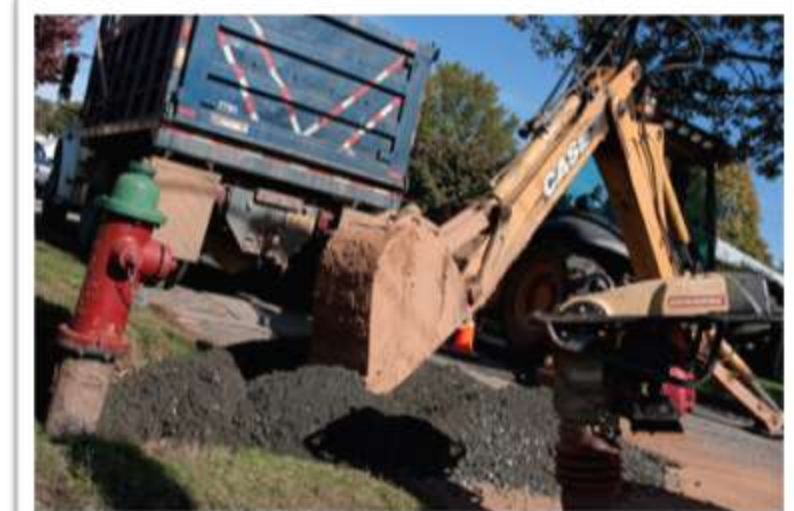
2009 – An Interesting Year

A Year of Unprecedented Anomalies

- Continued volatility in national economy
- Tightening of credit markets
- Unfavorable weather across entire eastern seaboard

In response, MSEX continued to:

- Focus on improving processes
- Continued working with developers to be well-positioned when economy stabilizes
- Manage and control costs
- Invest in our infrastructure
- Support our communities



What's **New** in 2009

- Acquisition in Shohola, Pennsylvania
- Tidewater Granted 14.95% Rate Increase
- Middlesex System Files 26.0% Rate Request
- Prospectus Amended to Include Direct Stock Purchase Provision for New Investors
- Steven Klein Named to MSEX Board
- MSEX Named One of America's Fastest Growing Publicly Traded Small Companies
- Implementing Technology
- MSEX Honored for "Green Education"

What Makes Us Different?



One Company Offering a Comprehensive Suite of Water & Wastewater Solutions

- Water Production, Treatment & Distribution
- Wastewater Collection and Treatment
- Full Service Contract Operations
- Project Management Services
- Design/Build/Ownership/Operation of Assets
- Water/Wastewater System Maintenance
- Public Private Partnerships
- Complementary Products and Services



Our Vision

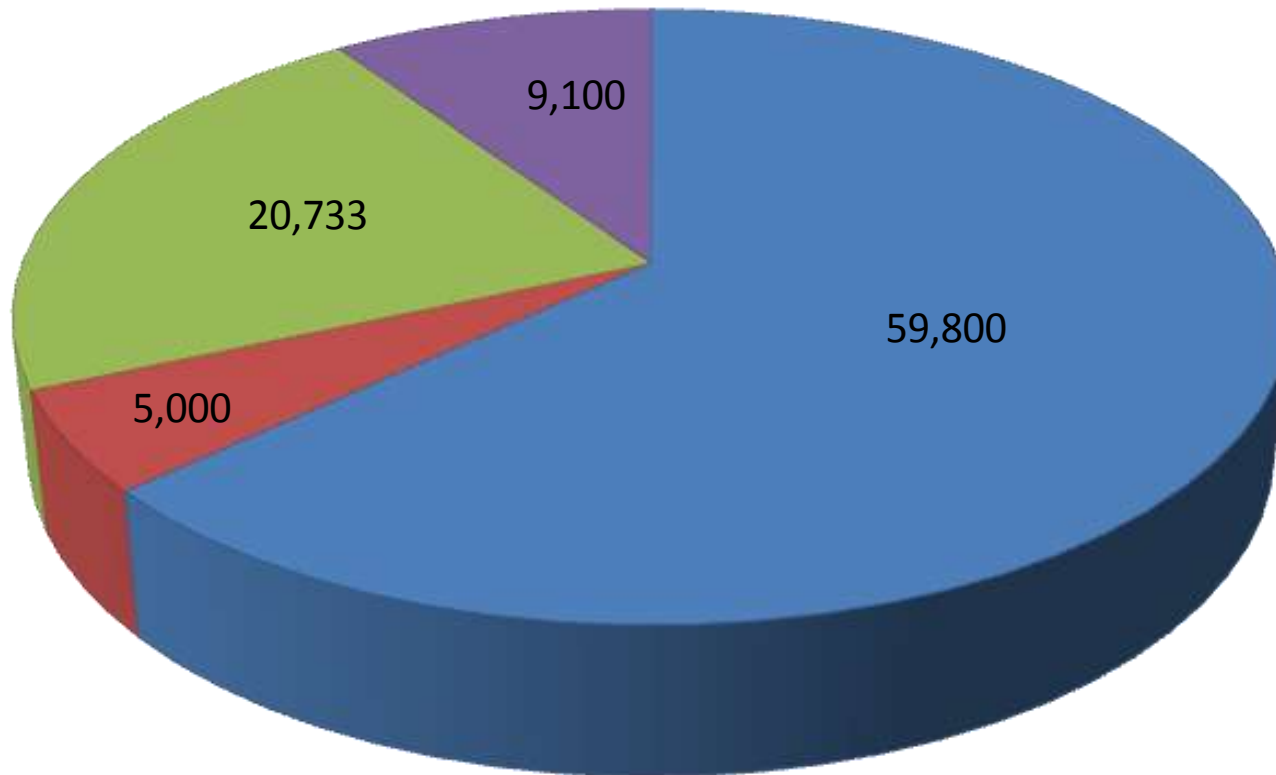
To build long term shareholder value by being a trusted provider of safe, reliable and cost-effective water, wastewater and related products and services in New Jersey, Delaware, Pennsylvania and beyond.

