



Investor Relations

Chairman's Third Quarter 2007 Letter to Shareholders

November 5, 2007

Dear Unitil Shareholder:

Your Company is performing well through the third quarter of 2007.

Earnings per share were \$1.04 year-to-date, a 12% increase over 2006 results for the same period. This improvement was primarily driven by increased gas sales and higher base rates, continued growth in Usource, and lower overall operating costs. Usource, our energy brokering subsidiary, has increased revenue by \$1.0 million over last year and contributed to our earnings growth.

Our regulatory agenda remains active. We increased our gas distribution rates in February and November of this year. Electric distribution rates increased for our New Hampshire customers last December and May of this year. We have also filed for an increase in distribution rates for our electric customers in Massachusetts, with a ruling expected early next year.

Regulators in both states have opened hearings to address changes in the regulatory framework to remove obstacles to, and encourage investment in, energy efficiency and other demand-side resources. The region's utilities are actively promoting the decoupling of utility revenues from unit sales volume. This change would remove the link between profits and sales volume that is built into the current rate structure and eliminate a key disincentive to increased energy efficiency and use of renewable resources to meet our growing energy needs.

In New Hampshire we have proposed legislation to allow utilities to make investments in small, local, distributed energy resources. These investments would help diversify the state's energy resources and enhance overall energy security.

The region is facing a challenging and important agenda. Your Company is at the forefront of these important policy initiatives which we believe would improve our ability to recover our fixed costs, while promoting technologies and innovations that promise a better energy future for our customers.

Sincerely,

Robert G. Schoenberger
Chairman of the Board of Directors
Chief Executive Officer & President