Our Business Philosophy

As a leading provider of critical utility services, we:

- Operate honestly and ethically
- Deliver quality water and wastewater services that exceed customer expectations
- Focus on operational excellence, profitable growth and employee development
- Apply sound engineering, analysis and a thorough understanding of client needs to create practical and cost-effective solutions

NJ Customers



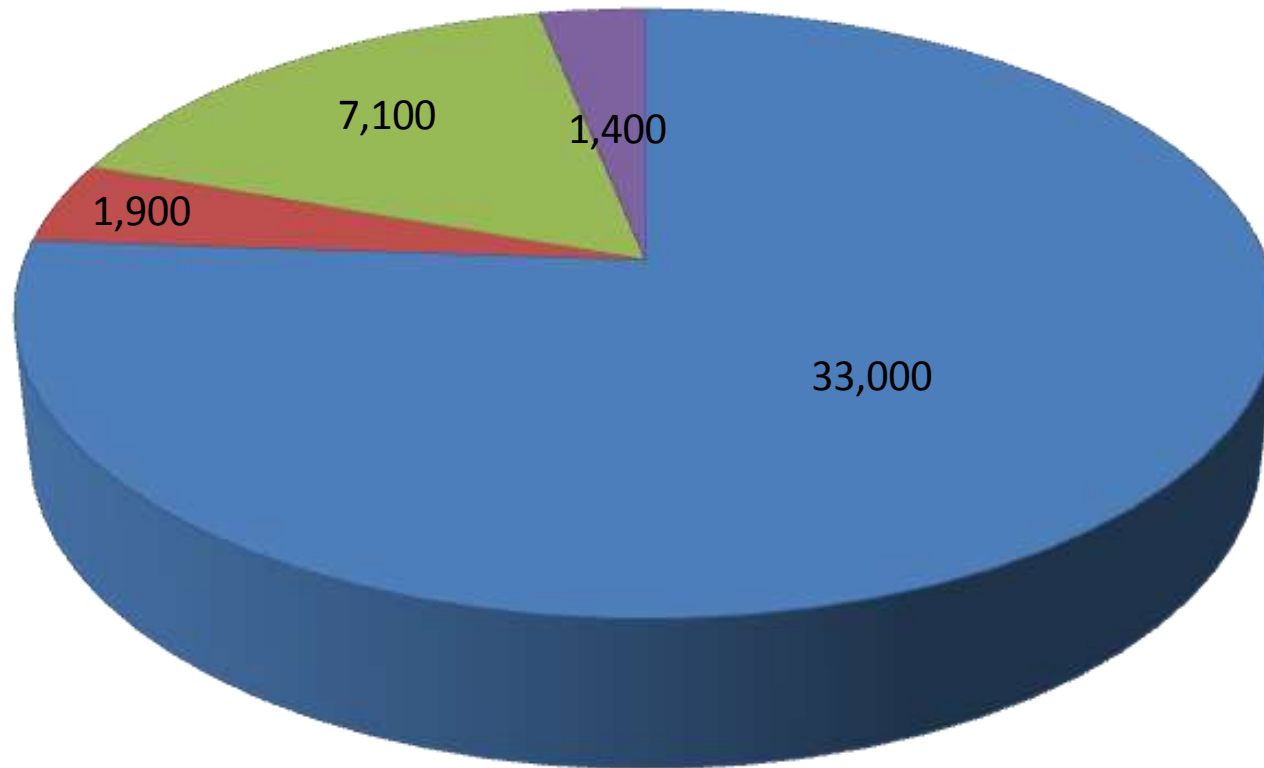
■ MSEX

■ Pinelands

■ USA-PA

■ Other

DE Customers



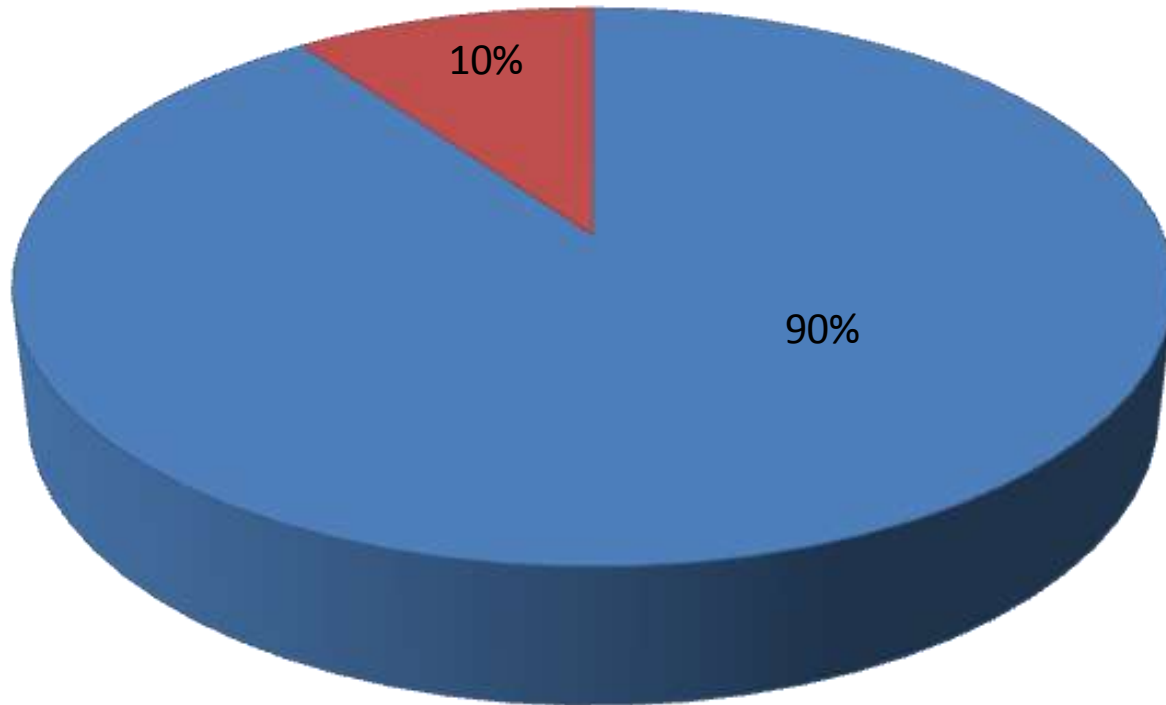
■ TUI

■ TESI

■ White Marsh

■ Other

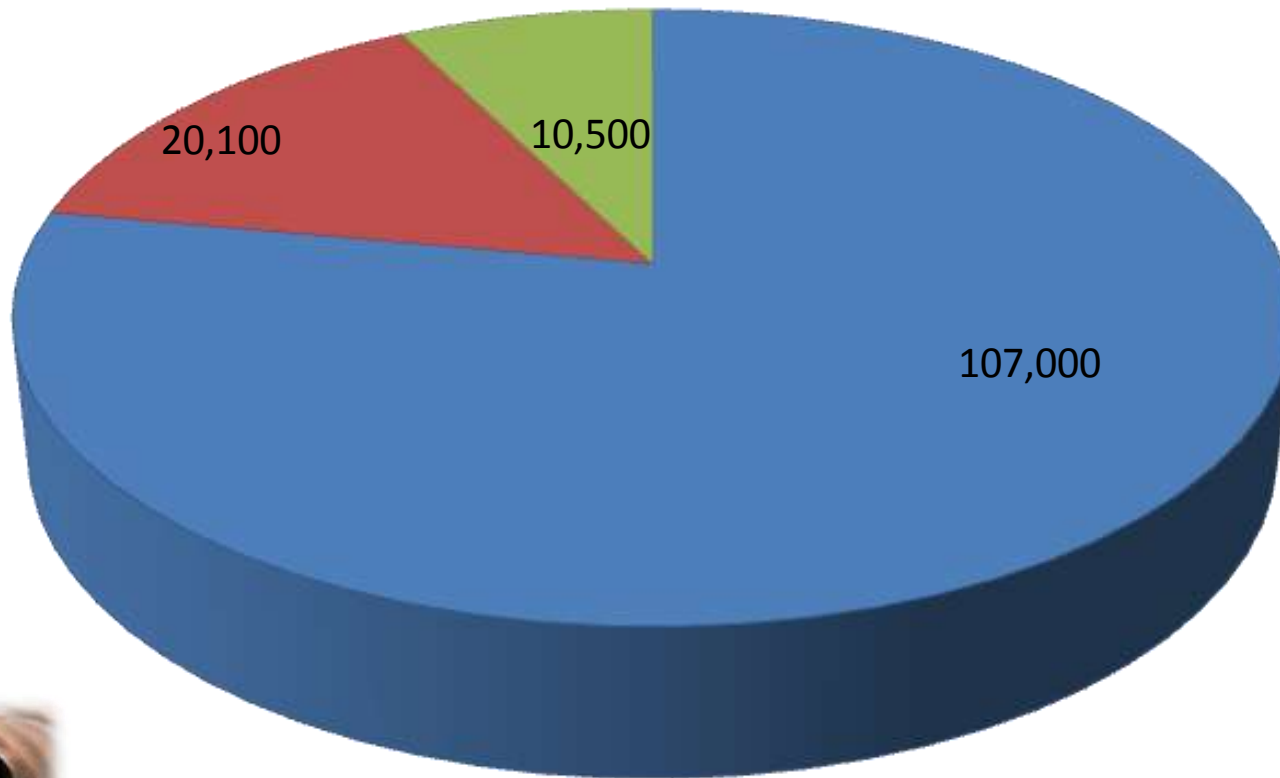
Operating Segments



■ Regulated Business

■ Non-Regulated Contract Services

Customers Served



■ Water

■ Wastewater

■ Other

Delivering Safe Drinking Water

Providing safe, quality drinking water is the core of our business. Our customers place their confidence in us and we take our role as protectors of public health seriously.

- We ensure the quality of water delivered through ongoing testing and monitoring.
- We issue annual reports to our customers with details on the quality of water they receive and consume.

A Renewable Resource

Reservoir
Levels in NJ
remain at
100% capacity



**NJ: 70% Surface Water
25% Groundwater
5% Other Sources
DE: 100 % Groundwater**

Delaware & Raritan Canal

Responsible Practices

“Managing all of our resources with an appropriate focus on the impact to our environment not only serves the greater good now, but also enables us to sustain the reliability of operations well into the future.”

In 2009 we announced our affiliation as a WaterSense Partner to help customers save water for future generations and reduce costs of their utility bills.



Sound Governance

- 
- Engaged & Knowledgeable Board of Directors
 - Effective and responsible stewards for shareholders
 - Encourage Constructive Tension
 - Alignment with strategy and risk management
 - Accountable Leadership Team
 - Effective Financial Infrastructure

Maintaining Infrastructure

- Hydraulic Modeling
- Planning for next phase of a major transmission pipeline
- Treatment process modification to eliminate use of gaseous chlorine
- Leak Detection Program



Teams Working Smarter

Progressive
Technology
Results in
Greater
Efficiency and
Reliability



Dedicated Employees

- Employees are passionate about their work and serve our customers with experience, quality and integrity.
- Our licensed operators have received state and national recognition for outstanding service to the water industry.
- Employees receive ongoing training and the tools they need to increase their skills and provide better service to customers
- Competitive salaries/benefits



Improving Our Processes



- Integrating new software for enhanced automation
- Replacing meter reading equipment to permit radio reads
- Replacing touch pads with radio transmitters to accelerate the meter reading process



RENEW 2010

- Extends the life of a water main through a cleaning and lining process
- Includes replacement of water mains, valves and hydrants where necessary
- 14th year of a 25-year program
- MSEX Investing \$3.5 million in 2010
- Funded through NJ Environmental Infrastructure Trust
- Enhances water quality and improves water flow



Geographic Information Systems



- Provides data on mains, hydrants, valves for operations personnel and field crews
- Information in the forms of maps, reports and charts aids in project planning and helps field crews respond more quickly

A “Local” Water Provider



We invest time and resources in the communities we serve.

- Serving as speakers on environmental and sustainability panels
- Providing information as a utility resource for legislative and municipal leadership
- Active participation in local chambers of commerce
- Sponsoring food and holiday gift drives for troops and the disadvantaged
- Raising funds for charitable events

Green Leadership

In April 2009, we were honored to win a NJBIZ Green Leadership Award in the category of “Green Education” for our outreach efforts.



Honors and Awards

Good Neighbor Award Winner

Edison Township, NJ 2009

"Top 50
Dividend
Champions"
Mergent - 2009

NJBIZ
green
LEADERSHIP AWARDS
2009

2009 Winner
"Green Education"



Voted One of America's
Top 100 Fastest Growing
Publicly Traded Small
Companies



Voted Best in
the Business
2009

Delivering Shareholder Value

The Strategy

- ✓ Organic customer growth and utility infrastructure growth
- ✓ Acquisitions at reasonable prices
- ✓ Regulated and Non-regulated business and contracts
- ✓ Complementary products and services
- ✓ Prudent investment in regulated utility infrastructure
- ✓ Recovery of costs through timely rate case filings



Ratemaking Methodology



In a regulated business, the Rate Base/Rate of Return methodology allows for a return on prudently incurred costs to construct utility assets

Emerging Opportunities

The maintenance, collection and treatment of wastewater presents a growing opportunity for MSEX.

- **Similar skill set to water management**
- **Wastewater presents more complex issues for developers than water**



Poised for Growth



A Full Service Partner

We develop custom solutions that address critical water and wastewater issues for municipalities, developers and small system owners.



Innovative Solutions

**Experience, quality and integrity
serve as the foundation for business
development**



**Determine
Need/Problem**

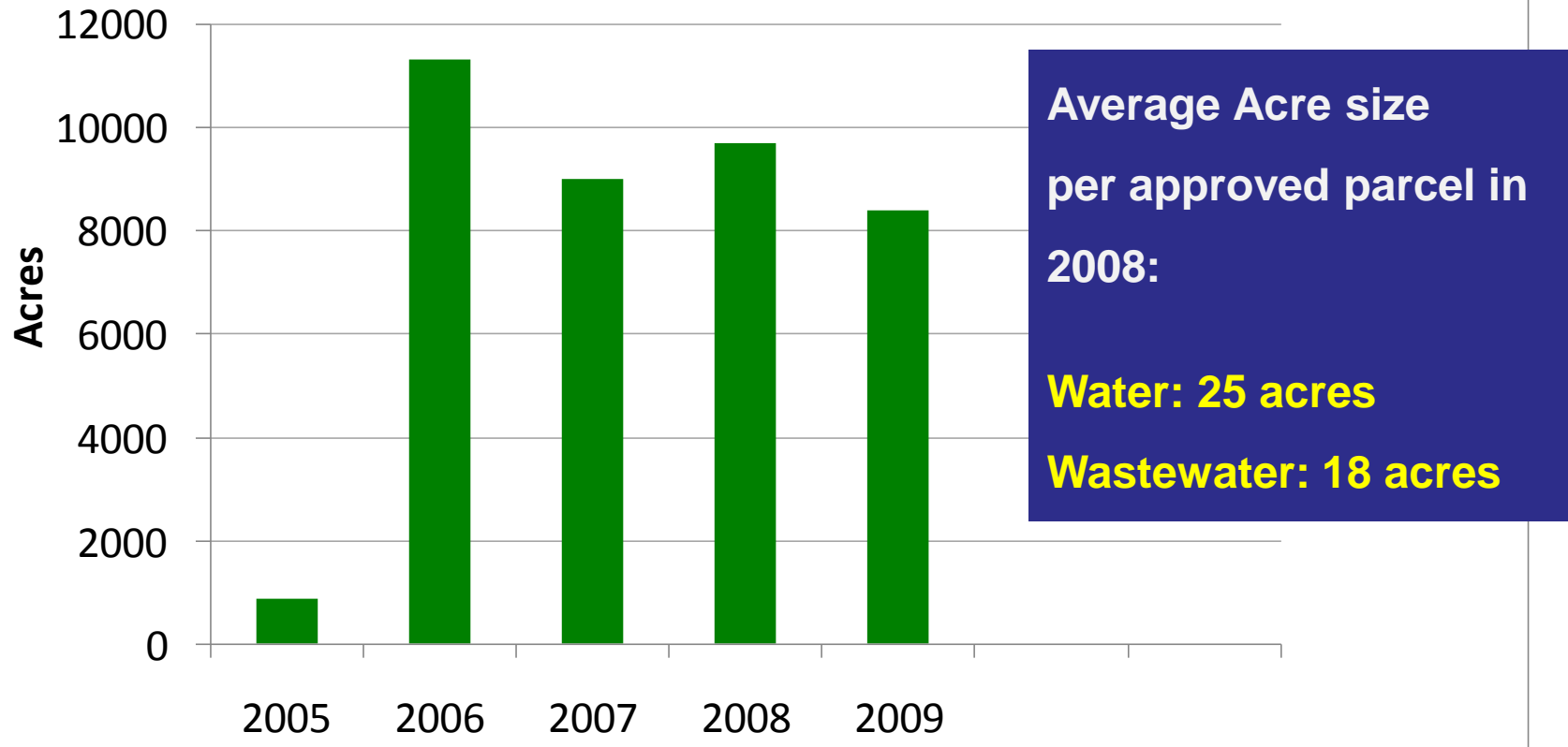
**Propose viable
operational/technical
and financial
approaches**

**Adopt customized
solutions that meet
present & future
needs**

**In recommending solutions, we work to
mitigate the environmental impact of projects
and, where feasible, look toward regional
solutions**

CPCN Growth - DE

30,000+ Acres Approved Since 2005



Facilities that Complement their Environment

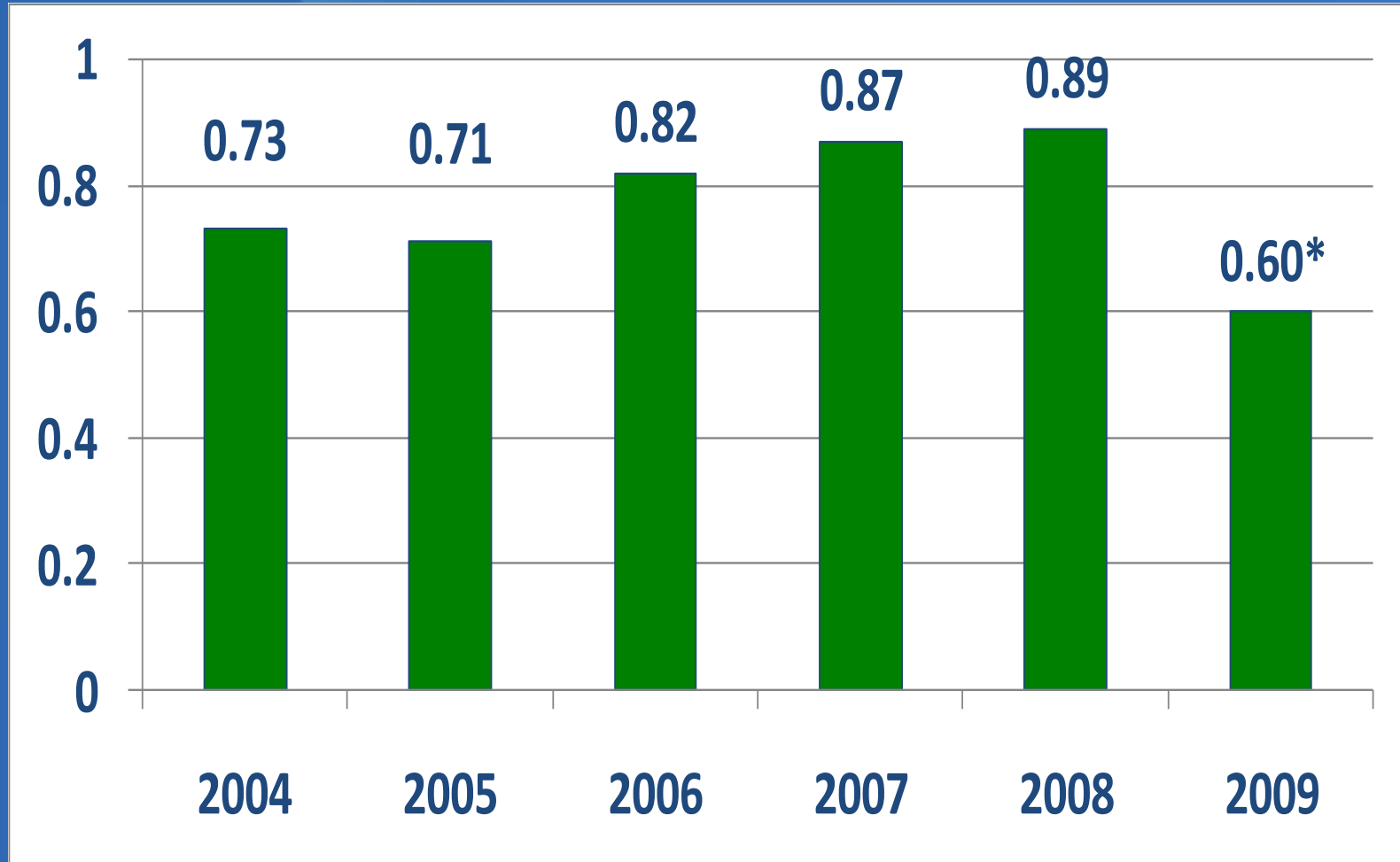




Financial Overview



Earnings per Share



*As of 9/30/09

Performance

Nine Months Ended
September 30,

	<u>2008</u>	<u>2009</u>
Operating Revenues	\$ 69.5	\$ 69.1
Operating Expenses	\$ 49.9	\$ 53.2
Net Income	\$ 10.2	\$ 8.2
Diluted Earnings per Share	\$ 0.75	\$ 0.60

Factors Impacting Performance

Cool, wet weather patterns



Consumption

- Customer Growth
- Weather
- Economy

Variable Production Costs

- Power
- Chemicals
- Water
- Wastewater in Delaware



Industrial process slowdown

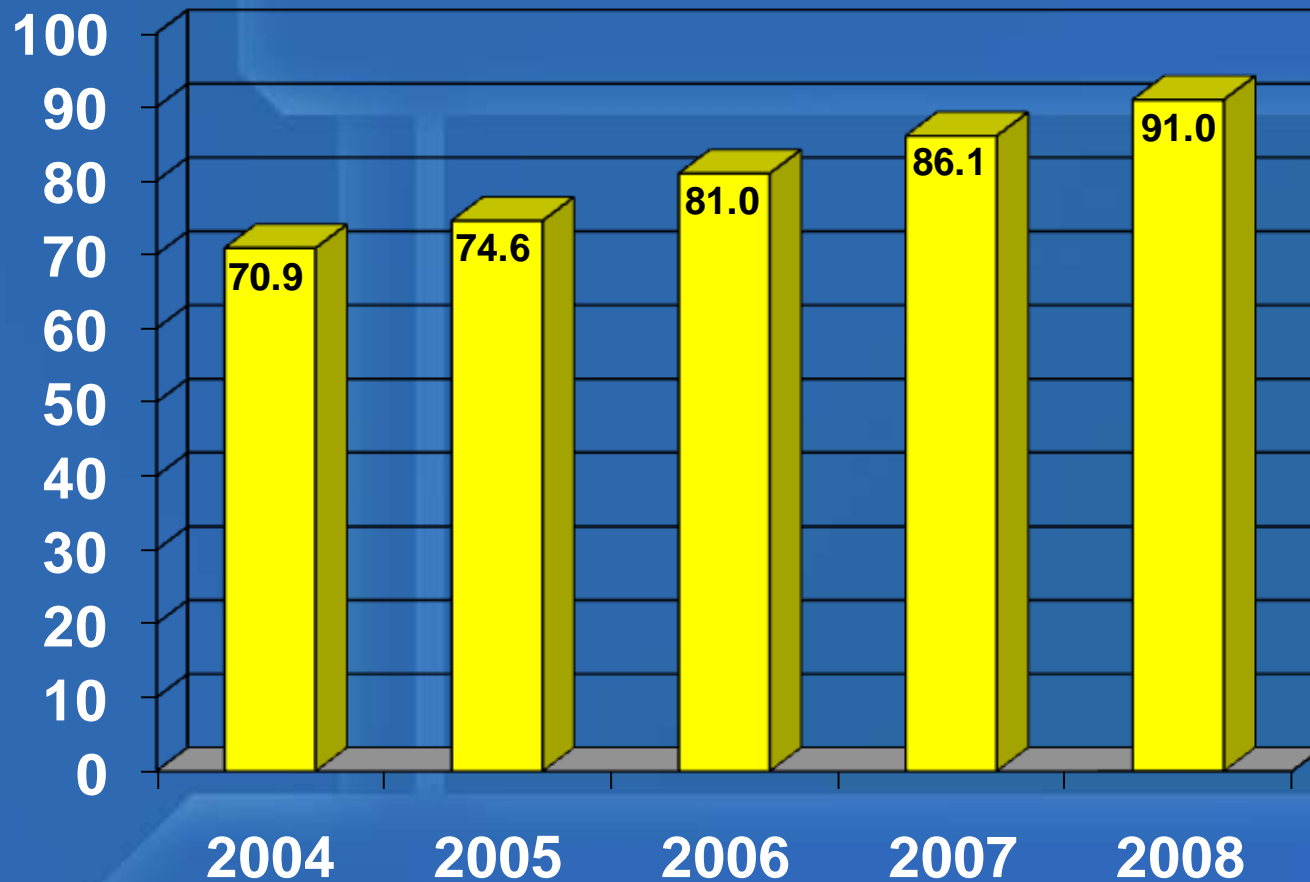
Rate Matters

Timely and Adequate Rate Increases

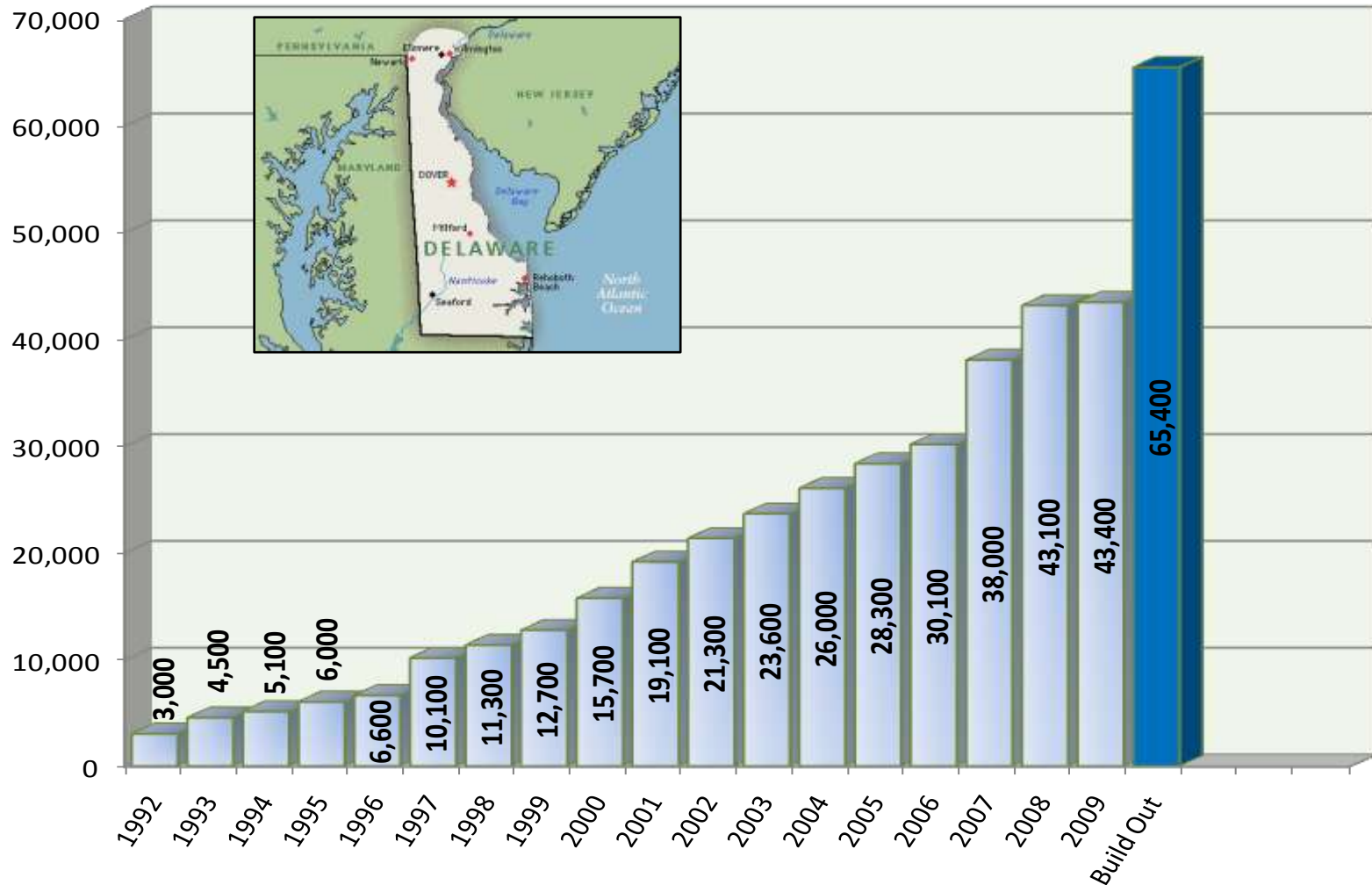
- Middlesex - \$4.0 million late 2007
- Tidewater Base Rate/DSIC -\$1.2 million
- Pending Application before NJBPU for \$15.2 million or 26.0% increase



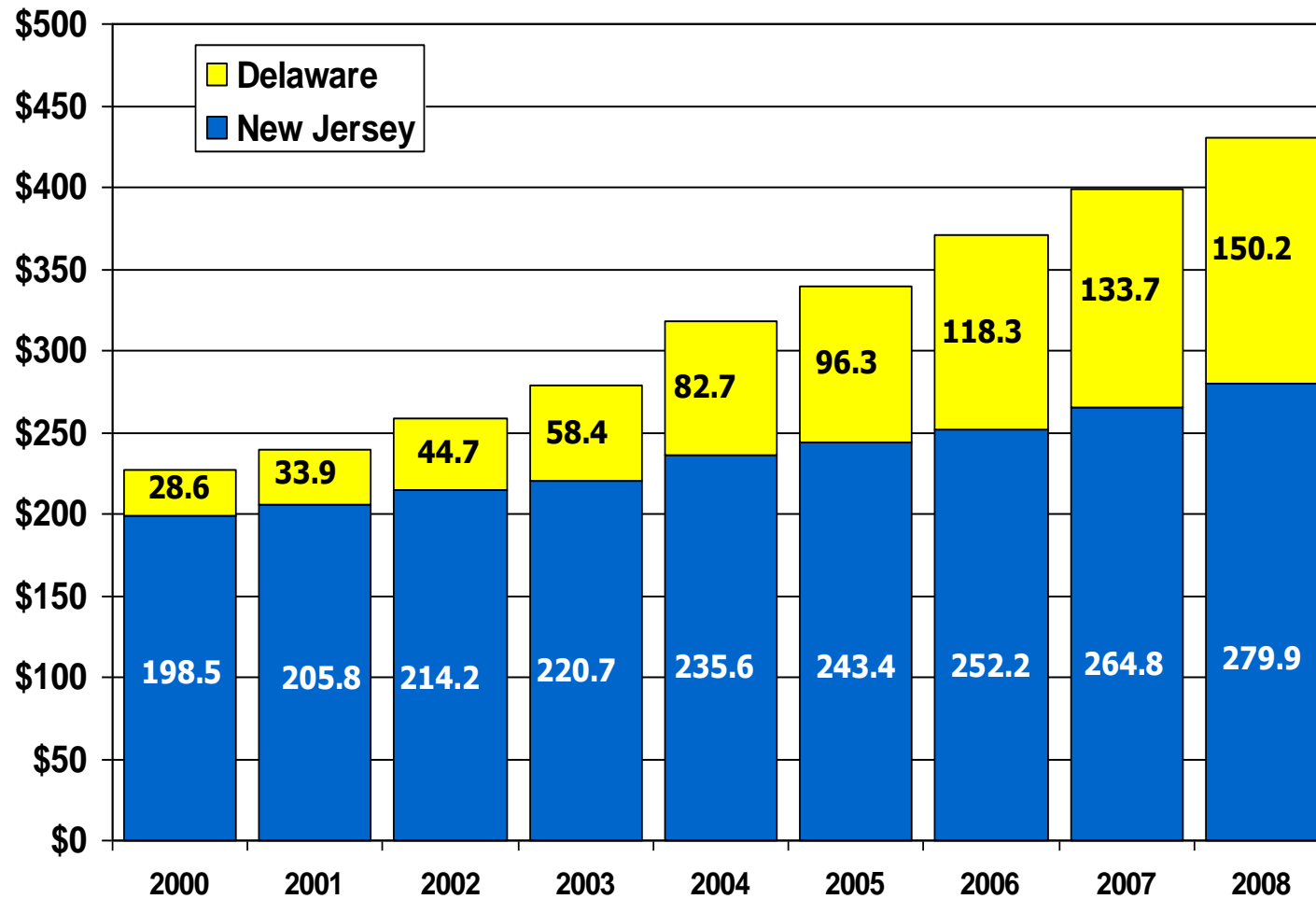
Revenue Growth



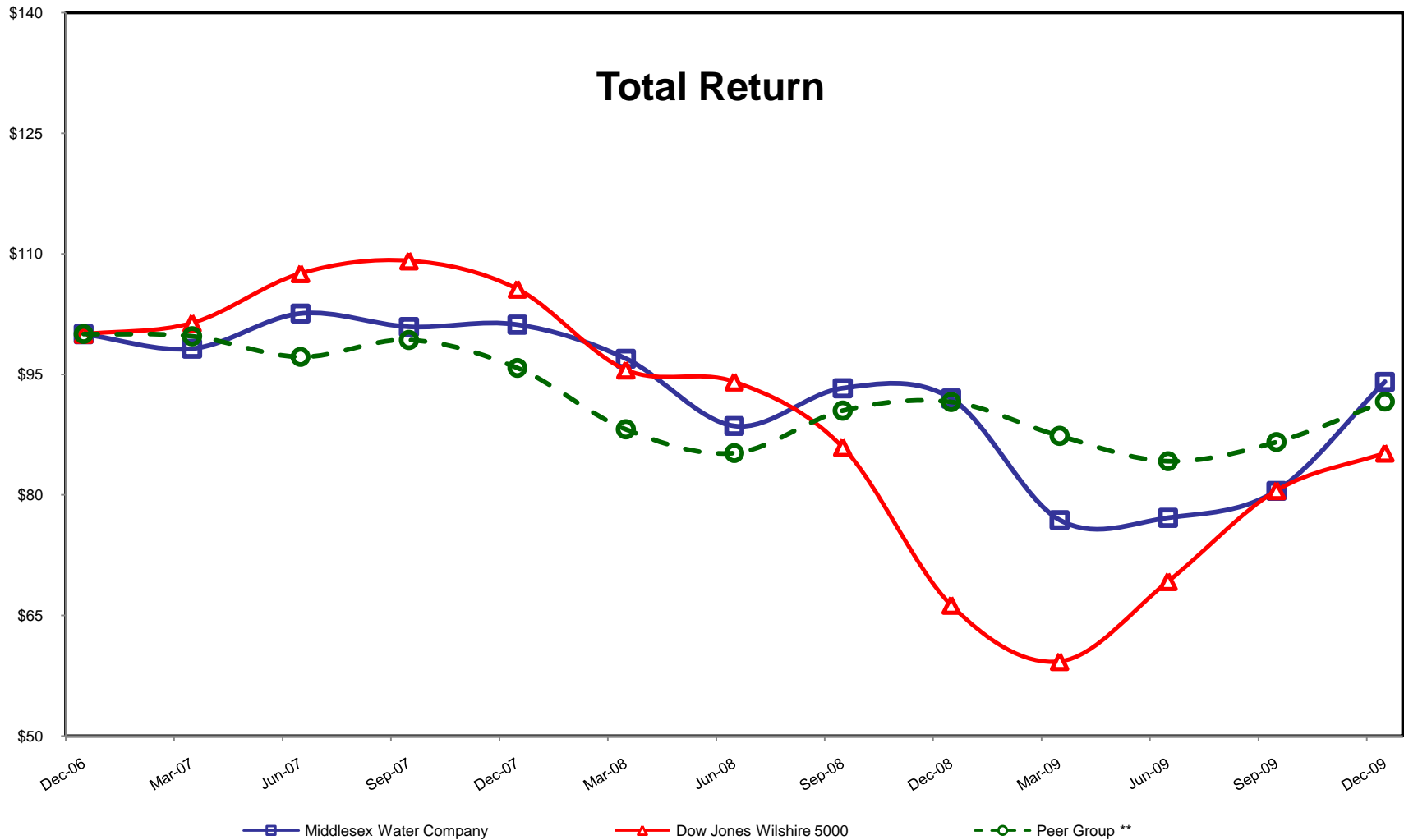
Delaware Customer Growth



Utility Plant



3 Year Performance Graph



2009 Construction Program

(Millions)



Delaware Water Systems	5.5
ERP IT System	6.1
Delaware Wastewater Systems	0.2
Other Scheduled Upgrades	<u>7.5</u>
Total	\$19.3

Capital Structure

(Millions)



	<u>9/30/09</u>	<u>% To Total</u>
LT Debt*	\$ 130.3	41.0%
ST Debt	43.8	13.8%
Preferred	3.4	1.1%
Common	<u>139.9</u>	<u>44.1%</u>
	\$ 317.4	100.0%

*includes current portion of LT Debt of \$3.6

Debt Financing



DE - \$7.0 Million, 20 Years @ 6.59%

- \$5.0 Million, 20 years @ 7.05%

- \$10.0 million available thru 12/31/09

Debt to capital ratio: 55%

2009 Construction Funding

(Millions)



Short-Term Loans	6.0
Reinvestment Plan	1.5
Customer Advances	1.7
Net Cash Flows	<u>10.1</u>
Total Funding	\$19.3

Dividend Highlights

- 
- ✓ **MSEX Has Paid Quarterly Dividends for 97 Years**
 - ✓ **Increased Dividends for 37 consecutive years**
 - ✓ **Robust Annual Dividend Yield**
 - ✓ **Annualized Dividend - \$0.72**
 - ✓ **Listed as a “Mergent Dividend Champion” for 10+ years of annual dividend increases**
 - ✓ **Dividend Reinvestment & Direct Stock Purchase Plan**

Dividends

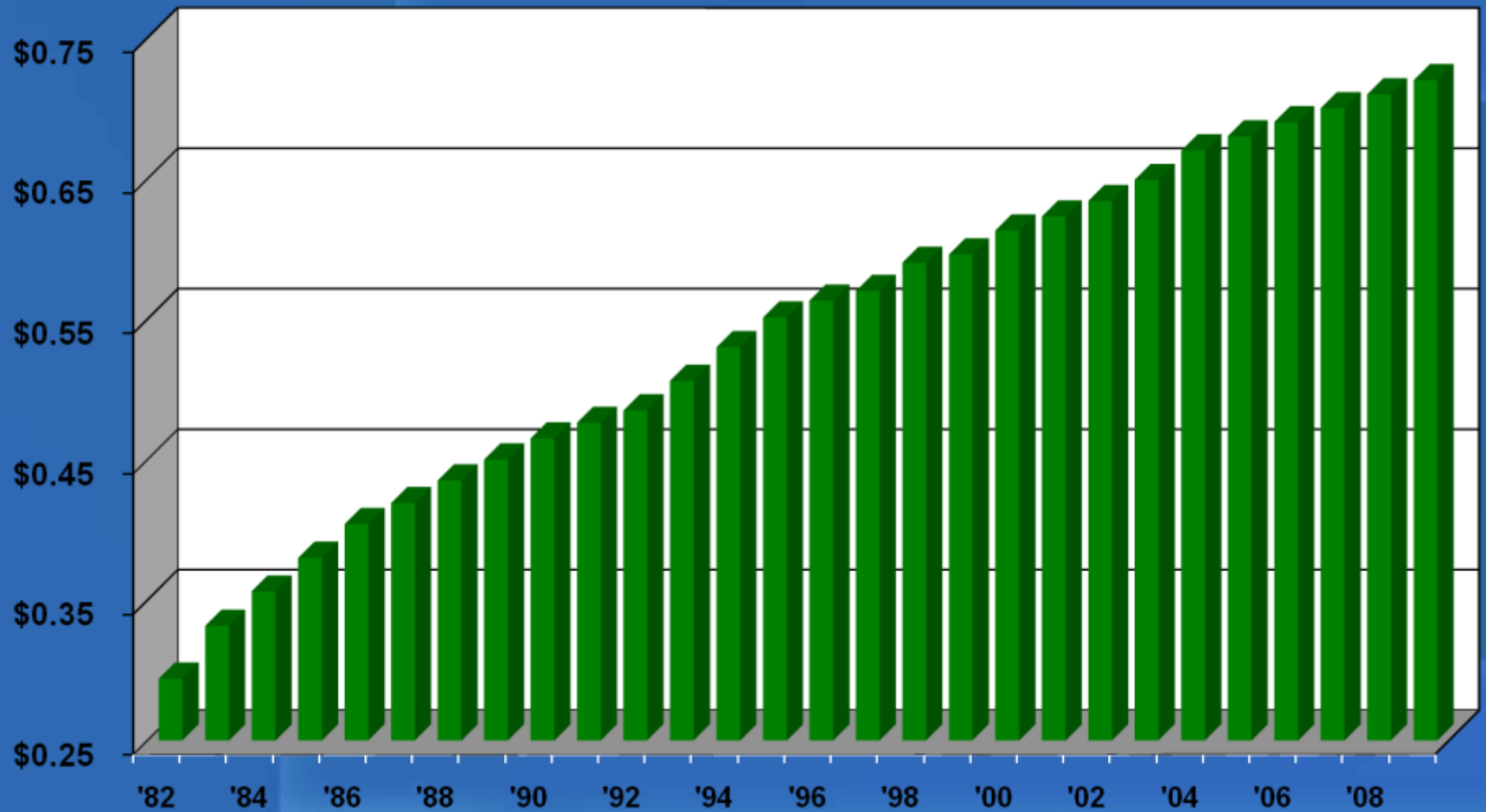


Annual Rate

<u>2007</u>	<u>2008</u>	<u>2009</u>
\$0.70	\$0.71	\$0.72

- **Current Dividend Yield: 4.5%**
- **5 Year Average Div. Yield: 3.8%**

Dividends Paid



WHY MSEX?

Providing Water, Wastewater and Related Products and Services

A World of Water...

Delivered.

**Focused on
profitable
growth**

**Strong
Dividend
History**

- 112 years of water utility experience
- Good relationships with regulatory agencies
- Experienced management team
- Wastewater – a key growth driver
- Reputation as an ethical problem solver
- Strong balance sheet
- Focused on sustainability
- DRIP/DSPP
- Well positioned for growth
- A socially responsible leader
- Committed to process improvement
- Driven by experience/integrity



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